A French corporation with share capital of 1,066,714,367.50 euros
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SECOND AMENDMENT

TO UNIVERSAL REGISTRATION DOCUMENT

2020

Including the

2020 INTERIM FINANCIAL REPORT

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This second amendment to the Universal Registration Document has been filed on 5 August 2020 with the AMF under N° D-20-0122-A02, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.
The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

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1. KEY FIGURES AND PROFILE OF SOCIETE GENERALE

Recent developments and outlook

Update of the pages 16 - 17 of the 2020 Universal Registration Document

The Covid-19 pandemic is causing a health crisis and an economic shock of historic proportions. Many governments have imposed containment measures to flatten the epidemiological curve and avoid overburdening health systems. These measures have a high immediate economic cost, leading to a collapse of global activity. The supply of goods and services has been severely disrupted, with value chains and payments disrupted. The crisis is also affecting demand through loss of income and falling business and household confidence. The evolution of the pandemic remains an important source of uncertainty. These uncertainties relate to the duration of containment and the ability of governments to restore economic growth after the crisis.

On the political front, governments and central banks have provided significant support in terms of liquidity and credit guarantees. However, this policy option is not open to all economies and the policy space available has become a critical risk factor for many of the highly indebted countries, especially in a context where global cooperation remains weak. It seems unlikely that China this time around will have the room for maneuver or the appetite to carry out investment stimulus measures on a scale similar to that seen after 2008/2009, and there is a growing risk of a breakdown of growth engines in the post-crisis period. As a large part of the losses induced by the crisis will turn into future debt, longer-term growth could also be at risk, especially as the debt levels of many major economies are already high. Addressing the economic challenges will require from governments and central banks defining the right policy mix to restore growth.

Political uncertainties remain significant. The world economy is still facing uncertainties in international trade, which could increase with the handling of the Covid-19 crisis. Beyond the friction between the United States and China, the shift to bilateralism in trade negotiations is a structural obstacle, as is the persistence of higher tariffs. Negotiations between the European Union and the United Kingdom now aim to frame economic relations at the end of the transition period ending on 31 December 2020. The risks of a "hard" Brexit at the end of the transition period is increasing. The global economy also faces challenges related to climate change and the transformation of industry to adapt to new digital technologies and automation, with the risk of further widening the gap between high and low-skilled workers. Physical risks materialized on a large scale could increase pressure for more determined policy responses that could lead to new regulations.

Global activity is expected to contract in 2020. The shape of the recovery in 2021 and beyond the dynamics of growth remain a source of uncertainty especially given the high global indebtedness levels. In the context of the Covid-19 crisis, the Group notes continued uncertainty regarding the main political and industrial challenges. Emerging economies are also severely weakened and are also expected to enter into recession in 2020. In addition, financial conditions have deteriorated sharply and many countries with external financing needs are still vulnerable to market developments and risk aversion. With this crisis, many low-income and emerging market countries are in a situation of over-indebtedness or liquidity crisis.

More generally, financial markets can be an accelerator of the economic crisis in the event of a sharp and lasting decline in asset prices.

At the date of filing of this document, the impact of this pandemic on the Group's results remains difficult to quantify.

In terms of regulatory developments, the start of 2020 was marked in particular by the following developments:

• clarification by the European Banking Authority (EBA) of the regulatory treatment applicable to public and private moratoria granted by banks to borrowers as a result of the Covid-19 crisis: given their general nature to deal with the Covid-19 crisis and granting conditions, public and private moratoria granted to borrowers in the exceptional circumstances of the crisis do not lead to a default classification of the borrowers who are beneficiaries;

• reduction or elimination by the various national macroprudential authorities of macroprudential capital buffers, in particular the countercyclical capital buffer rate (in particular zero rate for France);

• announcement by the Eurosystem of a widening of the eligibility criteria for assets (securities and receivables) that can be mobilized for refinancing with the European Central Bank ("ECB pool");

• announcement by the Basel Committee of a one-year postponement of the date of application of the Basel IV agreements;

• 6 months FRTB-SA reporting by the ABE for market risks;

• postponement by the EBA of the banks' stress test exercise to 2021.

In addition, the supervisory authorities of the ECB (Unique Supervision Mechanism) announced in March 2020 exceptional temporary measures in connection with the Covid-19 crisis. Thus, the ECB will show flexibility in the use of certain capital and liquidity buffers. The ECB has also advanced to March 31, 2020 the implementation of a provision provided for by CRD V relating to the P2R capital requirement (Pillar 2 Requirement). This provision allows the portion of the P2R buffer to be covered by CET1 instruments to be reduced from 100% to 56%, i.e. a reduction of 77 basis points in the Group's CET1 capital requirement.

In addition, amendments to the CRR (prudential quick fix) were adopted in June 2020:

• acceleration of the implementation of the new support factor for SMEs and the financing of infrastructure;

• additional requirement for the leverage ratio postponed to January 1, 2023;

• IFRS 9: return to 100% neutralization of new receivables for 2020 and 2021 (compared to 70% in the version preceding the quick fix) and an extension of the transitional period (to 2024 rather than 2022);

• preferential treatment of guaranteed and counter-guaranteed exposures by the public sector in the context of pillar 1 NPL backstop;

• market risk: expansion of the supervisor's power of action on the level of the quantitative multiplier.

2. GROUP MANAGEMENT REPORT

2.1 Press release dated 3 August, 2020: second quarter and first half 2020 results - Update of the 2020 Universal Registration Document, pages 32 – 48

Press release
Paris, August 3rd 2020

Q2 20 AND H1 20 PERFORMANCE MARKED BY THE COVID CRISIS; REBOUND FROM MID-MAY

French Retail Banking and International Retail Banking activities impacted in the first half of Q2 20; rebound from mid-May
Resilient activities in Insurance, Private Banking and Transaction Banking
Good performance in Financing & Advisory and Fixed Income & Currencies; ongoing unfavourable market conditions for structured products in April and May and gradual recovery from mid-May
Non-cash exceptional items related to the review of the trajectory of Global Markets & Investor Services: impairment of goodwill for EUR -684m and deferred tax assets for EUR -650m
Group net income of EUR -1,264m in Q2 20 (EUR -1,590m in H1 20) and Group net income restated for non-cash exceptional items of EUR +70m in Q2 20

SHARP DECLINE IN COSTS

Decline in operating expenses of -9.6% in Q2 20 and -5.8% in H1 20, reinforcing the objective **of underlying operating expenses of EUR 16.5bn in 2020**
Objective to decrease costs in the medium term

HALF OF THE COST OF RISK IMPACTED BY IFRS9 EFFECTS AND COUNTERPARTY RATING DOWNGRADES

Net cost of risk of EUR 1,279m in Q2 20 (x4 vs. Q2 19), including EUR 653m related to provisions for expected credit losses in Stage 1 and Stage 2; Cost of risk at 81 basis points in H1 20
2020 cost of risk expected to be at the low end of the 70 to 100 basis points range

SOLID CAPITAL AND LIQUIDITY POSITION

CET1 ratio of 12.5%[(1)] (12.6% pro-forma[(2)]) at June 30th 2020, i.e. nearly 350 basis points above the regulatory requirement
81% of the financing programme achieved; LCR of 167%[(3)]
CET1 ratio expected to be at the high-end of the 11.5% to 12% range at end-2020

FINALISATION OF THE STRATEGIC REVIEW OF STRUCTURED PRODUCTS

Maintain a global leadership position in Equity structured products, recognised by our clients, and reduce the associated risk profile; improving the profitability of Global Markets through a reduction in costs of around EUR 450 million by 2022-2023

Frédéric Oudéa, the Group's Chief Executive Officer, commented:
"During the first half of 2020, Societe Generale successfully adapted to the consequences of the health crisis and was therefore able to effectively support its customers and employees, thereby strengthening its position as a trusted partner. While April and May were heavily impacted by the reduction in activity of numerous economies around the world, the rebound in activities from mid-May is very encouraging. Drawing on a very solid capital base and a loan portfolio confirming its intrinsic quality, the Group will continue to adapt its activities to the new post-COVID crisis environment, extending in particular the efforts to reduce costs. The Group is already working on new initiatives to build its next strategic stage (2021-2023) focused around three priority objectives, customer centricity, corporate social responsibility and operational efficiency based on digital technologies."

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*The footnote * in this document corresponds to data adjusted for changes in Group structure and at constant exchange rates*
(1) *including 20 basis points for IFRS9 phasing*
(2) *pro-forma for the announced disposal of SG Finans (+10 basis points)*
(3) *quarterly average*

1. GROUP CONSOLIDATED RESULTS

In EURm	Q2 20	Q2 19	Change		H1 20	H1 19	Change	
Net banking income	**5,296**	**6,284**	**-15.7%**	**-13.5%***	**10,466**	**12,475**	**-16.1%**	**-14.2%***
Operating expenses	**(3,860)**	**(4,270)**	**-9.6%**	**-7.7%***	**(8,538)**	**(9,059)**	**-5.8%**	**-4.0%***
Underlying operating expenses(2)	*(3,984)*	*(4,152)*	*-4.0%*	*-2.0%*	*(8,185)*	*(8,500)*	*-3.7%*	*-1.8%*
Gross operating income	**1,436**	**2,014**	**-28.7%**	**-25.9%***	**1,928**	**3,416**	**-43.6%**	**-41.6%***
Underlying gross operating income(1)	*1,312*	*2,132*	*-38.5%*	*-36.2%*	*2,281*	*3,975*	*-42.6%*	*-40.9%*
Net cost of risk	**(1,279)**	**(314)**	**x 4.1**	**x 4.1***	**(2,099)**	**(578)**	**x 3.6**	**x 3.7***
Operating income	**157**	**1,700**	**-90.8%**	**-90.4%***	**(171)**	**2,838**	**n/s**	**n/s**
Underlying operating income(1)	*33*	*1,836*	*-98.2%*	*-98.2%*	*182*	*3,415*	*-94.7%*	*-94.6%*
Net profits or losses from other assets	**4**	**(80)**	**n/s**	**n/s**	**84**	**(131)**	**n/s**	**n/s**
Underlying net profits or losses from other assets(1)	*4*	*4*	*+0.0%*	*-0.8%*	*161*	*6*	*x 26*	*x 80.3*
Impairment losses on goodwill	**(684)**	**0**	**n/s**	**n/s**	**(684)**	**0**	**n/s**	**n/s**
Income tax	(658)	(390)	**+68.7%**	**-69.4%***	(612)	(645)	**-5.1%**	**+3.0%***
Reported Group net income	**(1,264)**	**1,054**	**n/s**	**n/s**	**(1,590)**	**1,740**	**n/s**	**n/s**
Underlying Group net income(1)	***8***	***1,247***	***-99.3%***	***-99.4%***	***0***	***2,332***	***-100.0%***	***n/s***
ROE	-10.9%	6.9%			-7.2%	5.5%		
ROTE	-6.5%	8.3%			-5.3%	6.9%		
Underlying ROTE (1)	*-1.3%*	*9.7%*			*-1.3%*	*9.1%*		

(1) *Adjusted for exceptional items and linearisation of IFRIC 21*

Societe Generale's Board of Directors, which met on July 31st, 2020 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q2 and H1 2020.

The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 10.5).

Net banking income

Q2 2020 was heavily impacted by the Covid-19 global health crisis and its economic consequences. As a result, the Group's net banking income was down -15.7% vs. Q2 19. It was down -16.1% in H1 20 vs. H1 19.

Marked by the lockdown in April and May and the recovery in activity from mid-May, French Retail Banking's net banking income (excluding PEL/CEL provision) was down -13.5% vs. Q2 19 (-10.8% excluding adjustment for tax related to commissions of EUR +61 million in Q2 19) and -7.5% vs. H1 19.

International Retail Banking & Financial Services saw revenues fall by -10.8%* vs. Q2 19 and -4.7%* vs. H1 19. International Retail Banking revenues were 8.9%* lower in Q2 20, reflecting a significant decline in activity in April and May and a rebound in June. Insurance revenues were down -7.9% (-7.1%*) vs. Q2 19 given the unfavourable conditions in the financial markets, while Financial Services to Corporates' revenues were down -20.9% (-17.7%*) vs. Q2 19.

Global Banking & Investor Solutions' net banking income fell by -17.0% in Q2 and by -22.2% in H1 in an exceptional market environment that impacted Global Markets' revenues.

Operating expenses

Operating expenses declined -9.6% in Q2 20 vs. Q2 19, to EUR 3,860 million, and -5.8%, to EUR 8,538 million in H1 20. Underlying costs came to EUR 3,984 million in Q2 20 and EUR 8,185 million in H1 20.

All the businesses saw substantially lower costs in Q2 20: -8.5% in French Retail Banking, -7%* in International Retail Banking & Financial Services and -18.0% in Global Banking & Investor Solutions (-9.2% when restated for the restructuring provision recorded in Q2 19 for EUR 227 million and the increase in the resolution fund of EUR +38 million in Q2 20).

The trend was also downward in H1 20: -5.3% in French Retail Banking, -2.0%* in International Retail Banking & Financial Services and -10.0% in Global Banking & Investor Solutions.

Underlying operating expenses are expected of around EUR 16.5 billion in 2020.

Cost of risk

The Group's commercial cost of risk (expressed as a fraction of outstanding loans) amounted to 97 basis points in Q2 20, higher than in Q1 20 (65 basis points) and Q2 19 (25 basis points), or EUR 1,279 million. The net cost of risk in respect of loans classified in Stage 1 (performing) and Stage 2 (underperforming) amounted to EUR 653 million including EUR 490 million for the impact related to the review of macro-economic scenarios on the estimate of credit losses.

French Retail Banking's cost of risk amounted to 85 basis points. The cost of risk of International Retail Banking & Financial Services and Global Banking & Investor Solutions came to 125 basis points and 95 basis points respectively.

The commercial cost of risk stood at 81 basis points in H1 20 and is expected to be at the bottom of the range of between 70 to 100 basis points for 2020.

The gross doubtful outstandings ratio amounted to 3.2%[1] at June 30th 2020, and 3.1% at March 31st 2020. The Group's gross coverage ratio for doubtful outstandings stood at 54%[2] at June 30th 2020 (55% at March 31st 2020).

Net profits or losses from other assets

Net profits or losses from other assets totalled EUR +4 million in Q2 20 and EUR +84 million in H1 20, including EUR -77 million related to the application of IFRS 5 as part of the implementation of the Group's refocusing plan in Q1 20.

Impairment loss on goodwill/Income tax

The Group recorded two non-cash exceptional items due to the review of the financial trajectory of Global Markets & Investor Services: a EUR -684 million expense in respect of the goodwill impairment of the Global Markets & Investor Services CGU and a EUR -650 million expense in respect of the impairment of deferred tax assets.

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[1] *NPL ratio calculated according to the new EBA methodology*

[2] *Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings*

Group net income

In EURm	Q2 20	Q2 19	H1 20	H1 19
Reported Group net income	(1,264)	1 054	(1,590)	1,740
Underlying Group net income[1]	8	1,247	0	2,332

In %	Q2 20	Q2 19	S1-20	S1-19
ROTE (reported)	-6.5%	8.3%	-5.3%	6.9%
Underlying ROTE[1]	-1.3%	9.7%	-1.3%	9.1%

Earnings per share is negative and amounts to EUR -2.25 in H1 20 (EUR 1.69 in H1 19). Underlying earnings per share comes to EUR -0.38 over the same period.

[1] *Adjusted for exceptional items and the linearisation of IFRIC 21*

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 60.7 billion at June 30th, 2020 (EUR 63.5 billion at December 31st, 2019). Net asset value per share was EUR 61.8 and tangible net asset value per share was EUR 54.3.

The consolidated balance sheet totalled EUR 1,453 billion at June 30th, 2020 (EUR 1,356 billion at December 31st, 2019). The net amount of customer loan outstandings at June 30th, 2020, including lease financing, was EUR 447 billion (EUR 430 billion at December 31st, 2019) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 440 billion, vs. EUR 410 billion at December 31st, 2019 (excluding assets and securities sold under repurchase agreements).
At end-June 2020, the parent company had issued EUR 20[4] billion of medium/long-term debt, having an average maturity of 5.7 years and an average spread of 61 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 551 million. At June 30th, 2020, the Group had issued a total of EUR 20.6[4] billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 180% at end-Juin 2020, vs. 119% at end-December 2019. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-June 2020.

The Group's **risk-weighted assets** (RWA) amounted to EUR 360.7 billion at June 30th, 2020 (vs. EUR 345.0 billion at end-December 2019) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 80.9% of the total, at EUR 291.9 billion, up 3.3% vs. December 31st, 2019.

At June 30th, 2020, the Group's **Common Equity Tier 1** ratio stood at 12.5% (12.6% pro forma for the announced disposal amounting to 10 basis points), i.e. 350 basis points above the regulatory requirement of 9.05% as at June 30th, 2020. This ratio includes an effect of +20 basis points for phasing of the IFRS 9 impact. Excluding this effect, the ratio amounts to 12.3%. The Tier 1 ratio stood at 14.6% at end-June 2020 (15.1% at end-December 2019) and the total capital ratio amounted to 17.7% (18.3% at end-December 2019). All of the effects in Q2 20 are presented in Appendix 10.

The CET1 ratio is expected to be at the top of the range of between 11.5% and 12% at end-2020.

With a level of 28.5%[1] of RWA and 8.2%[1] of leveraged exposure at end-June 2020, the Group's TLAC ratio is above the FSB's requirements for 2022. At June 30th, 2020, the Group was also above its MREL requirements of 8.51% of the TLOF[2] (which, in December 2017, represented a level of 24.4% of RWA), which were used as a reference for the SRB calibration.

The **leverage ratio** stood at 4.2%[3] at June 30th, 2020 (4.3% at end-December 2019).

The Group is rated by four rating agencies: (i) FitchRatings - long-term rating "A-", rating watch stable, senior preferred debt rating "A", short-term rating "F1"; (ii) Moody's – long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1"; (iii) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (iv) S&P Global Ratings - long-term rating (senior preferred debt) "A", negative outlook, short-term rating "A-1".

(1) *Including 2.5% of senior preferred debt*
(2) *Total Liabilities and Own Funds*
(3) *4.4% including the "quick fix" in respect of the exclusion of deposits with central banks announced by the ECB at end-June, not yet applicable (estimation based on deposits with the ECB only)*
(4) *Figures corrected compared to the August, 3rd press release (respectively EUR 21.5 billion and EUR 22 billion)*

3. FRENCH RETAIL BANKING

In EURm	**Q2 20**	**Q2 19**	**Change**	**H1 20**	**H1 19**	**Change**
Net banking income	1,754	1,994	-12.0%	3,634	3,910	-7.1%
Net banking income excl. PEL/CEL	*1,749*	*2,021*	*-13.5%*	*3,654*	*3,949*	*-7.5%*
Operating expenses	(1,233)	(1,348)	-8.5%	(2,683)	(2,834)	-5.3%
Gross operating income	**521**	**646**	**-19.3%**	**951**	**1,076**	**-11.6%**
Gross operating income excl. PEL/CEL	*516*	*673*	*-23.3%*	*971*	*1,115*	*-12.9%*
Net cost of risk	(442)	(129)	+242.6%	(691)	(223)	+209.9%
Operating income	**79**	**517**	**-84.7%**	**260**	**853**	**-69.5%**
Net profits or losses from other assets	5	1	+400,0%	136	2	x 68
Reported Group net income	**60**	**356**	**-83.1%**	**279**	**590**	**-52.7%**
RONE	**2.1%**	**12.6%**		**4.9%**	**10.5%**	
Underlying RONE (1)	**1.4%**	**1.4%**		**6.0%**	**11.5%**	

(1) Adjusted for the linearisation of IFRIC 21 and PEL/CEL provision

After the substantial impact of the lockdown on activity in April and May, French Retail Banking's commercial performance improved from mid-May.

Customers substantially reduced their activity during April and May: accordingly, the level of bank card transactions and corporate credit transfers during this period was well below the average level observed in Q2 2019. Loan production was focused in particular on State Guaranteed Loans (PGE), with a slowdown in production on other categories. Customer activity gradually picked up from mid-May, which resulted in the level of bank card transactions and corporate credit transfers in June close to the monthly average levels in Q2 19.

The networks continued to develop their digital offer in Q2. Societe Generale expanded its offering for Professional and VSE customers, with the acquisition of Shine, the neobank for entrepreneurs. It also launched the third generation of its digital application.

Boursorama consolidated its position as the leading online bank in France, with around 2.37 million clients at end-June 2020 and provided further evidence of the agility of its online banking model with a comprehensive offering. In a crisis environment, the commercial momentum remained robust. Boursorama's contribution to Group net income was positive in Q2, driven by a decline in acquisition costs and a record activity in stock market activity.

Net inflow for wealthy clients remained robust at EUR 1.1 billion in Q2 (EUR 1.6 billion in H1), taking assets under management to EUR 67.3 billion (including Crédit du Nord) at end-June 2020.
Life insurance outstandings totalled EUR 93 billion, with the unit-linked share accounting for 26% of outstandings.
The networks continued to develop their insurance business, with a penetration rate of 21.6% on Personal Protection and 9.8% on Property/Casualty insurance.

Average investment loan outstandings (including leases), largely bolstered by State Guaranteed Loans, rose 16.7% vs. Q2 19 to EUR 81.2 billion (+8.5% excluding State Guaranteed Loans).
Average outstanding loans to individuals were up 7.4% at EUR 122.3 billion: after a sharp decline in consumer and housing loan production in April and May, production was strong from mid-May.
As a result, average loan outstandings climbed 11.2% (+8.3% excluding PGE) vs. Q2 19 to EUR 216.0 billion.

Average outstanding balance sheet deposits[1] were 11.3% higher than in Q2 19 at EUR 228.7 billion, still driven by sight deposits (+18.3% vs. Q2 19)[2].
As a result, the average loan/deposit ratio stood at 94% in Q2 20 (stable vs. Q2 19).

In this exceptional period, French Retail Banking is fully supporting the economy, accompanying individual, corporate and professional customers. The Group was extremely reactive in setting up the State Guaranteed Loan (PGE). As of July 24th, around 86,100 applications had been received for a total amount of EUR 19 billion at Group level.

Net banking income excluding PEL/CEL

Q2 20: revenues (excluding PEL/CEL) totalled EUR 1,749 million, heavily impacted by the effects of the lockdown on customer activity (-13.5% vs. Q2 19; -10.8% excluding adjustment for tax related to commissions of EUR +61 million in Q2 19).
Net interest income (excluding PEL/CEL) was 6.0% lower than in Q2 19 with, in particular, a significant increase in deposits adversely affecting the margin in a low interest rate environment.
Commissions were 14% lower than in Q2 19 (-7.6% excluding adjustment tax related to commissions in Q2 19), driven by the sharp fall in service commissions (-11.6% excluding adjustment for tax related to commissions in Q2 19) against the backdrop of the lockdown, despite the increase in financial commissions (+8.1% vs. Q2 19).
"Other revenues" were lower in Q2 (-71% vs. Q2 19) with, in particular, the impact of the non-payment of Crédit Logement dividends.

H1 20: after a dynamic first few months, revenues were impacted by the effects of Covid-19 and the lockdown measures: revenues (excluding PEL/CEL) totalled EUR 3,654 million, down -7.5% vs. H1 19 and -6.0% excluding adjustment for tax related to commissions of EUR +61 million in H1 19.
Net interest income (excluding PEL/CEL) was 2.4% lower than in H1 19. Commissions were down -8.4% vs. H1 19 (-5.0% excluding adjustment for tax related to commissions in H1 19), with the sharp fall in service commissions against the backdrop of the lockdown more than offsetting the strong increase in financial commissions.

Operating expenses

Q2 20: operating expenses were substantially lower at EUR 1,233 million (-8.5% vs. Q2 19), illustrating the Group's work to reduce costs despite the increase in regulatory costs. The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 71.9%.

H1 20: operating expenses were lower at EUR 2,683 million (-5.3% vs. H1 19). The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 71.6%.

Cost of risk

Q2 20: the commercial cost of risk amounted to EUR 442 million or 85 basis points, substantially higher than in Q2 19 (27bp) and Q1 20 (49bp). It includes EUR 266 million of S1/S2 (performing/underperforming loans) provisioning and EUR 176 million of S3 (non-performing loans) provisioning. The inclusion of new macro-economic scenarios in accordance with the application of IFRS 9 contributed EUR 179 million to S1/S2 provisioning.

H1 20: the commercial cost of risk amounted to EUR 691 million or 68 basis points, substantially higher than in H1 19 (23bp).

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[1] *Including BMTN (negotiable medium-term notes)*
[2] *Including currency deposits*

Net profits or losses from other assets

Q2 20: “Net profits or losses from other assets” amounted to EUR 5 million.

H1 20: “Net profits or losses from other assets” amounted to EUR 136 million including a capital gain of EUR 130 million relating to the Group's property disposal programme carried out in Q1 2020.

Contribution to Group net income

Q2 20: the contribution to Group net income totalled EUR 60 million (-83.1% vs. Q2 19). RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 1.4% in Q2 20 (vs. 12.6% in Q2 19).

H1 20: the contribution to Group net income totalled EUR 279 million (-52.7% vs. H1 19). RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 6.0% in H1 20 (vs. 11.5% in H1 19).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	Q2 20	Q2 19	Change		H1 20	H1 19	Change	
Net banking income	1,750	2,124	*-17.6%*	*-10.8%**	3,714	4,200	*-11.6%*	*-4.7%**
Operating expenses	(979)	(1,145)	*-14.5%*	*-7.0%**	(2,125)	(2,349)	*-9.5%*	*-2.0%**
Gross operating income	**771**	**979**	***-21.2%***	***-15.1%****	**1,589**	**1,851**	***-14.2%***	***-8.0%****
Net cost of risk	(418)	(133)	*x 3.1*	*x 3.3**	(647)	(261)	*x 2.5*	*x 2.5**
Operating income	**353**	**846**	***-58.3%***	***-54.8%****	**942**	**1,590**	***-40.8%***	***-36.1%****
Net profits or losses from other assets	(1)	0	*n/s*	*n/s*	11	1	*x 11.0*	*n/s*
Reported Group net income	**226**	**515**	***-56.1%***	***-51.6%****	**591**	**979**	***-39.6%***	***-33.7%****
RONE	8.4%	18.6%			11.0%	17.3%		
Underlying RONE (1)	***7.9%***	***18.9%***			***11.6%***	***18.2%***		

(1) *Adjusted for the linearisation of IFRIC 21 and the restructuring provision of EUR 29 million Q2 19.*

In International Retail Banking, outstanding loans totalled EUR 85.8 billion. They rose +3.2%* vs. end-June 2019 when adjusted for changes in Group structure and at constant exchange rates. They were down -6.4% at current structure and exchange rates, given the disposals finalised since June 2019 (SKB in Slovenia, Societe Generale Montenegro, Societe Generale Serbia, Mobiasbanca in Moldova, OBSG in Macedonia and Societe Generale de Banque aux Antilles). April and May were heavily impacted by the lockdown due to Covid-19, but there was a rebound in activity from June. Outstanding deposits climbed +7.1%* (-4.0% at current structure and exchange rates) vs. June 2019 to EUR 80.3 billion, with a healthy momentum in all regions.

For the Europe scope, outstanding loans were up +3.2%* vs. Q2 19, at EUR 53.6 billion (-9.2% at current structure and exchange rates), driven by Western Europe (+3.7%) and the Czech Republic (+3.4%*, -1.6%). Outstanding deposits were up +5.4%* (-10.0% at current structure and exchange rates), with a healthy momentum in the Czech Republic (+6.7%*, +1.5%) and Romania (+4.9%*, +2.6%).

In Russia, outstanding loans rose +1.6%* at constant exchange rates (-7.1% at current exchange rates) while outstanding deposits climbed +11.3%* (+3.5% at current exchange rates).

In Africa, Mediterranean Basin and French Overseas Territories, activity remained generally buoyant, especially in Sub-Saharan Africa. Outstanding loans rose +4.0%* (or +1.5%) vs. Q2 19. Outstanding deposits enjoyed a strong momentum, up +8.2%* (+6.1%).

In the Insurance business, the life insurance savings business saw outstandings increase +1.8%* vs. Q2 19. The share of unit-linked products in outstandings was 30% at end-June 2020, up 1.9 points vs. Q2 19. Protection insurance fell -3.2%* vs. Q2 19. The 6.1%* increase in Property/Casualty premiums was offset by a decline in personal Protection insurance (-8.5%* vs. Q2 19), where a rebound was observable from June.

Financial Services to Corporates delivered a resilient commercial performance. Operational Vehicle Leasing and Fleet Management saw an increase in its vehicle fleet (+3.8% vs. the end-June 2019) to 1.76 million vehicles at end-June 2020. Equipment Finance's outstanding loans were stable* vs. end-June 2019, at EUR 17.7 billion (excluding factoring).

Net banking income

Net banking income amounted to EUR 1,750 million in Q2 20, down -10.8%* (-17.6%) vs. Q2 19. Revenues totalled EUR 3,714 million in H1 20, down -4.7%* (-11.6%) vs. H1 19.

In International Retail Banking, net banking income totalled EUR 1,157 million in Q2 20, down -8.9%* (-18.1%) vs. Q2 19, marked by a fall in commissions due to the reduced activity in the lockdown environment and the impact of the decline in rates on net interest margin in the Czech Republic, Romania

and Russia. In Africa, Mediterranean Basin and French Overseas Territories, revenues include an impact of EUR -31 million related to repayment moratoriums in Tunisia.
Net banking income amounted to EUR 2,450 million in H1 20, down -3.1%* excluding the structure and exchange rate effects (-12.5%) vs. H1 19.

The Insurance business saw net banking income decrease by -7.1%* to EUR 211 million in Q2 20 (-7.9%), marked by a decline in financial margins in an unfavourable environment in the financial markets. When adjusted for the contribution to the Solidarity Fund in France, it was 4.7%* lower than in Q2 19. Net banking income fell -3.9%* (-4.3%) in H1 20, to EUR 440 million.

Financial Services to Corporates' net banking income was down -17.7%* (-20.9%) vs. Q2 19 at EUR 382 million. ALD revenues included EUR 30 million of additional impairments on residual values and EUR 9.6 million of impairments on used vehicles in Q2 20. When restated for these items, Financial Services to Corporates' revenues were down -8.2%*. Financial Services to Corporates' net banking income totalled EUR 824 million in H1 20, down -9.5%* (-12.4%) vs. H1 19.

Operating expenses

Operating expenses were down -7.0%* (-14.5%), at EUR -979 million, vs. Q2 19, which included a restructuring provision related to the simplification of the head office structure amounting to EUR 29 million. When restated for this provision, operating expenses were down -4.3%* vs. Q2 19, reflecting rigorous cost control. They fell -2.0%* (-9.5%) in the first six months, to EUR 2,125 million. The cost to income ratio stood at 55.9% in Q2 20 and 57.2% in H1 20.

In International Retail Banking, operating expenses were down -2.9%* (-12.8%) vs. Q2 19 and were stable* (-9.7%) vs. H1 19.

In the **Insurance** business, operating expenses rose +4.2%* (+3.7%) vs. Q2 19 to EUR 84 million and +4.0%* (+3.8%) vs. H1 19.

In **Financial Services to Corporates**, operating expenses were down -8.6%* (-12.6%) vs. Q2 19 and -3.0%* (-7.1%) vs. H1 19.

Cost of risk

Q2 20: the commercial cost of risk amounted to 125 basis points (or EUR 418 million), vs. 38 basis points in Q2 19, which included net provision write-backs in the Czech Republic and Romania, and 67 basis points in Q1 20. The Q2 cost of risk includes EUR 144 million for the estimate of expected credit losses in Stage 1 and Stage 2, including EUR 135 million for the impact related to the review of macro-economic scenarios.
H1 20: the cost of risk stood at 96 basis points (EUR 647 million). It was 39 basis points in H1 19.

Contribution to Group net income

The contribution to Group net income totalled EUR 226 million in Q2 20 (-56.1%* vs. Q2 19) and EUR 591 million in H1 20 (-39.6%* vs. H1 19). Underlying RONE stood at 7.9% in Q2 20, vs. 18.9% in Q2 19, and 11.6% in H1 20, vs. 18.2% in H1 19.

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q2 20	Q2 19	Change		H1 20	H1 19	Change	
Net banking income	1,880	2,266	-17.0%	-17.3%*	3,507	4,505	-22.2%	-22.7%*
Operating expenses	(1,570)	(1,915)	-18.0%	-18.2%*	(3,547)	(3,941)	-10.0%	-10.3%*
Gross operating income	**310**	**351**	**-11.7%**	**-12.4%***	**(40)**	**564**	**n/s**	**n/s**
Net cost of risk	**(419)**	(33)	x 12.7	x 13.0*	**(761)**	(75)	x 10.1	x 10.1*
Operating income	**(109)**	**318**	**n/s**	**n/s**	**(801)**	**489**	**n/s**	**n/s**
Reported Group net income	**(67)**	**274**	**n/s**	**n/s**	**(604)**	**414**	**n/s**	**n/s**
RONE	-1.9%	7.1%			-8.6%	5.2%		
Underlying RONE (1)	***-3.3%***	***10.0%***			***-6.2%***	***8.9%***		

(1) Adjusted for the linearisation of IFRIC 21

Finalisation of the strategic review of structured products in Global Markets

The Group has finalised the strategic review carried out in Global Markets on structured products and has set three priorities:

- Maintaining its global leadership role in equity structured products and remaining a major player in investment solutions
- Reducing the risk profile on equity and credit structured products in order to decrease the sensitivity of Global Markets' revenues to market dislocations. This refocusing will have an impact on revenues of between EUR -200 million and EUR -250 million
- Improving the profitability of Global Markets by reducing the breakeven point through a net cost reduction of around EUR -450 million by 2022-2023.

Net banking income

Q2 20: Global Banking & Investor Solutions' revenues were down -17.0% at EUR 1,880 million.
H1 20: when adjusted for the impact of restructuring (activities in the process of being closed or scaled back) completed last year, the revaluation of SIX securities (EUR +66 million in H1) and the disposal of Private Banking in Belgium, net banking income was down -18.7% vs. H1 19 (and -22.2% on a reported basis).

In Global Markets & Investor Services, net income banking totalled EUR 991 million, down -28.1% vs Q2 19 adjusted for restructuring.
In H1 20, when adjusted for restructuring and the revaluation of SIX securities (EUR +34 million in Q1 19), revenues were down -30.8% vs. H1 19.

Fixed Income & Currencies enjoyed an very good Q2, in all regions. When restated for the impact of restructuring, revenues amounted to EUR 700 million and were substantially higher (+38.1%) than in Q2 19. They were driven by the healthy commercial momentum, particularly in financing, and by the exceptional number of primary issues. Flow activities (rates and credit) and emerging market activities continued to benefit from favourable market conditions. The Americas region performed particularly well in Q2 20.
In H1 20, revenues restated for restructuring were up +43.6% at EUR 1,309 million.

Equity net banking income declined by -79.5% vs. Q2 19. In April and May, structured product activities continued to be impacted by the cancellation of dividend payments (loss of EUR 200 million), a still strong correlation and strict production constraints. These activities saw a gradual recovery from mid-May.
Listed product revenues were significantly higher than in Q2 19, driven by flow investment solutions (notably due to EMC activities integration). This increase, combined with the strong performance of

equity flow activities, was not enough to offset the losses recorded on structured products at the beginning of the quarter.

Securities Services' assets under custody amounted to EUR 4,238 billion at end-June 2020, up +3.1% vs. end-March 2020. Over the same period, assets under administration were up +3.5% at EUR 599 billion. Securities Services' revenues totalled EUR 149 million in Q2 20, in line with Q1 20. They were down -16.8% vs. a strong Q2 19.

Financing & Advisory revenues totalled EUR 657 million in Q2 20, up +2.0% vs. Q2 19. They amounted to EUR 1,286 million in H1 20, slightly lower (-1.1%) than in H1 19.
Investment banking enjoyed an excellent quarter, driven by a record number of issues in the debt capital markets and buoyant acquisition financing activity. The Group therefore strengthens its leadership position in the European market.
Financing activities proved resilient in this environment impacted by the crisis. New business remained stable.
After a challenging Q1, the Asset Backed Products platform delivered a good performance in Q2, against the backdrop of a stabilisation in the market environment.
Global Transaction and Payment Services proved resilient in light of the crisis and a significant decline in volumes.

Asset and Wealth Management's net banking income totalled EUR 232 million in Q2 20, slightly higher (+0.4%) than in Q2 19.
In H1 20, when adjusted in Q1 19 for the revaluation of SIX securities (EUR +32 million) and for the disposal of Private Banking in Belgium, net banking income was 2.9% higher.

Private Banking posted a robust performance in Q2 20, driven by good transactional revenues in France and positive net inflow. Net banking income amounted to EUR 187 million in Q2 20, up +6.9% vs. Q2 19 (and +6.3% vs. Q1 20). Assets under management increased by +2.4% vs. March 2020, to EUR 114 billion. Private Banking posted net inflow of EUR 1.5 billion in H1 20, driven by France. Net banking income amounted to EUR 363 million in H1 20, up +5.5% vs. H1 19, when adjusted for the disposal of Private Banking in Belgium and the revaluation of SIX securities.

Lyxor posted a performance down -21.6% in Q2 20, impacted by the challenging market conditions. Lyxor's assets under management totalled EUR 132 billion at end-June 2020, an increase of +5.1% vs. March 2020. Lyxor is the first provider to launch an ETF ecosystem to tackle climate change, which further strengthens its leadership status in the Green Bonds segment.
Revenues were 5.3% lower in H1 20 than in H1 19, impacted by market effects on equity indices.

Operating expenses

Q2 20: when restated for the increase in the resolution fund (EUR +38 million) and the restructuring provision, recorded in Q2 19 for EUR 227 million, operating expenses were down -9.2% vs. Q2 19.
H1 20: restated operating expenses were down -6.8%.

Net cost of risk

Q2 20: the commercial cost of risk amounted to 95 basis points (or EUR 419 million), vs. 87 basis points in Q1 20 and 8 basis points in Q2 19. The Q2 cost of risk includes EUR 240 million related to Stages 1 and 2 (with EUR 176 million related to the review of macro-economic scenarios on the estimate of credit losses) and EUR 178 million related to Stage 3.
H1 20: the cost of risk amounted to 91 basis points (EUR 761 million).

Contribution to Group net income

The contribution to Group net income amounted to EUR -67 million in Q2 20 and to EUR -604 million in H1 20. Underlying RONE is negative on H1 20.

6. CORPORATE CENTRE

In EURm	Q2 20	Q2 19	H1 20	H1 19
Net banking income	(88)	(100)	(389)	(140)
Operating expenses	(78)	138	(183)	65
Gross operating income	**(166)**	**38**	**(572)**	**(75)**
Net cost of risk	-	(19)	-	(19)
Net profits or losses from other assets	-	(81)	(77)	(134)
Impairment losses on goodwill	(684)	-	(684)	-
Income tax	(598)	7	(450)	63
Reported Group net income	**(1,483)**	**(91)**	**(1,856)**	**(243)**

The Corporate Centre includes:

- the property management of the Group's head office,
- the Group's equity portfolio,
- the Treasury function for the Group,
- certain costs related to cross-functional projects and certain costs incurred by the Group and not re-invoiced to the businesses.

The Corporate Centre's net banking income totalled EUR -88 million in Q2 20 vs. EUR -100 million in Q2 19 and EUR -389 million in H1 20 vs. EUR -140 million in H1 19.

Operating expenses totalled EUR -78 million in Q2 20 vs. EUR +138 million in Q2 19, which included an operating tax adjustment for EUR +241 million. They amounted to EUR -183 million in H1 20 vs. EUR +65 million in H1 19.

Gross operating income totalled EUR -166 million in Q2 20 vs. EUR +38 million in Q2 19 and EUR -572 million in H1 20 vs. EUR -75 million in H1 19.

Net profits or losses from other assets was nil in Q2 20 and amounted to EUR -77 million in H1 20, related to the application of IFRS 5 as part of the implementation of the Group's refocusing plan in Q1 20.

The review of the financial trajectory of Global Markets & Investor Services resulted in the impairment of the associated goodwill for EUR -684 million and deferred tax assets for EUR -650 million.

The Corporate Centre's contribution to Group net income was EUR -1,483 million in Q2 20 vs. EUR -91 million in Q2 19 and EUR -1,856 million in H1 20 vs. EUR -243 million in H1 19.

7. CONCLUSION

During H1 20, Societe Generale demonstrated its ability to absorb the impacts of the crisis due to the quality of its asset portfolio and the robustness of its balance sheet with, in particular, a capital level of 12.5%, or 350 basis points above the regulatory requirement.

Drawing on this solid base, the Group will continue to adapt its activities to the new post-COVID crisis environment, particularly in structured products, as well as its efforts to reduce costs in 2020 and in the medium term, through structural initiatives.

Accordingly, in 2020 the Group anticipates:

- underlying costs of around EUR 16.5 billion, substantially lower than in 2019 (EUR 17.4 billion)
- a cost of risk at the bottom of the range of between 70 to 100 basis points
- a CET1 ratio at the top of the range of between 11.5% and 12.0% at end-2020

Finally, Societe Generale is already preparing its 2021-2023 strategic plan based around its three priority objectives:

- further improving its capacity to place the customer at the centre of its activities
- ramping up our commitment in responsible finance to strengthen its leadership position
- increasing operational efficiency with the support of digital technologies

8. 2020 FINANCIAL CALENDAR

2020 Financial communication calendar

November 5th, 2020	Third quarter and nine-month 2020 results
February 10th, 2021	Fourth quarter and FY 2020 results
May 6th, 2021	First quarter 2021 results
August 3rd, 2021	Second quarter and first half 2021 results
November 4th, 2021	Third quarter and nine-month 2021 results

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, (commercial) cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out (in particular the transition from published data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios.

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.
These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.
These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:
- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.
More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the Universal Registration Document filed with the French Autorité des Marchés Financiers.
Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

9. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME AFTER TAX BY CORE BUSINESS

In EURm	Q2 20	Q2 19	Change	H1 20	H1 19	Change
French Retail Banking	60	356	-83.1%	279	590	-52.7%
International Retail Banking & Financial Services	226	515	-56.1%	591	979	-39.6%
Global Banking & Investor Solutions	(67)	274	n/s	(604)	414	n/s
Core Businesses	219	1,145	-80.9%	266	1,983	-86.6%
Corporate Centre	(1,483)	(91)	n/s	(1,856)	(243)	n/s
Group	(1,264)	1,054	n/s	(1,590)	1,740	n/s

CONSOLIDATED BALANCE SHEET

	30.06.2020	31.12.2019
Central banks	144,417	102,311
Financial assets at fair value through profit or loss	419,147	385,739
Hedging derivatives	21,845	16,837
Financial assets measured at fair value through other comprehensive income	55,606	53,256
Securities at amortised cost	14,877	12,489
Due from banks at amortised cost	55,292	56,366
Customer loans at amortised cost	458,500	450,244
Revaluation differences on portfolios hedged against interest rate risk	470	401
Investment of insurance activities	163,219	164,938
Tax assets	5,052	5,779
Other assets	77,196	68,045
Non-current assets held for sale	3,788	4,507
Investments accounted for using the equity method	106	112
Tangible and intangible assets	29,812	30,652
Goodwill	4,045	4,627
Total	**1,453,372**	**1,356,303**

	30.06.2020	31.12.2019
Central banks	2,980	4,097
Financial liabilities at fair value through profit or loss	405,113	364,129
Hedging derivatives	12,705	10,212
Debt securities issued	136,261	125,168
Due to banks	121,542	107,929
Customer deposits	444,470	418,612
Revaluation differences on portfolios hedged against interest rate risk	8,629	6,671
Tax liabilities	1,239	1,409
Other liabilities	94,115	85,062
Non-current liabilities held for sale	928	1,333
Liabilities related to insurance activities contracts	140,701	144,259
Provisions	4,348	4,387
Subordinated debts	14,662	14,465
Total liabilities	**1,387,693**	**1,287,733**
SHAREHOLDERS' EQUITY		
Shareholders' equity, Group share		
Issued common stocks, equity instruments and capital reserves	30,115	31,102
Retained earnings	32,457	29,558
Net income	(1,590)	3,248
Sub-total	**60,982**	**63,908**
Unrealised or deferred capital gains and losses	(323)	(381)
Sub-total equity, Group share	**60,659**	**63,527**
Non-controlling interests	5,020	5,043
Total equity	**65,679**	**68,570**
Total	**1,453,372**	**1,356,303**

10. APPENDIX 2: METHODOLOGY

1 – The financial information presented in respect of Q2 and H1 2020 was examined by the Board of Directors on July 31st, 2020 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The limited review procedures carried out by the Statutory Auditors are in progress on the condensed interim consolidated financial statements as at June 30th, 2020.

2 – Net banking income
The pillars' net banking income is defined on page 43 of Societe Generale's 2020 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 – Operating expenses
Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2019 (pages 423 et seq. of Societe Generale's 2020 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses.
The Cost/Income Ratio is defined on page 43 of Societe Generale's 2020 Universal Registration Document.

4 - IFRIC 21 adjustment
The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e. a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

5 – Exceptional items – Transition from accounting data to underlying data

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.
Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar for PEL/CEL provision allocations or write-backs. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

The reconciliation enabling the transition from published accounting data to underlying data is set out in the table below:

Q2 20 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income Tax	Group net income	Business
Reported	**(3,860)**	**(1,279)**	**4**	**(684)**	**(658)**	**(1,264)**	
(+) IFRIC 21 linearisation	*(124)*				*58*	*(62)*	
*(-) Goodwill impairment**				*(684)*		*(684)*	*Corporate Centre*
*(-) DTA impairment**					*(650)*	*(650)*	*Corporate Centre*
Underlying	**(3,984)**	**(1,279)**	**4**	**0**	**50**	**8**	

H1 20 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income Tax	Group net income	Business
Reported	**(8,538)**	**(2,099)**	**84**	**(684)**	**(612)**	**(1,590)**	
(+) IFRIC 21 linearisation	*353*				*(166)*	*179*	
*(-) Group refocusing plan**			*(77)*		*0*	*(77)*	*Corporate Centre*
*(-) Goodwill impairment**				*(684)*		*(684)*	*Corporate Centre*
*(-) DTA impairment**					*(650)*	*(650)*	*Corporate Centre*
Underlying	**(8,185)**	**(2,099)**	**161**	**0**	**(128)**	**0**	

Q2 19 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	**(4,270)**	**(314)**	**(80)**	**1,054**	
(+) IFRIC 21 linearisation	*(138)*			*(101)*	
*(-) Restructuring provision**	*(256)*			*(192)*	*GBIS (EUR -227m) / IBFS (EUR -29m)*
*(-) Group refocusing plan**		*(18)*	*(84)*	*(102)*	*Corporate Centre*
Underlying	**(4,152)**	**(296)**	**4**	**1,247**	

H1 19 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	**(9,059)**	**(578)**	**(131)**	**1,740**	
(+) IFRIC 21 linearisation	*303*			*222*	
*(-) Restructuring provision**	*(256)*			*(192)*	*GBIS (EUR -227m) / IBFS (EUR -29m)*
*(-) Group refocusing plan**		*(18)*	*(137)*	*(177)*	*Corporate Centre*
Underlying	**(8,500)**	**(560)**	**6**	**2,332**	

(*) exceptional item

6 - Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk or commercial cost of risk is defined on pages 45 and 574 of Societe Generale's 2020 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

	(In EUR m)	Q2 20	Q2 19	H1 20	H1 19
French Retail Banking	Net Cost Of Risk	442	129	691	223
	Gross loan Outstandings	207,517	192,896	204,328	192,159
	Cost of Risk in bp	**85**	**27**	**68**	**23**
International Retail Banking and Financial Services	Net Cost Of Risk	418	133	647	261
	Gross loan Outstandings	133,475	139,634	134,941	134,747
	Cost of Risk in bp	**125**	**38**	**96**	**39**
Global Banking and Investor Solutions	Net Cost Of Risk	419	33	761	75
	Gross loan Outstandings	175,673	164,162	166,868	164,512
	Cost of Risk in bp	**95**	**8**	**91**	**9**
Corporate Centre	Net Cost Of Risk	0	19	0	19
	Gross loan Outstandings	10,292	8,705	10,001	8,977
	Cost of Risk in bp	**3**	**86**	**3**	**42**
Societe Generale Group	Net Cost Of Risk	1,279	314	2,099	578
	Gross loan Outstandings	526,958	505,397	516,138	500,395
	Cost of Risk in bp	**97**	**25**	**81**	**23**

The **gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

7 - ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 45 and 46 of Societe Generale's 2020 Universal Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 46 of Societe Generale's 2020 Universal Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for "interest net of tax payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period	Q2 20	Q2 19	H1 20	H1 19
Shareholders' equity Group share	**60,659**	**62,492**	**60,659**	**62,492**
Deeply subordinated notes	(8,159)	(9,861)	(8,159)	(9,861)
Undated subordinated notes	(283)	(280)	(283)	(280)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	20	(39)	20	(39)
OCI excluding conversion reserves	(834)	(636)	(834)	(636)
Dividend provision		(717)		(717)
ROE equity end-of-period	**51,403**	**50,959**	**51,403**	**50,959**
Average ROE equity	**52,388**	**50,250**	**52,830**	**49,842**
Average Goodwill	(4,270)	(4,541)	(4,416)	(4,619)
Average Intangible Assets	(2,417)	(2,194)	(2,393)	(2,194)
Average ROTE equity	**45,701**	**43,515**	**46,021**	**43,029**
Group net Income (a)	**(1,264)**	**1,054**	**(1,590)**	**1,740**
Underlying Group net income (b)	**8**	**1,247**	**0**	**2,332**
Interest on deeply subordinated notes and undated subordinated notes (c)	(161)	(192)	(320)	(357)
Cancellation of goodwill impairment (d)	684	41	684	108
Ajusted Group net Income (e) = (a)+ (c)+(d)	**(741)**	**903**	**(1,227)**	**1,491**
Ajusted Underlying Group net Income (f)=(b)+(c)	**(153)**	**1,056**	**(321)**	**1,975**
Average ROTE equity (g)	**45,701**	**43,515**	**46,021**	**43,029**
ROTE [quarter: (4*e/g), 6M: (2*e/g)]	-6.5%	8.3%	-5.3%	6.9%
Average ROTE equity (underlying) (h)	**46,973**	**43,612**	**47,611**	**43,325**
Underlying ROTE [quarter: (4*f/h), 6M: (2*f/h)]	-1.3%	9.7%	-1.3%	9.1%

RONE calculation: Average capital allocated to Core Businesses (in EURm)

In EURm	T2-20	T2-19	Variation	S1-20	S1-19	Variation
French Retail Banking	11,460	11,306	+1.4%	11,321	11,281	+0.4%
International Retail Banking & Financial Services	10,820	11,051	-2.1%	10,708	11,336	-5.5%
Global Banking & Investor Solutions	14,453	15,543	-7.0%	14,024	16,064	-12.7%
Core Businesses	36,733	37,900	-3.1%	36,053	38,681	-6.8%
Corporate Centre	15,655	12,350	+26.8%	16,777	11,162	+50.3%
Group	52,388	50,250	+4.3%	52,830	49,842	+6.0%

8 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 48 of the Group's 2020 Universal Registration Document. The items used to calculate them are presented below:

End of period	H1 20	Q1 20	2019	H1 19
Shareholders' equity Group share	**60,659**	**62,580**	**63,527**	**62,492**
Deeply subordinated notes	(8,159)	(8,258)	(9,501)	(9,861)
Undated subordinated notes	(283)	(288)	(283)	(280)
Interest, net of tax, payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	20	1	4	(39)
Bookvalue of own shares in trading portfolio	335	381	375	431
Net Asset Value	**52,572**	**54,416**	**54,122**	**52,743**
Goodwill	(3,928)	(4,611)	(4,510)	(4,548)
Intangible Assets	(2,458)	(2,376)	(2,362)	(2,226)
Net Tangible Asset Value	**46,186**	**47,429**	**47,250**	**45,969**
Number of shares used to calculate NAPS**	**851,133**	**851,133**	**849,665**	**844,026**
Net Asset Value per Share	**61.8**	**63.9**	**63.7**	**62.5**
Net Tangible Asset Value per Share	**54.3**	**55.7**	**55.6**	**54.5**

*** The number of shares considered is the number of ordinary shares outstanding as at June 30th, 2020, excluding treasury shares and buybacks, but including the trading shares held by the Group.*
In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.

9 - Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 47 of Societe Generale's 2020 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE. As specified on page 47 of Societe Generale's 2020 Universal Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).
The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands)	H1 20	Q1 20	2019	H1 19
Existing shares	**853,371**	**853,371**	**834,062**	**821,189**
Deductions				
Shares allocated to cover stock option plans and free shares awarded to staff	2,728	2,972	4,011	4,214
Other own shares and treasury shares			149	249
Number of shares used to calculate EPS**	**850,643**	**850,399**	**829,902**	**816,726**
Group net Income	**(1,590)**	**(326)**	**3,248**	**1,740**
Interest on deeply subordinated notes and undated subordinated notes	(320)	(159)	(715)	(357)
Capital gain net of tax on partial buybacks				
Adjusted Group net income	**(1,910)**	**(485)**	**2,533**	**1,383**
EPS (in EUR)	**-2.25**	**-0.57**	**3.05**	**1.69**
Underlying EPS* (in EUR)	**-0.38**	**-0.07**	**4.03**	

* Excluding exceptional items and including linearisation of the IFRIC 21 effect.
** The number of shares considered is the number of ordinary shares outstanding as at June 30th, 2020, excluding treasury shares and buybacks, but including the trading shares held by the Group.

10 - The Societe Generale Group's Common Equity Tier 1 capital is calculated in accordance with applicable CRR/CRD4 rules. The fully-loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is calculated according to applicable CRR/CRD4 rules including the provisions of the delegated act of October 2014.

Table of the change in the CET1 ratio in the quarter

In bp	
CET1 as at 31/3/2020	**12.6%**
Own funds evolution	**-7bp**
Organic RWAs change* **of which**	**-15bp**
RWAs of businesses	+2bp
Non-guaranteed part of State-Guaranteed loans	-4bp
Rating migration	-8bp
Corporates credit line drawdowns	-5bp
SME supporting factor	**+14bp**
Effect of waiting period on State-guaranteed loans (based on an assumption of a final loan guarantee rate of approximately 90%)	**-27bp**
Quick fix BCE **Of which**	**+12bp**
VaR/sVaR multiplicator	+7bp
PVA transitional provision	+5bp
CET1 as at 30/06/2020	**12.3%**
Phasing IFRS 9	+20bp
CET1 as at 30/06/2020 including IFRS9 phasing	**12,5%**

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 138,000 members of staff in 62 countries and supports on a daily basis 29 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking which encompasses the Societe Generale**, Crédit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- **International Retail Banking, Insurance and Financial Services to Corporates,** with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions**, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), four of the STOXX ESG Leaders indices, and the MSCI Low Carbon Leaders Index.

For more information, you can follow us on Twitter @societegenerale or visit our website www.societegenerale.com

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2.2 Societe Generale main activities

Societe Generale main activities

Simplified chart as of end-June 2020

Societe Generale Group

Corporate Center

FRANCE

Entity	%
Societe Generale*	
Genefinance	100%
SG Financial SH	100%
Sogeparticipations	100%
Societe Generale SFH	100%
Societe Generale SCF	100%
Sogefim Holding	100%
Galybet	100%
Genevalmy	100%
Valminvest	100%
Sogemarche	100%
Sogecampus	100%

EUROPE

AFRICA - MEDITERRANEAN

AMERICAS

ASIA - AUSTRALIA

International retail banking and Financial Services (IBFS)

FRANCE

Entity	%
Sogessur	100%
Sogecap	100%
CGL	99,9%
Banque Française Commerciale Ocean Indien	50%
SGEF SA	100%
ALD	80%

EUROPE

Entity	%
Hanseatic Bank *Allemagne*	75%
Komercni Banka A.S *Czech Republic*	60,7%
BRD-Groupe SG *Roumania*	60,2%
PJSC Rosbank *Russia*	100%
Fiditalia S.P.A, *Italy*	100%

AFRICA - MEDITERRANEAN

Entity	%
SG Marocaine de Banques, *Maroc*	57,5%
Societe Generale Algérie	100%
Societe Generale Côte d'Ivoire	73,2%
Union Internationale de Banques	52,3%

AMERICAS

ASIA - AUSTRALIA

Societe Generale Group

French Retail banking (RBDF)

FRANCE

Entity	%
Societe Generale*	
Credit du Nord	100%
Boursorama	100%
Franfinance	100%
Sogefinancement	100%
Sogelease France	100%
Sogeprom	100%

EUROPE

AFRICA - MEDITERRANEAN

AMERICAS

ASIA - AUSTRALIA

Global Banking and Investor Solutions(GBIS)

FRANCE

Entity	%
Societe Generale*	
Lyxor Asset Management	100%
CALIF	100%
Societe Generale Capital Partenaires	100%

EUROPE

Entity	%
Societe Generale Bank&Trust *Luxembourg*	100%
SG Kleinwort Hambros Limited *United Kingdom*	100%
SG Investments (U.K.) Ltd *United Kingdom*	100%
Societe Generale International Ltd London *United Kingdom*	100%
Societe Generale Effekten, Germany	100%
SG Issuer, *Luxembourg*	100%
SGKBB Limited *United Kingdom*	100%
SGSS Spa *Italy*	100%
SG Private Banking *Switzerland*	100%
SG Private Banking *Monaco*	100%

- Societe Generale* succursales de :
  - London *United Kingdom*
  - Milan *Italy*
  - Francfort *Germany*
  - Madrid *Spain*

AFRICA - MEDITERRANEAN

AMERICAS

Entity	%
Banco SG Brazil SA, *Brazil*	100%
SG Americas, Inc. *United States*	100%
SG Americas Securities Holdings, LLC *United States*	100%

- Societe Generale* succursales de :
  - New York United States
  - Montréal *Canada*

ASIA - AUSTRALIA

Entity	%
Societe Generale (China) Ltd Chine	100%
SG Securities Asia International Holdings Ltd *Hong Kong*	100%
SG Securities Korea Co, Ltd *South Korea*	100%
SG Securities Japan Limited *Japan*	100%

- Societe Generale* succursales de :
  - Séoul South Korea
  - Taipei *Taiwan*
  - Singapour
  - Munbaï
  - Sydney

* Parent company

Notes :

- The percentage given indicate the percentage of capital held by the Group in the subsidiary
- The groups have been positioned in the geographical area in which they mainly excerce their activity

2.3 Significant new products or services

Business		New products or services
French Retail Banking	**Kapsul** (January 2020, Societe Generale)	Basic banking services for EUR 2 a month: account, card, app, access to the full range and to a Client Advisor for transactions requiring expert assistance. The offer has no minimum income requirement nor accountant administration fees, and gives users reinsurance from a major bank and refunds for purchases with our partners via Cashback Societe Generale.
	PERECOI (February 2020, Societe Generale)	Launch of the inter-company collective pension plan (PERECOI) replacing PERCOI in the ARCANCIA offering for professionals and companies. This new offering is part of the government Action Plan for Business Growth and Transformation (Pacte Law).
	New online portal for policyholders - Legal Protection for Professionals ("PJ Pros") (February 2020, Societe Generale)	From their first claim, policyholders can connect effortlessly to a new online portal where they can access new services. They can also follow, in real time, the steps being taken by the legal advisor in charge of their case, make a telephone appointment with them, or consult payments made. Clients can now also streamline their paperwork thanks to an online platform (LégaLife) that gives quick access to correspondence and standard contracts.
	PGE **State-backed loans** (March 2020, Societe Generale and Crédit Du Nord Group)	In the context of the health crisis, SG and Crédit du Nord distributed the PGE (state-backed loan) facility to help customers meet their cash flow needs for an amount of up to 25% of their revenues, and with a lump sum payment at the end of 12 months. At the end of 12 months, customers can opt to start instalment payments for a period of up to 5 years. Loans to professional and VSE customers are state-guaranteed for up to 90% of the financed amount. The cost for customers comprises 0.25% of commission fees only, which is paid to the Public Investment Bank Bpifrance. Loans to business customers are state-guaranteed for 70% to 90% of the financed amount. The cost for customers comprises 0.25% to 0.50% of commission fees only, which is paid to the state an collected by Bpifrance (according to the revenue bracket).
	3x or 4x flash EPT payments **(**March 2020, Societe Generale)	A payment facility offered to retailers and businesses for their customers The 3x Flash card payment facility was extended to 4x card payments for amounts of up to EUR 4,000. The 3x and 4x Flash facility is managed by Franfinance and allows businesses with ETPs (Electronic Payment Terminals) to give its clients the possibility of paying in 3 or 4 instalments free of charge. Professional customers benefit from a payment guarantee and a cash advance.
	New version of SG App (June 2020, Societe Generale)	SG's client-facing app now offers a new experience for individual customers thanks to new and innovative solutions: A chat box connected to customers' accounts, and live video chats with advisors; "Banxup" for easily managing pocket money between parents and children; A fresh interface to streamline the customer experience: new account services, home page personalisation with widgets, retailer logos in card transaction descriptions, real-time alerts: card limit almost reached; credit and debit account activity, payment notifications, etc. Ongoing access to biometrics, contactless payment, cashback and immediate transfers.

	PRO onboarding: new interactive platform (June 2020, Societe Generale)	Creation of an interactive platform for client onboarding. Prospective clients are able to: - submit the necessary paperwork to complete their file - obtain their unique bank account ID and letter of agreement once onboarding is in compliance and approved
	Gradual investment (April 2020, Crédit du Nord Group)	April 2020 saw the launch of an interim life-insurance solution for investing in the financial markets: implementation of a financial allocation which is gradually invested in the financial markets over 6 months.
	Online sureties and guarantees (2 waves: end-June and end-August 2020, Crédit du Nord Group)	A new and more ergonomic interface for issuing domestic sureties and guarantees.
	Partnership with AON on insurance on unpaid rent (GLI) (March 2020, Crédit du Nord Group)	Solution for our investor clients that covers unpaid rent and damage to property caused by tenants during rental period.
	SRI mandates (January 2020, Boursorama)	In partnership with Sycomore AM, Boursorama Banque has launched 3 new 100% SRI manager-guided mandates (without entry or additional management fees), to meet the expectations of clients who want to invest meaningfully. As part of Boursorama Vie's new management-guided offering, Sycomore AM is committed to ensuring that 100% of the funds selected under the 3 new mandates (defensive, balanced, dynamic) are SRI accredited (321 eligible funds to date) and, in doing so, to pursuing Boursorama's goal to contribute to a sustainable and inclusive economy.
	Solidarity CSL (April 2020, Boursorama)	Since the start of the health crisis and until 31 July 2020, Boursorama Bank's customers can sign up to a Solidarity CDL (ordinary passbook savings account) to invest up to €5,000 at an exceptional gross annual rate of 1%. Over this same period, Boursorama has been contributing €1 to the French association Alliance Tous Unis Contre le Virus for every euro of interest calculated on the basis of interest earned.
	Virtual card (April 2020, Boursorama)	Boursorama Bank's subscribers of a new bank card can now make mobile payments before their card has even arrived in the post. This is thanks to a virtual card – an immediate solution available in the user's Boursorama Bank application account. Customers simply have to register their card in their Apple Pay or Google Pay wallet and use it for their next mobile payments at participating retailers.
	Wicount Patrimoine (May 2020, Boursorama)	This new budget coaching service developed by Boursorama gives customers an overview of their financial and real estate assets (cash, savings, shares, property) as well loans. The tool analyses the breakdown of the customers' wealth (including savings held in other banks) and gives personalised advice on how to optimise their wealth and take the most effective savings measures.
International Retail Banking and Financial Services	**Fidigo** **(**March 2020 : Fiditalia – Italy) (International Retail Banking)	Fiditalia launches Fidigo, the new portal available to Fiditalia prescribers. 360 ° commercial and informative support to better manage their work. Fidigo represents a unique product in the consumer credit market in Italy. A highly innovative product that brings a revolution in the sales process thanks to the integration in a single touch point of different services and functionalities: financial simulation, new front end of acquisition of financing requests, digital upload of documentation for the 'grant, digital signature and finally archiving. All of this can now be done directly with the prescriber.
	Opening accounts for entrepreneurs remotely (May 2020; Rosbank - Russia) (International Retail Banking)	Rosbank started opening current accounts for entrepreneurs remotely without visiting the Bank branches. All the client needs to do is to register on the website, after which they will immediately get access to the remote banking system "Rosbank Small Business" and bank account details that can be given to partners and clients.

	BRD @Office mobile **(**April 2020 : BRD - Romania) (International Retail Banking)	In order to support customers with additional remote banking services, in a global epidemic context, BRD, Societe Generale's Romanian subsidiary, launched BRD @ffice Mobile, the mobile version of the online banking application for companies and professionals, as well as a mobile digital token, called M-Token. BRD @ffice Mobile offers mobile access to company accounts and incoming messages. Also, through the new mobile application, users can sign payments already initiated through the BRD @ffice internet-banking application or the MultiX home-banking application.
	Antarius Patrimoine Evolution **(**February 2020 : Antarius) (Financial Services to Corporates and Insurance)	To enrich and enlarge the range of saving life insurance product of Antarius, launch of the 1st scalable contract dedicated to private banking clients of Crédit du Nord Group. This contract provides support to client in the diversification of his saving thanks to an expanded financial offer. Antarius Patrimoine Evolution can also evolve towards a « Private banking » management for the client to access to new unit-linked supports.
	ALD Flex **(**June 2020: ALD Automotive) (Financial Services to Corporates and Insurance)	ALD Flex is a flexible mobility solution with the advantages of fully serviced vehicles and on demand availability, to help corporate fleet managers address their medium-term mobility needs. The solution provides an all-inclusive vehicle offering (full maintenance, insurance, tires, breakdown assistance…) for mid-term usage, ranging from 1 to 24 months on average, at an optimal set monthly rate. A broad range of vehicle categories, from compact cars to light utility vehicles, is available for immediate use and vehicles can be selected by budget, type of transmission, powertrain and CO2 emissions. Additional flexibility allows contracts to be terminated after 1 month at no extra cost. ALD Flex is available from launch in 19 countries worldwide
	Swap (November 2019: ALD Automotive in Norway) (Financial Services to Corporates and Insurance)	ALD Automotive launched SWAP, the company's first B2C subscription product, in Norway. Aiming at fostering flexibility and convenience, Swap allows consumers to subscribe and swap vehicles each season. There is no long-term commitment and all services are included (maintenance, tires replacement, insurance, road assistance, toll road tag).
Global Banking and Investor Services	**SGI FX Value 3D Index** (April 2020, Global Markets)	The FX Value 3D strategy is a long/short FX strategy aiming to capture the FX G10 value premium across different investment horizons by combining three value signals – Fair Value, Market Expectation and Price Correction. Launched in April 2020 based on the work of the SG Quant Research team, the FX Value strategy buys cheap currencies and sell expensive ones, in a G10 universe. The strategy decides if a currency is cheap or expensive based on three metrics: the deviation to its historical average, the deviation to its Purchasing Power Parity (PPP) value, and market participants' expectations relative to monetary policies.
	SGI Private Equity Proxy Index (April 2020, Global Markets)	The SGI Private Equity Proxy Index was launched in April 2020 as a liquid and transparent strategy replicating an illiquid traditional Private Equity investment. Using Private Equity funds' methods in a systematic way, the strategy selects at least 100 stocks (80% US, 20% Europe) most closely resemble the positive characteristics of the companies found in buyout fund portfolios (small cap and profitable with low valuation). The strategy aims at replicating private equity funds' performances by selecting small cap stocks directly using equity factor criteria – Size (Small cap stocks), Value ("Cheap" stocks), Highly Profitable stocks and Quality stocks (those with healthy Balance Sheets with ability to take on debt) - on an US and EU universe.
	SGI Climate Risk Control Index (February 2020, Global Markets)	The Index is based on the Entelligent Smart Climate® Score that offers a forward-looking alternative to the past carbon emission focused solutions available on the market today. It gives investors access to the 250 stocks in the S&P 500 that have the lowest exposure to climate change downside risk based on the Entelligent Smart Climate® Score. The Index Seeks to capture alpha from all the sectors represented in the S&P 500, including sectors usually cast out by other ESG methodologies. At the core design of the strategy is the innovative model to identify the sensitivity of companies to future climate change scenarios.

Global Banking and Investor Services	**SGI ORB Rates Smart Beta Index** (June 2020, Global Markets)	Launched in June 2020, SGI ORB (Optimized Rates Basket) Index – a Smart Beta rates strategy, designed to provide investors with consistent returns throughout different rates regimes, at a given duration risk. The Strategy is a dynamic allocation between Bond Futures and Swaps across G8/G4 Universe that aims at maximizing carry across the selected universe while also meeting the diversification and risk constraints. The SGI ORB is a family of strategies with Markovitz optimization framework and flexible duration targets to meet clients' needs.
	Global Fund Trading (July 2020, Societe Generale Securities Services)	Further to the partnership signed in 2019 between SG and MFEX, SGSS has enriched its global service offer since the beginning of 2020, thanks to MFEX's expertise as a reference supplier for services associated with international fund distribution (72,000 funds covered). This offer includes in particular the trading and custody of fund units, including trailer fees management. Extensions to the offer are under discussion for 2021.
	COOP by Societe Generale (financement des jeux vidéo) (H1 20, Global Banking & Adivosry)	Relying on an algorithm predicting future revenues of mobile video games, Societe Generale tests with a limited number of clients a lending offer to mobile studios and editors. Powered by SG Markets, fed with real-time data from digital platforms such as Apple, Google or Facebook, COOP aims at revolutionizing the banking experience of the creators and editors of digital content through a fully online portal. Processed in real-time, loan requests are instantly granted or rejected by the bank and the flows settled in a matter of days.
	My Capital Markets (H1 20, Global Banking & Adivosry)	The bond market is the main source funding for large corporates, financial institutions, sovereigns, supranationals and agencies. The number of new issues and their volume have increased massively over time, the latest record having been established in 2019 with over 450bn raised by non-financial corporates in the Euro market. This record will be surpassed in 2020, due to the exceptional funding needs triggered by the sanitary crisis. In this context, the Debt Capital Markets teams have developed a set of integrated apps called "My Capital Markets" allowing issuers for instance to have live access to the agenda and investor feedback during a roadshow, predict the potential orderbook of a future bond issue using machine learning techniques, and monitor the effective participation of investors during the final book building phase.
	Advisory & Financing (H1 20, Global Banking & Adivosry)	Digital platform for CFOs and teams at our corporate clients to support their decision-making. Thanks to its intuitive and interactive dashboard interface as well as its powerful data processor, this web-based multi-dimensional tool analyzes a company's financials, elaborates strategic scenarios and outlines the financial impacts (capital structure, credit rating analysis, positioning among peers, etc.). As it generates business plans accordingly, the platform enables its user to visualise, analyse and simulate financial forecasts based on a variety of business and financial decisions (acquisitions, disposals, investments, shareholding policy, etc.) taking into account financial objectives (EPS, leverage, target rating, etc.) and a relevant financing plan (equity, equity-linked, debt, hybrid instruments).
	Green Guarantees (January 2020, Global Transaction & Payment Services)	GTPS' Trade Finance & Services teams launched in January 2020 structured solutions to grant Green Trade Finance facilities, including guarantees and letters of credit, for which the underlying project or product covered has a clear positive contribution to the environment or supports the transition to a low carbon future. The eligible Green Trade Finance instruments will concern one of the following 4 eligible categories: Renewable Energy, Clean Transportation, Waste Management as well as Sustainable Water and Waste water management.
	SWIFT gpi CASE RESOLUTION (H1 20, Global Transaction & Payment Services)	- Case Resolution service goes a long way towards improving the whole process of exceptions and investigations in the global transaction banking industry. With this service, Societe Generale handles customer enquiries in real-time with the exchange of standardised information in a dynamic and transparent manner. - Leveraging on the SWIFT gpi tracker, this new service streamlines the investigation process and accelerates the resolution of cases helping to solve them seamlessly and thereby, making Societe Generale's payment system even more efficient and smooth. - This service fits in perfectly with the banking industry's innovation dynamics, and Societe Generale's in particular, which aims to improve service quality, to better serve clients and optimise operational costs.

Global Banking and Investor Services	**Kwiper** **(**May 2020, Private Banking**)**	Kwiper aims at providing a digital platform for accountants to formalize wealth diagnoses and strategies and help them develop legal and tax missions in wealth management, in particular with their entrepreneur clients. These experts are indeed facing a strong compression of their margins in their historical businesses and seek to develop alternative missions with higher added value. The founding idea is to capitalize on the wealth engineering skills developed by SG Private Banking France by creating an innovative engine based on algorithms and decision trees to formalize wealth advice personalized to the context of the final customer. The ISC (Internal Start-Up Call) made it possible to test the target market's interest in the proposed solution and its technical feasibility. The legal structure is being set up. The goal is to launch commercialization in October 2020.
	Support UC Sillage (H1 20, Private Banking**)**	The Formule Sillage solution accessible within the SOGECAP SGGP Vie and Capi contracts offers subscribers, via a specific support, the possibility of investing in the UC gradually for 6 months after taking out the contract. During this period of reflection, this 100% UC support makes it possible to provide an attractive return compared to money market funds (Eonia plus 0.50% of the insurer's contribution) and the possibility of accumulating with the Euro bonus offers on payment, without taking management fees by the company during the period. It is also flexible in its operation since it can be part of a plural investment approach from the outset (Euro / UC / Formule Sillage).

2.4 Analysis of the consolidated balance sheet

2.4.1 Consolidated balance sheet

ASSETS

(In billions of euros)	30.06.2020	31.12.2019
Cash, due from central banks	144.4	102.3
Financial assets at fair value through profit or loss	419.2	385.7
Hedging derivatives	21.8	16.8
Financial assets at fair value through other comprehensive income	55.6	53.3
Securities at amortised cost	14.9	12.5
Due from banks at amortised cost	55.3	56.4
Customer loans at amortised cost	458.5	450.2
Revaluation differences on portfolios hedged against interest rate risk	0.5	0.4
Investments of insurance companies	163.2	164.9
Tax assets	5.1	5.8
Other assets	77.2	68.0
Non-current assets held for sale	3.8	4.5
Investments accounted for using the equity method	0.1	0.1
Tangible and intangible fixed assets	29.8	30.7
Goodwill	4.0	4.6
Total	**1,453.4**	**1,356.3**

LIABILITIES

(in billions of euros)	30.06.2020	31.12.2019
Due to central banks	3.0	4.1
Financial liabilities at fair value through profit or loss	405.1	364.1
Hedging derivatives	12.7	10.2
Debt securities issued	136.3	125.2
Due to banks	121.6	107.9
Customer deposits	444.5	418.6
Revaluation differences on portfolios hedged against interest rate risk	8.6	6.7
Tax liabilities	1.2	1.4
Other liabilities	94.1	85.1
Non-current liabilities held for sale	0.9	1.3
Insurance contracts related liabilities	140.7	144.3
Provisions	4.3	4.4
Subordinated debt	14.7	14.5
Sub-total equity, Group share	60.7	63.5
Non-controlling interests	5.0	5.0
Total	**1,453.4**	**1,356.3**

At 30 June 2020, the Group's consolidated balance sheet totalled EUR 1,453.4 billion increase of EUR 97.1 billion (+7%) compared to 31th December 2019 (EUR 1,356.3 billion).

2.4.2 Main changes in the scope of consolidation

The main changes to the consolidation scope at 30 June 2020, compared with the scope applicable at the closing date of 31 December 2019, are as follows:

SOCIETE GENERALE DE BANQUE AUX ANTILLES (SGBA)

On 2 March 2020, the Group sold to Promontoria MMB all its interest in Societe Generale de Banque aux Antilles, a subsidiary located in Guadeloupe, Martinique and French Guiana. The sale reduced the Group's balance sheet by EUR 0.4 billion (Non-current assets held for sale and Non-current liabilities held for sale).

The result of this disposal recorded in Net income / expense from other assets amounts to EUR -69 million for the first half of 2020.

2.4.3 Changes in major consolidated balance sheet items

Financial assets at fair value through profit or loss increased by EUR 33.5 billion (+8.7%) compared to 31st December 2019. The increase in financial assets at fair value through profit or loss is mainly attributable to the growth of trading derivatives.

Debt securities issued increased by EUR 11.1 billion (+8.9%) compared with 31st December 2019 mainly due to the growth of EMTN issue.

Customer loans at amortised cost increased by EUR 8.3 billion (+1.8%) compared with 31st December 2019. It is mainly explained by the increase of customer loans especially the new state guaranteed loans, which is slightly balanced by a decrease of securities purchased under resale agreements.

Customer deposits increased by EUR 25.9 billion (+6.2%) compared with 31st December 2019 mainly due to the growth of other demand deposits partially offset by securities sold to customer under repurchase agreements and overnight reverse repos.

Due from banks at amortised cost decreased by EUR 1.1 billion (-1.9%) compared with 31st December 2019 explained by the decrease of securities sold under repurchase agreements and long-term loans, balanced by the increase of current accounts.

Due to banks increased by EUR 13.7 billion (+12.6%) compared with 31st December 2019 mainly due to the increase of other term deposits partially balanced by the decrease of current accounts and securities sold under repurchase agreements.

Investments of insurance companies decreased by EUR 1.7 billion (-1%) compared with 31st December 2019 mainly explained by the financial assets at fair value through profit or loss due to the markets conditions.

Insurance contracts related liabilities decreased by EUR 3.6 billion (-2.5%) compared with 31st December 2019 due to underwriting reserves of insurance companies.

Other assets and liabilities respectively increased by EUR 9.2 billion (+13.5%) and EUR 9 billion (+10.6%) due to guarantee deposits paid and received.

Groupe shareholders' equity amounted to EUR 60.7 billion at 30 June 2020 versus EUR 63.5 billion at 31st December 2019. This variation was attributable primarily to the following items:

- Net income group share for the financial year at 30 June 2020: EUR -1.6 billion;
- Release of a deeply subordinated note in US dollars: EUR -1.1 billion;
- Remuneration of other equity instruments: EUR -0.3 billion;

After taking into account non-controlling interest (EUR 5.0 billion), Group shareholders' equity came to EUR 65.7 billion at 30 June 2020.

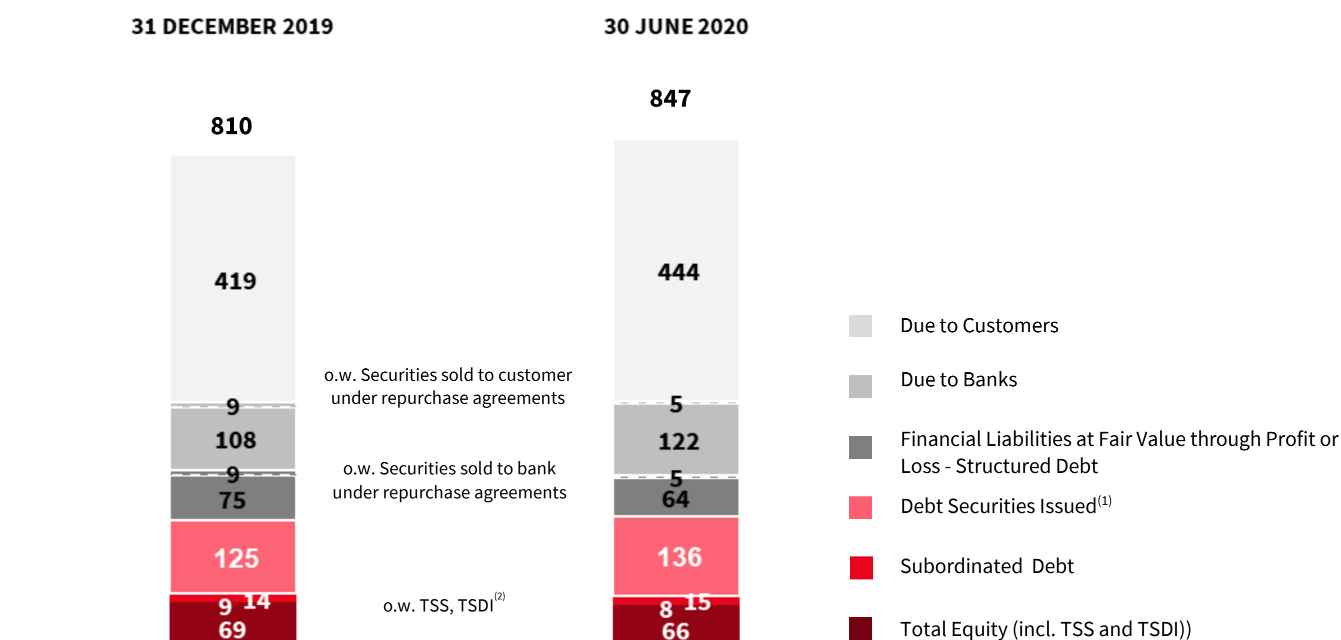
2.5 Property and equipment

The gross book value of Societe Generale Group's tangible operating fixed assets amounted to EUR 41.7 billion at 30 June 2020. This figure comprises land and buildings (EUR 4.9 billion), the right of use (EUR 2.6 billion) due to IFRS 16 first time application, assets leased by specialised financing companies (EUR 28.3 billion) and other tangible assets (EUR 5.9 billion).
The net book value of tangible operating assets and investment property amounted to EUR 26.8 billion, representing 1.8 % of the consolidated balance sheet at 30 June 2020.
Due to the nature of Societe Generale's activities, property and equipment are not material at the Group level.

2.6 Financial policy

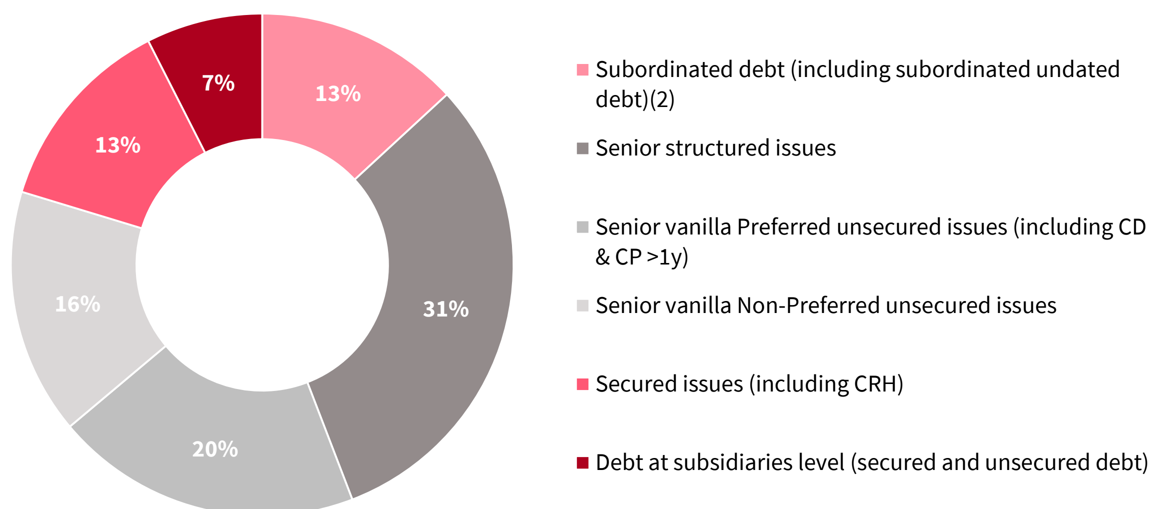
Group debt policy – Update of pages 60-62 of the 2020 Universal Registration Document

GROUP FUNDING STRUCTURE



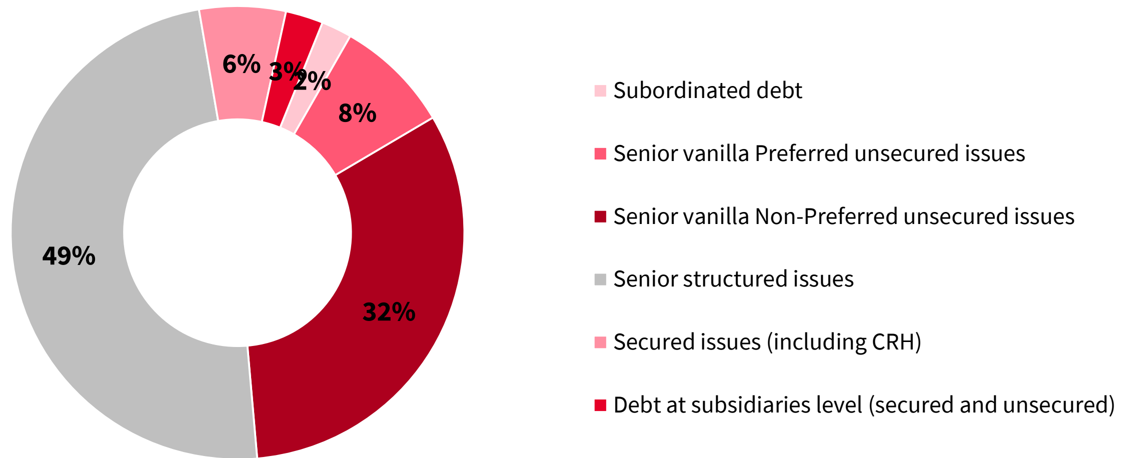
(1) o.w. SGSCF: EUR 3.3bn, SGSFH: EUR 13.3bn, CRH: EUR 4.4bn, securitisation and other secured issuances: EUR 2.2bn, conduits: EUR 10bn at end-June 2020 (and SGSCF: EUR 3.4bn, SGSFH: EUR 13.8bn, CRH: EUR 5.5bn, securitisation and other secured issuances: EUR 2.7bn, conduits: EUR 10bn at end-December 2019).
(2) TSS: Deeply Subordinated Notes, TSDI: Undated Subordinated notes. Notional amount excluding notably fx differences, original issue premiums/discounts, and accrued interest

GROUP LONG-TERM SECURITIES DEBT AT 30.06.2020[1] : EUR 167.7bn



(1) Group short-term securities outstanding totaled EUR 50.5bn as of 30.06.2020, of which EUR 10bn issued by conduits
(2) Of which EUR 8.5bn accounted as "other equity instruments"

COMPLETION OF THE FINANCING PROGRAMME AT END-JUNE 2020: EUR 20.6bn[(1)]



(1) Figure corrected compared to the August, 3rd press release (EUR 22 billion)

2.7 Major investments and disposals

Business division	Description of investments
2020	
French Retail Banking	Acquisition of Shine, neobank specialising in the professional and SME segments.
International Retail Banking and Financial Services	Acquisition of Socalfi, entity specialized consumer finance in New-Caledonia.
French Retail Banking	Acquisition of ITL through its subsidiary Franfinance, specialised in the environmental, manufacturing and healthcare sectors.
2019	
International Retail Banking and Financial Services	Acquisition of Sternlease by ALD (fleet leasing in Netherlands)
Global Banking and Investor Solutions	Acquisition of Equity Capital Markets and Commodities activities from Commerzbank
French Retail Banking	Acquisition of Treezor, pioneering Bank-As-A-Service platform in France
2018	
International Retail Banking and Financial Services	Acquisition of a stake by CGI in Reezocar, a French start-up specialising in the sale of used cars to private individuals
International Retail Banking and Financial Services	Acquisition of Reflex (flexible vehicle rental in Spain)
Global Banking and Investor Solutions	Acquisition of Lumo (pioneering renewable energy crowdfunding platform)

Business division	Description of disposals
2020	
International Retail Banking and Financial Services	Disposal of Societe Generale Banque aux Antilles
International Retail Banking and Financial Services	Disposal through ALD of its entire participation in ALD fortune (50%), in China
Global Banking and Investor Solutions	Disposal of Societe Generale's custody, depository and clearing activities in South Africa
2019	
International Retail Banking and Financial Services	Disposal of SKB Banka in Slovenia
International Retail Banking and Financial Services	Disposal of Pema GmbH, a truck and trailer rental company in Germany
International Retail Banking and Financial Services	Disposal of its majority stake in Ohridska Banka SG in Macedonia
International Retail Banking and Financial Services	Disposal of SG Srbija in Serbia
International Retail Banking and Financial Services	Disposal of SG Montenegro
International Retail Banking and Financial Services	Disposal of Mobiasbanka in Moldova
International Retail Banking and Financial Services	Disposal of Inora Life en Ireland
International Retail Banking and Financial Services	Disposal of Eurobank in Poland
Global Banking and Investor Solutions	Disposal of SG Private Banking Belgium
French Retail Banking	Disposal of SelfTrade Bank S.A.U. in Spain
French Retail Banking	Disposal of the entire stake in La Banque Postale Financement (35%)
International Retail Banking and Financial Services	Disposal of Express Bank in Bulgaria
International Retail Banking and Financial Services	Disposal of SG Albania
2018	
Corporate Center	Disposal of the 2.05% stake in Euroclear

2.8 Pending acquisitions and major contracts

Financing of the main ongoing investments
The investments currently underway will be financed using the Group's usual sources of funding.

Pending acquisitions
No significant acquisition is pending.

Ongoing disposals
On 19 December 2019, the Group announced the signing of an agreement to sell SG Finans AS, its equipment finance and factoring activities in Norway, Sweden and Denmark to Nordea Finance. The transaction is expected to close in the second half of 2020.

2.9 Post-closing events

Since the end of the last financial period, other than those described in the amendment to the universal registration document filed with the AMF on May 7th, 2020 under n° D-20-0122-A01 and other than described in the amendment to the universal registration document filed with the AMF on August 5th, 2020 under n° D-20-0122-A02, no significant change in the financial performance of the group occurred.

3. RISKS AND CAPITAL ADEQUACY

3.1 Risk factors

This section identifies the main risk factors that the Group estimates could have a significant effect on its business, profitability, solvency or access to financing.

The risks inherent to the Group's activity are presented below under six main categories, in accordance with Article 16 of the Regulation (EU) 2017/1129, also known as "Prospectus 3" regulation of 14 June 2017, whose provisions relating to risk factors came into force on 21 July 2019:

- risks related to the macroeconomic, market and regulatory environments;
- credit and counterparty risks;
- market and structural risks;
- operational risks (including risk of inappropriate conduct) and model risks;
- liquidity and funding risks;
- risks related to insurance activities.

Risk factors are presented on the basis of an evaluation of their materiality, with the most material risks indicated first within each category. The risk exposure or measurement figures included in the risk factors provide information on the Group's exposure level but are not necessarily representative of future evolution.

3.1.1 Risks related to the macroeconomic, market and regulatory environments

3.1.1.1 The coronavirus pandemic (Covid-19) and its economic consequences could adversely affect the Group's business, operations and financial position.

In December 2019, a new strain of coronavirus (Covid-19) emerged in China. The virus has since spread to numerous countries around the world and the World Health Organization declared the outbreak of a pandemic in March 2020.

The propagation of the virus and the sanitary measures taken in response to it (border closures, lockdown measures, restrictions on certain economic activities, etc.) have and may continue to have a significant impact, both direct and indirect, on the global economic situation and financial markets, and thus will adversely affect the Group's business, financial position and results.

The sharp recession experienced by the affected countries and the reduced world trade will continue to have a negative impact on the global economic environment as long as global production, investments, supply chains and consumer demand are affected, thereby impacting the Group's business and that of its customers and counterparties.

Lockdown measures also led to a decline in the Group's commercial activity and results due to a reduced opening of its retail network and lower demand from its customers. The renewal of lockdown measures may have an even greater impact on the Group's financial results.

In many jurisdictions in which the Group operates, national governments and central banks have taken or announced exceptional measures to support the economy and its actors (government-guaranteed loan facilities programs, tax deferrals, facilitated recourse to part-time working, compensation, etc.) or to improve liquidity in financial markets (asset purchases, etc.). The agreement reached on 21 July 2020 by the European Commission to provide the European Union with a EUR 750 billion recovery mechanism and the announcement by the French President of a new EUR 100 billion national recovery plan, which is currently being elaborated, should encourage a more demand-driven recovery. Although the initial support measures adequately addressed the immediate effects of the crisis, the measures that are currently being implemented may not be sufficient to support the recovery. As these plans unfold, the ECB's ability to conduct its quantitative easing policy will remain crucial for ensuring financial stability in the euro zone.

As part of the French government-guaranteed loan facilities program for a maximum amount of EUR 300 billion, the Group has adapted its granting processes to handle the massive flow of applications. The Group has taken exceptional measures to financially support its customers and help them overcome the effects of the Covid-19 pandemic on their

activities and income. The Group also supports its clients abroad in the framework of public or private moratoriums or government-guaranteed loan facilities. These measures require the Group to reallocate resources and to adapt its granting and management processes. In the event that these support measures for both businesses and individuals were to be further strengthened (extension of moratoriums, additional financing, strengthening of equity capital, etc.), the Group's business and results may continue to be affected.

The lockdown measures taken in several of the main countries where the Group operates (with Western Europe representing 68% of the Group's EAD (Exposure at Default) as of 30 June 2020, of which 46% is in France) are significantly reducing economic activity and will lead many countries to face economic recessions. The risk of new lockdown periods (especially in the event of new epidemic waves) as well as a slow recovery of demand could increase the scale and duration of these recessions. This, combined with a high level of public and corporate indebtedness, could constitute a brake on the recovery and lead to significant adverse repercussions on the quality of the Group's counterparties and the level of non-performing loans for both businesses and individuals.

Within the Corporate portfolio, the most impacted sectors to date are the automotive sector (1.0% of the Group's total exposure as of 30 June 2020), tourism (0.6% of the Group's total exposure), air transport and aeronautics (less than 0.5% of the Group's total exposure) and maritime transport (less than 1% of the Group's total exposure). The oil and gas sector has been strongly impacted by a drop in demand due to the pandemic and by the initially uncoordinated actions on supply from several producing countries such as the OPEC countries and Russia, resulting in a sharp drop in the price per barrel and enhanced price volatility. Within the Corporate portfolio, this sector represented approximately 2.1% of the Group's total exposure as of 30 June 2020.

This context led to a significant increase in the Group's cost of risk during the first half of 2020. This increase takes into account the adjustment in our outlook in accordance with IFRS 9 principles. The cost of risk in 2020 is consequently expected to remain at a higher level than in previous years.

For information purposes, the cost of risk was 97 basis points for the second quarter 2020. A cost of risk is expected in 2020 at the low end of the 70bp-100bp range. As of June 30, 2020, the non-performing loan ratio stands at 3.2%.

Due to the Covid-19 crisis, the Group's results and financial position were affected by unfavourable developments in global financial markets in March and April 2020 (extreme volatility, sharp decline in the equity and index markets, pressure on spreads, unexpected declines in dividends distribution, etc.). These exceptional conditions have particularly affected the management of structured financial instruments whose underlyings are equity products. By way of illustration, market risk risk-weighted assets (RWA) are thus up 19% in the second quarter of 2020 compared to the situation at the end of December 2019, to 21 billion euros.

The situation in financial markets has since improved as a result of the governments' announced recovery plans, accommodating central banks’ policies and the gradual ending of the lockdown measures. However, the prospect of new epidemic waves and the related uncertainties may result in a further adverse impact on the Group's capital markets activities: decline in activity, higher hedging costs, trading losses, increase in market risk reserves, reduction in liquidity on certain markets, operational losses related to capital markets activities, etc.

For example, the Global Markets and Investor Services sector, which mainly concentrates the Group's market risks, represented a net banking income of EUR 1.8 billion, or 17% of the Group's total revenues in the first semester 2020.

Lockdown measures have led the Group to massively implement remote working arrangements, particularly in a significant part of its market activities. This organization in immediate response to the crisis increases the risk of operational incidents and the risk of cyber-attacks faced by the Group. In addition, all employees remain subject to health risks at the individual level, with potential impacts in terms of organization and business continuity in the event of prolonged absence of such individuals.

The unprecedented environment resulting from the Covid-19 crisis could alter the performance of the models used within the Group (particularly in terms of asset valuation and assessment of own funds requirements for credit risk), due in particular to calibration carried out over periods that are not comparable to the current crisis or to assumptions that are no longer plausible, leading the models beyond their area of validity. The temporary decline in performance and the recalibration of these models could have an adverse impact on the Group's results.

Following the European Central Bank's recommendation of 27 March 2020 to euro zone financial institutions to suspend dividend distributions and share buyback programs in light of the Covid-19 pandemic until at least October 2020, the Board of Directors' meeting of 31 March 2020 decided to discontinue the proposed dividend payment for the 2019 financial year. On July 28, 2020, the European Central Bank extended its recommendation to banks not to pay dividends and not to proceed with share buy-backs until January 2021. The European Central Bank will examine whether this guidance remains appropriate in the fourth quarter of 2020, taking into account the economic environment, the

stability of the financial system and the adequacy of capital requirements. During the second half of 2020, the Board of Directors will propose guidelines for dividends distribution to shareholders. In addition, as part of the support measures and actions taken by central banks and national governments, restrictions or additional recommendations relating to the management of its activities, as well as on its distribution and capital allocation policies could be issued. Eventually, further restrictions on the payment of dividends, enhanced by public opinion pressure, cannot be ruled out at this stage.

Uncertainty as to the duration and impact of the Covid-19 pandemic makes it difficult to predict the impact of such outbreak on the global economy. The consequences for the Group will depend on the duration of the pandemic, the measures taken by national governments and central banks and the developments in the health, economic, financial and social context.

3.1.1.2 The global economic and financial context, as well as the context of the markets in which the Group operates, may adversely affect the Group's activities, financial position and results of operations.

As a global financial institution, the Group's activities are sensitive to changes in financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. The Group generates 47% of its business in France (in terms of 2019 net banking income), 34% in Europe, 6% in the Americas and 13% in the rest of the world. The Group could face a significant deterioration in market and economic conditions resulting from, in particular, crises affecting capital or credit markets, liquidity constraints, regional or global recessions, sharp fluctuations in commodity prices (notably oil), currency exchange rates or interest rates, inflation or deflation, rating downgrades, restructuring or defaults of sovereign or private debt, or adverse geopolitical events (including acts of terrorism and military conflicts). Such events, which can develop quickly and thus potentially may not be anticipated and hedged, could affect the operating environment for the Group for short or extended periods and have a material adverse effect on its financial position, cost of risk and results of operations.

The situation related to the Covid-19 crisis is an aggravating factor in these risks and represents the main source of uncertainty. It is detailed in the risk factor "*3.1.1.1 The coronavirus (Covid 19) pandemic and its economic consequences could adversely affect the Group's business and financial performance*".

In recent years, the financial markets have thus experienced significant disruptions resulting from concern over the trajectory of the sovereign debt of several euro-zone countries, Brexit (refer to the risk factor 3.1.1.5 "*Brexit and its impact on the financial markets and the economic environment could have repercussions on the Group's activity and results of operations*."), the persistence of commercial and political tensions (especially between the United States and China) or fears of a cyclical slowdown growth (particularly in China). The crisis related to the Covid-19 pandemic is unprecedented in nature and its potential effects on the financial markets may still be yet to come. These factors are likely to weaken several economic sectors and consequently the credit quality of the players concerned, which could negatively affect the Group's activities and results. Geopolitical risks also remain high and the accumulation of different risks is an additional source of instability, which could also weigh on economic activity and demand for credit, while increasing the volatility of financial markets.

The long period of low interest rates in the Eurozone and the United States, driven by accommodating monetary policies, has affected, and could continue to affect, the Group's net interest margin (which stood at 1.9 billion euros in the first semester 2020 for Retail Banking in France). Furthermore, this context of low interest rates tends to lead to an increased risk appetite of some participants in the banking and financial system, lower risk premiums compared to their historical average and high valuation levels of certain assets. The current economic slowdown could also lead to excessive risk-taking positions.

Furthermore, the environment of abundant liquidity that has been at the origin of the upturn in credit growth in the Eurozone and particularly in France could lead to additional regulatory measures from the supervisory authorities in order to limit the grant of credit or to further protect banks against a financial cycle downturn.

Lastly, the increase or accumulation of geopolitical or political risks (in particular in the Middle East) is another source of uncertainty which, in case of military conflict, could impact global economic activity and credit demand, while increasing the volatility of financial markets.

The Group's results are significantly exposed to economic, financial and political conditions in the principal markets in which it operates.

At 30 June 2020, Group's exposures at default (EAD) to credit and counterparty risks are concentrated for 90% in Europe and the United States, with a predominant exposure to France (46% of EAD). The other exposures concern Western Europe excluding France (accounting for 22%), North America (accounting for 14%), Eastern European members of the European Union (accounting for 6%) and Eastern Europe excluding the European Union (accounting for 2%).

In France, the Group's principal market, the good growth performance during the 2016-2019 period and low interest rates have fostered an upturn in the housing market. A reversal of activity in this area could have a material adverse effect on the Group's asset value and business, by decreasing demand for loans and in higher rates of non-performing loans.

The Group also operates in emerging markets, such as Russia (2% of the Group's exposure to credit and counterparty risk at 30 June 2020) and Africa and the Middle East (4% of the Group's credit exposure). A significant adverse change in the political, macroeconomic or financial environment in these emerging markets could have a material adverse effect on the Group's business, results and financial position. These markets may be adversely affected by uncertainty factors and specific risks, such as a significant decline in oil prices since the Covid-19 epidemic, which, if it were to last beyond several quarters, would deteriorate the financial health of producing countries. The correction of macroeconomic or budgetary imbalances that would result could be imposed by the markets with an impact on growth and on exchange rates. Another source of uncertainty comes from the enforcement of international sanctions against certain countries such as Russia. In the longer term, the energy transition to a "low-carbon economy" could adversely affect fossil energy producers, energy-intensive sectors of activity and the countries that depend on them. In addition, capital markets (including foreign exchange activity) and securities trading activities in emerging markets may be more volatile than those in developed markets and may also be vulnerable to certain specific risks, such as political instability and currency volatility. These elements could negatively impact the Group's activity and results of operations.

3.1.1.3 The Group's failure to achieve its strategic plan and financial objectives disclosed to the market could have an adverse effect on its business, results of operations and value of its financial instruments.

On 28 November 2017, the Group announced a strategic and financial plan for 2017-2020. This plan includes a number of strategic objectives, in particular a plan to accelerate the digital transformation of the Group's economic model, the streamlining of its French Retail Banking network, the implementation of the program to refocus activities, the improvement of operational efficiency, the strengthening of its internal control system and the anchoring of a of corporate responsibility culture.

This strategic plan is based on a number of assumptions, in particular relating to the macroeconomic environment and the development of the Group's activities. Failure to achieve these objectives (including as a result of the realization of one or more of the risks described in this section) or the occurrence of unexpected events could compromise the achievement of the objectives of the plan and have a material adverse effect on the Group's business, results of operations and the value of its financial instruments. As part of its financial communication, the Group regularly reports on the achievement of these objectives.

Given the uncertainties related to the scope and duration of the Covid-19 pandemic, the Group is working on analysing potential scenarios and their impact on its results, as well as possible corrective measures. In compliance with the recommendations of the *Autorité des marchés financiers* and pending the conclusion of this work, the Group has suspended its 2020 objectives communicated on February 6, 2020 as part of its 2019 annual results.

At the time of the publication of the first quarter results on 30 April 2020, the Group communicated new guidance on operating expenses, cost of risk and the solvency of the Group in 2020 in order to take into account the possible impacts, with a significant level of uncertainty, of the sanitary crisis which has led to a significant revision of the macroeconomic scenario for 2020. These objectives were specified during the publication of the results of August 3, 2020. The Group anticipates management costs in 2020, at 16.5 billion euros excluding exceptional items. The Group anticipates, over the whole of 2020, a cost of risk in the lower end of the range of between 70 and 100 basis points. At the end of 2020, the Group aims for a CET1 ratio at the top of the range of between 11.5% and 12.0%.

The Group is committed to becoming a leading bank in the field of responsible finance through, among others:

- a new commitment to raise EUR 120 billion for energy transition between 2019 and 2023 (including EUR 100 billion in sustainable bond issues and EUR 20 billion for the renewable energy sector in the form of advisory and financing);
- a planned total exit from thermal coal;

- the signing as co-founder of the Principles for a Responsible Banking Sector, through which the Group undertakes to strategically align its business with the Sustainable Development Objectives set by the United Nations and the Paris Agreement on Climate Change.

These actions (or similar actions that may be taken in the future) could in some cases affect decrease the Group's results in the sectors concerned.

3.1.1.4 The Group is subject to an extensive supervisory and regulatory framework in each of the countries in which it operates and changes in this regulatory framework could have a negative effect on the Group's businesses, financial position, costs, as well as on the financial and economic environment in which it operates.

The Group applies the regulations of the jurisdictions in which it operates. French, European and U.S. regulations as well as other local regulations are concerned, given the cross-border activities of the Group. The application of existing regulations and the implementation of future regulations requires significant resources that could affect the Group's performance. In addition, non-compliance with regulations could lead to fines, damage to the Group's reputation, forced suspension of its operations or the withdrawal of operating licences. By way of illustration, exposures to credit and counterparty risks (Exposure at Default (EAD)) in France, the 27-member European Union (including France) and the United States represented 45%, 66% and 14%, respectively as of 31 December 2019.

Among the recent regulations that have a significant influence on the Group:

- the implementation of prudential reforms, notably in the context of the finalisation of the Basel Agreement, including the Fundamental Review of the Trading Book and the IRB repair initiative (including the new definition of defaults), could result in increased capital and liquidity requirements, revised standards for calculating risk-weighted assets and a restriction on the use of internal models for calculating capital requirements;
- in the United States, the implementation of the Dodd-Frank Act has not yet been finalized and additional regulations (including new Securities and Exchange Commission (SEC) regulations) have yet to be introduced. These developments could in particular have an impact on the Group's U.S. market activities;
- the constant evolution of the legal and regulatory framework for activities on the financial markets (such as the European regulations and directives EMIR, MIFID 2 and MIFIR or the Volcker regulation in the United States) increases the Group's obligations, notably in the areas of transparency and reporting. This regulatory context, combined with the strengthening of controls exercised by various authorities, notably European and American, could have a significant impact on the conduct of some of the Group's activities, such as through the obligation to offset some of its derivative transactions or the introduction of additional collateral requirement;
- new European measures aimed at restoring banks' balance sheets through active management of non-performing loans ("NPLs"), which are leading to a rise of prudential requirements and an adaptation of the Group's strategy for managing NPLs. Additional regulatory provisions (as indicated in the Guidelines of the European Banking Authority), the scope of which remains to be determined, are being considered to define a framework of good practices for granting and monitoring loans;
- the strengthening of the supervisor's requirements (through the adoption of best practices) within the Single Supervisory Mechanism (SSM) could have an impact on the management costs and risk-weighted exposure levels of internal models;
- a strengthening of requirements related to internal control as well as the Group's rules of governance and good conduct, with a potential impact on costs;
- the strengthening of data quality and protection requirements and a potential strengthening of cyber-resilience requirements in relation to the consultation on "digital operational resilience framework for financial services" initiated by the European Commission in December 2019;
- sustainable finance considerations on the European political and regulatory agenda, with uncertainty for the Group regarding the inclusion of environmental and social issues in the supervisory review and assessment process (Supervisory Review and Evaluation Process - SREP) as well as the computation of the prudential capital requirement of credit institutions;

- the strengthening of the crisis prevention and resolution regime set out in the Bank Recovery and Resolution Directive of 15 May 2014 (“BRRD”), as revised, gives the Single Resolution Board (“SRB”) the power to initiate a resolution procedure when the point of non-viability is reached which could, in order to limit the cost to the taxpayer, result in creditors and shareholders of the Group incurring losses in priority. Should the resolution mechanism be triggered, the Group could, in particular, be forced to sell certain of its activities, modify the terms and conditions of its debt instruments, issue new debt instruments, or result in the depreciation of debt instruments or their conversion into equity securities. Furthermore, the Group’s contribution to the annual financing of the Single Resolution Fund (“SRF”) is significant and will grow steadily until 2023, with 2024 being the year of the full endowment of the fund. The contribution to the banking resolution mechanisms is described on page 427 of the 2020 Universal Registration Document.

Future legal and regulatory obligations could also be imposed on the Group, such as:

- the ongoing implementation in France of consumer-oriented measures affecting retail banking (limitation of banks’ fees for individuals and extension of such measures to small and medium-sized businesses, protection measures for vulnerable customers, extended liability of customer advisers on societal issues (equality between men and women, advice on energy transition, etc.));
- the potential requirement (at the European level) to open more bank accounts (savings books, investments) to third-party service providers and/or to pool customer data.

The Group is also subject to complex tax rules in the countries in which it operates. Changes in applicable tax rules, uncertainty regarding the interpretation of such changes or their impact may have a negative impact on the Group’s business, financial position and costs.

Moreover, as an international bank that handles transactions with US persons, denominated in US dollars, or involving US financial institutions, the Group is subject to US laws and regulations relating in particular to compliance with economic sanctions, the fight against corruption and market abuse. More generally, in the context of agreements with US and French authorities, the Group has undertaken to implement, through a dedicated program and organisation, corrective actions to address identified deficiencies, the cost of which will be significant, and strengthen its compliance program. In the event of a failure to comply with relevant US laws and regulations, or a breach of the Group’s commitments under these agreements, the Group could be exposed to the risk of (i) administrative sanctions, including fines, suspension of access to US markets, and even withdrawals of banking licences, (ii) criminal proceedings, and (iii) damage to its reputation.

As of 30 June 2020, the Group had own funds CET1 of 44.5 billion euros (for a CET1 ratio of 12.3%[1]) and total regulatory capital of 60.7 billion euros (for a total ratio of 17.7%).

3.1.1.5 Brexit and its impact on financial markets and the economic environment could have an adverse effect on the Group’s activities and results of operations.

The Withdrawal Agreement Act came into force on 1 February 2020, confirming the United Kingdom’s withdrawal from the European Union.

The transition period during which the United Kingdom and the European Union will define the future of their relationship began on 1 February 2020 and is due to end on 31 December 2020. Following the announcement made by the UK government and the EU on 15 June 2020, the UK confirmed its decision not to extend the transition period. The UK government said it intended to “intensify talks” with a view to reaching a trade agreement by the end of 2020. Given the limited progress achieved so far, the possibility of a “no deal” Brexit continues to exist in the event that no trade agreement is reached and no extension of the transition period is decided.

As of 31 December 2019, the Group had an Exposure at Default of 39 billion euros in the United Kingdom (4% of the Group’s credit exposure). Beyond a direct impact on our credit exposure in the United Kingdom, Brexit is likely (depending on the scenarios considered) to considerably disrupt the European and global economies and financial markets and thus have an impact on the Group’s overall activity and results.

[1] Ratio excluding IFRS 9 phasing (CET1 ratio at 12,5% including +20bp of IFRS 9 phasing).

3.1.1.6 Increased competition from banking and non-banking operators could have an adverse effect on the Group's business and results, both in its French domestic market and internationally.

Due to its international activity, the Group faces intense competition in the global and local markets in which it operates, whether from banking or non-banking actors. As such, the Group is exposed to the risk of not being able to maintain or develop its market share in its various activities. This competition may also lead to pressure on margins, which is detrimental to the profitability of the Group's activities.

In France and in the other main markets in which the Group operates, the presence of major domestic banking and financial actors, as well as new market participants (notably online banking and financial services providers), has increased competition for virtually all products and services offered by the Group (particularly our online banking activities, with Boursorama, which had 2,100,000 customers at the end of 2019). Driven by new market participants such as "fintechs", new services that are automated, scalable and based on new technologies (such as blockchain) are developing rapidly and are fundamentally changing the relationship between consumers and financial services providers, as well as the function of traditional retail bank networks. Competition with these new actors could also be exacerbated by the emergence of substitutes for central bank currency (crypto-currencies, digital central bank currency, etc.). In this context, additional investments may be necessary for the Group to be able to offer new innovative services and to be competitive with these new actors.

Consolidation in the financial services industry could result in the competitors benefiting from greater capital, resources and an ability to offer a broader range of products. Moreover, competition is also enhanced by the emergence of non-banking actors that, in some cases, may benefit from a regulatory framework that is more flexible and in particular less demanding in terms of equity capital requirements.

To address these challenges, the Group has implemented a strategy, in particular with regard to the development of digital technologies and the establishment of commercial or equity partnerships with these new actors (such as Lumo, the platform offering green investments). This intensification of competition could, however, adversely affect the Group's business and results, both on the French market and internationally.

3.1.2 Credit and counterparty credit risks

Weighted assets (RWA) subject to credit and counterparty risks amounted to EUR 291.9 billion at 30 June 2020.

3.1.2.1 The Group is exposed to counterparty and concentration risks, which may have a material adverse effect on the Group's business, results of operations and financial position.

Due to its financing and market activities, the Group is exposed to credit and counterparty risk The Group may therefore realize losses in the event of default by one or more counterparties, particularly if the Group encounters legal or other difficulties in enforcing its collateral or if the value of this collateral is not sufficient to fully recover the exposure in the event of default. Despite the Group's vigilant efforts to limit the concentration effects of its credit portfolio exposure, it is possible that counterparty defaults could be amplified within the same economic sector or region of the world due to the interdependence effects of these counterparties. Moreover, some economic sectors could, in the longer term, be particularly impacted by the measures implemented to promote energy transition or by the physical risks related to climate change.

Consequently, the default of one or more significant counterparties of the Group could have a material adverse effect on the Group's cost of risk, results of operations and financial position.

For information, as of 31 December 2019, the Group's exposure at default (EAD, excluding counterparty risk) was EUR 801 billion, with the following breakdown by type of counterparty: 32% on corporates, 24% on sovereigns, 25% on retail customers and 7% on credit institutions and similar. Risk-weighted assets (RWA) for credit risk totalled 264 billion euros.

Regarding counterparty risks resulting from market transactions (excluding CVA), at the end of December 2019, the exposure value (EAD) was EUR 118 billion, mainly to credit institutions and similar entities (42%) and corporates (38%), and to a lesser extent to sovereign entities (20%). Risk-weighted assets (RWA) for counterparty risk amounted to EUR 16 billion.

The main sectors to which the Group was exposed in its corporate portfolio included financial activities (accounting for 17% of exposure), commercial services (11%), real estate (10%), wholesale trade (7%), the transport, postal services and logistics sector (7%), the oil and gas sector (6%) and collective services (6%).

In addition, the sectors particularly impacted by the Covid-19 crisis are described in the risk factor 3.1.1.1 *"The coronavirus pandemic (Covid-19) and its economic consequences could adversely affect the Group's business and financial performance"*.

In terms of geographical concentration, the five main countries in which the Group is exposed at 31 December 2019 were France (45% of the Group's total EAD, mainly related to retail customers and corporates), the United States (14% of EAD, mainly related to corporates and sovereign customers), the Czech Republic (5% of the Group's total EAD, mainly related to retail clients, corporates and sovereigns) the United Kingdom (4% of EAD, mainly related to corporates and financial institutions) and Germany (4% of the Group's total EAD, mainly related to corporates and financial institutions).

For more details on credit and counterparty risk, see section 4.5.6 *Quantitative information of the 2020 Universal Registration Document*.

3.1.2.2 The financial soundness and conduct of other financial institutions and market participants could adversely affect the Group.

For information, at 31 December 2019, the Group's exposure (EAD) to credit and counterparty risk on financial institutions amounted to EUR 107 billion, representing 12% of EAD in respect of the Group's credit risk.

Financial institutions are important counterparties for the Group in capital and inter-bank markets. Financial services institutions are closely interrelated as a result of trading, clearing, counterparty and funding relationships. As a result, defaults by one or several actors in the sector or a crisis of confidence affecting one or more actors may result in market-wide liquidity scarcity or chain defaults.

The Group is also exposed to clearing institutions and their members because of the increase in transactions traded through these institutions. For information, the Group's exposure to clearing houses amounted to 32 billion euros of EAD at 31 December 2019. The default of a clearing institution or one of its members could generate losses for the Group and have an adverse effect on the Group's business and results of operations.

3.1.2.3 The Group's results of operations and financial position could be adversely affected by a late or insufficient provisioning of credit exposures.

The Group regularly records provisions for doubtful loans in connection with its lending activities in order to anticipate the occurrence of losses. The amount of provisions is based on the most accurate assessment at the time of the recoverability of the debts in question. This assessment relies on an analysis of the current and prospective situation of the borrower as well as an analysis of the value and recovery prospects of the debt, taking into account any security interests. In some cases (loans to individual customers), the provisioning method may call for the use of statistical models based on the analysis of historical loss and recovery data. Since 1 January 2018, the Group has also been recording provisions on performing loans under the IFRS9 accounting standard. This assessment is based on statistical models for assessing probabilities of default and potential losses in the event of default, which take into account a prospective analysis based on macroeconomic scenarios.

IFRS 9 accounting standard principles and provisioning models could be pro-cyclical in the event of a sharp and sudden deterioration in the environment, which has resulted in a significant increase in the net cost of risk in the first half of 2020 in anticipation of the future degradations on the basis of a multi-scenario economic approach. Such a deterioration in the operating environment could lead to a significant and/or not fully anticipated variation in the cost of risk and therefore in the Group's results of operations.

As of 30 June 2020, the stock of provisions relating to outstanding amounts (on- and off-balance sheet) amounted to EUR 3.2 billion euros on performing assets and EUR 10 billion euros on assets in default. Outstanding loans in default (stage 3 under IFRS 9) represented 18.7 billion euros, including 55% in France, 18% in Africa and Middle East and 13% in Western Europe (excluding France). For more details, see chapter 4.5. The gross ratio of doubtful loans on the balance sheet was 3.2% and the gross coverage ratio of these loans was approximately 54%. For information, the cost of risk stood at 81 basis points in the first half of 2020, against a cost of risk of 25 basis points in 2019.

3.1.3 Market and structural risks

Market risk corresponds to the risk of impairment of financial instruments resulting from changes in market parameters, the volatility of these parameters and the correlations between these parameters. The concerned parameters include exchange rates, interest rates, as well as the prices of securities (shares, bonds) and commodities, derivatives and any other assets.

3.1.3.1 Changes and volatility in the financial markets may have a material adverse effect on the Group's business and the results of market activities.

In the course of its market activities, the Group is exposed to "market risk". For information, Global Markets & Investor Services activities, which account for the bulk of the Group's market risks, represented 1.8 billion euros of net banking income in the first half of 2020, or 17% of the Group's total revenues. At 30 June 2020, risk-weighted assets (RWA) subject to market risk represented EUR 21 billion, or 6% of the Group's total RWA.

Volatility in the financial markets can have a material adverse effect on the Group's market activities. In particular:

- significant volatility over a long period of time could lead to corrections on risky assets and generate losses for the Group;
- a sudden change in the levels of volatility could make it difficult or more costly to hedge certain structured products and thus increase the risk of loss for the Group.

Severe market disruptions and high market volatility have occurred in recent years and may occur again in the future (the Covid-19 crisis being the latest example; see the risk factor 3.1.1.1 "*The coronavirus (Covid-19) pandemic and its economic consequences could affect negatively affect the Group's business and financial performance*" for more information), which could result in significant losses for the Group's markets activities. Such losses may extend to a broad range of trading and hedging products, including swaps, forward and future contracts, options and structured products.

In the event that a low-volatility environment emerges, reflecting a generally optimistic sentiment in the markets and/or the presence of systematic volatility sellers, increased risks of correction may also develop, particularly if the main market participants have similar positions on certain products. Such corrections could result in significant losses for the Group's market activities.

The volatility of the financial markets makes it difficult to predict trends and implement effective trading strategies; it also increases risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. Such losses could have a material adverse effect on the Group's results of operations and financial position.

The assessment and management of market risks in the Group are based on a set of risk indicators that make it possible to evaluate the potential losses incurred at various time horizons and given probability levels, by defining various scenarios for changes in market parameters impacting the Group's positions. These scenarios are based on historical observations or are theoretically defined. However, these risk management approaches are based on a set of assumptions and reasoning that could turn out to be inadequate in certain configurations or in the case of unexpected events, resulting in a potential underestimation of risks and a significant negative effect on the results of the Group's market activities.

Furthermore, in the event of a deterioration of the market situation, the Group could experience a decline in the volume of transactions carried out on behalf of its customers, leading to a decrease in the revenues generated from this activity and in particular in commissions received.

3.1.3.2 Changes in interest rates may adversely affect retail banking activities.

The Group generates a significant part of its income through net interest margin and as such remains highly exposed to interest rate fluctuations as well as to changes in the yield curve, particularly in its retail banking activities. The Group's results are influenced by changes in interest rates in Europe and in the other markets in which it operates. In Europe in particular, a protracted environment of low or even negative interest rates has affected and could continue to adversely affect the Group's retail banking income, notably in France.

For information, net banking income (NBI) of French retail banking amounted to EUR 3.6 billion in the first half of 2020.

For more details on structural interest rate risks, see chapter 3.5 *Structural interest rate risks* and Note 8.1 *Segmented reporting* of the *2020 Universal Registration Document*.

3.1.3.3 Fluctuations in exchange rates could adversely affect the Group's results.

As a result of its international activities and its geographic implantation in many countries, the Group's revenues and expenses as well as its assets and liabilities are recorded in different currencies, which exposes it to the risk of exchange rate fluctuations.

Because the Group publishes its consolidated financial statements in euros, which is the currency of most of its liabilities, it is also subject to translation risk for items recorded in other currencies, in the preparation of its consolidated financial statements. Exchange rate fluctuations of these currencies against the euro may adversely affect the Group's consolidated results, financial position and cash flows. Exchange rate fluctuations may also negatively affect the value (denominated in euros) of the Group's investments in its subsidiaries outside the Eurozone.

For information, at 31 December 2019, out of a total of EUR 1,356 billion of assets on the balance sheet, 61% was recorded in euros, 19% in USD and 4% in JPY.

See Chapter 4.6.5 *Market Risk Capital Requirements and Risk-Weighted Assets*, chapter 4.8.3 *Audited Structural exchange rate risk* and Note 8.5 *Foreign exchange transactions* in chapter 6 of *the 2020 Universal Registration Document*.

3.1.4 Operational risks (including risk of inappropriate conduct) and model risks

At 30 June 2020, risk-weighted assets subject to operational risk amounted to EUR 48 billion, or 13% of the Group's total RWA. These risk-weighted assets relate mainly to Global Markets & Investor Services (67% of total operational risk).

Between 2015 and 2019, the Group's operational risks were primarily concentrated in five risk categories, representing 96% of the Group's total operating losses over the period: fraud and other criminal activities (29%), mainly comprising external frauds, execution errors (23%), disputes with the authorities (18%), commercial disputes (14%), and errors in pricing or risk assessment, including model risk (12%). The Group's other categories of operational risk (unauthorized activities in the markets, failure of information systems and loss of operating resources) remain minor, representing 4% of the Group's losses on average over the 2015 to 2019 period.

See chapter 4.7.3 Operational risk measure of the *2020 Universal Registration Document* for more information on the allocation of operating losses.

3.1.4.1 The Group is exposed to legal risks that could have a material adverse effect on its financial position or results of operations.

The Group and certain of its former and current representatives may be involved in various types of litigation, including civil, administrative, tax, criminal and arbitration proceedings. The large majority of such proceedings arise from transactions or events that occur in the Group's ordinary course of business. There has been an increase in client, depositor, creditor and investor litigation and regulatory proceedings against intermediaries such as banks and investment advisors in recent years, in part due to the challenging market environment. This has increased the risk, for the Group, of losses or reputational harm arising from litigation and other proceedings. Such proceedings or regulatory enforcement actions could also lead to civil, administrative, tax or criminal penalties that could adversely affect the Group's business, financial position and results of operations.

In preparing its financial statements, the Group makes estimates regarding the outcome of civil, administrative, tax, criminal and arbitration proceedings in which it is involved, and records a provision when losses with respect to such matters are probable and can be reasonably estimated. It is inherently difficult to predict the outcome of litigation and proceedings involving the Group's businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, cases where claims for damages are of unspecified or indeterminate amounts, or cases involving unprecedented legal claims. Should such estimates prove inaccurate or should the provisions set aside by the Group to cover such risks prove inadequate, the Group's financial position or results of operations could be adversely affected.

The provision recorded in the Group's financial statements for public rights disputes amounted to EUR 340 million at 31 December 2019.

For a description of the most significant ongoing proceedings, see the section *Compliance and reputational risk, Litigations*, Note 8.3.2 *Other provisions* and Note 9 *Information on risks and litigation* of chapter 6 of the *2020 Universal Registration Document*.

3.1.4.2 Operational failure, termination or capacity constraints affecting institutions the Group does business with, or failure or breach of the Group's information technology systems, could have an adverse effect on the Group's business and result in losses and damages to the reputation of the Group.

The Group relies heavily on communication and information systems to conduct its business and this is reinforced by the widespread use of remote banking. Any dysfunction, failure, interruption of service or breach in security of its systems, even if only brief and temporary, could result in significant disruptions to the Group's business. Such incidents could result in significant costs related to information retrieval and verification, loss of revenue, loss of customers, litigation with counterparties or customers, difficulties in managing market operations and short-term refinancing, and ultimately tarnish to the Group's reputation.

The Group is exposed to the risk of operational failure or capacity constraints in its own systems and in the systems of third parties, including those of financial intermediaries that it uses to facilitate cash settlement or securities transactions (such as clearing agents and houses and stock exchanges), as well as of clients and other market participants.

The interconnectivity of multiple financial institutions with clearing agents and houses and stock exchanges, and the increased concentration of these entities, increases the risk that an operational failure at one institution or entity may cause an industry-wide operational failure that could adversely affect the Group's ability to conduct business and could therefore result in losses. Industry concentration, whether among market participants or financial intermediaries, can exacerbate these risks, as disparate complex systems need to be integrated, often on an accelerated basis.

The Group is also exposed to risks relating to cybercrime and has experienced fraudulent attempts to break into its information systems. Every year, the Group experiences numerous cyber-attacks to its systems, or via those of its clients, partners or suppliers. The Group could be subject to targeted and sophisticated attacks on its IT network, resulting in embezzlement, loss, theft or disclosure of confidential or customer data (in particular in violation of the European Data Protection Regulation, "GDPR"). Such actions are likely to result in operational losses and have an adverse effect on the Group's business and results of operations.

See Information security risks of section 4.7.1 Organisation of operational risk management, Quantitative data of section 4.7.3 Measurement of operational risk for a breakdown of operational risk losses, and section 4.7.4 Weighted assets and capital requirements of the 2020 Universal Registration Document.

The operational risks specific to the Covid-19 crisis are also described in the section 3.1.1.1 "*The coronavirus (Covid-19) pandemic and its economic consequences could negatively affect the Group's business and financial performance*".

3.1.4.3 Reputational damage could harm the Group's competitive position, its activity and financial condition

The Group's reputation for financial strength and integrity is critical to its ability to foster loyalty and develop its relationships with customers and other counterparties in a highly competitive environment. Any reputational damage could result in loss of activity with its customers or a loss of confidence on the part of its investors, which could affect the Group's competitive position, its business and its financial condition. As a result, negative comments regarding the Group, whether or not legitimate, and concerning events that may or may not be attributable to the Group, could deteriorate the Group's reputation and affect its competitive position.

The Group's reputation could also be adversely affected by a weakness in its internal control measures aimed at monitoring and preventing operational, compliance, credit and market risks, particularly with respect to monitoring inappropriate conduct of its employees (such as corruption, fraud, market abuse and tax evasion). This risk may arise from the conduct itself as well as from administrative or criminal sanctions resulting from an insufficiently effective control environment, such as the sanctions issued by the American and French authorities in 2018.

Financing extended by the bank that does not comply with regulations or its commitments could affect the Group's reputation. Methods of distribution of products and services that do not provide sufficient information to customers, a lack of transparency in its communication (particularly financial communication) or internal management rules (including human resources management or relations with suppliers and service providers) that do not comply with regulatory obligations or the bank's commitments could affect the Group's reputation. In addition, a corporate social responsibility strategy (in particular with regard to environmental issues) deemed insufficiently ambitious in relation to the expectations of external stakeholders or difficulties in implementing this strategy could also impact the Group's reputation.

The consequences of these events, which could potentially result in legal proceedings, may vary according to the extent of media coverage and the overall context and remain difficult to estimate.

In particular, the Group monitors client satisfaction and loyalty through the use of a Net Promoter Score© system, detailed in section 5.1.3 *Satisfying clients by ensuring their protection* of Chapter 5 *Corporate Social Responsibility* of the *2020 Universal Registration Document.*

3.1.4.4 The Group's inability to attract and retain qualified employees may adversely affect its performance.

The Group employs more than 138,000 people[2] in 62 countries and supports 29 million individual, corporate and institutional clients[3] worldwide on a daily basis. The performance of banking and financial activities is closely linked to the human factor. The inability to attract and retain employees, whether in terms of career prospects and training or in terms of compensation levels in line with market practices, could have an impact on the Group's performance. A high rate of turnover or the departure of strategic employees could expose the Group to a loss in its know-how as well as a deterioration in the quality of service, at the expense of client satisfaction.

Furthermore, the European financial sector is subject to increased oversight of employee compensation policies, including rules on certain types of compensation (fixed, variable, performance conditions, deferred payments, etc.), which may limit the Group's ability to attract and retain talent. In particular, the CRD IV directive, which has applied since 2014 to banks in the European Economic Area and therefore to the Group, includes a cap on the variable component of compensation compared to its fixed component for the relevant personnel, which could reduce the Group's ability to attract and retain employees.

[2] Number of employees at the end of 2019 excluding temporary staff.
[3] Excluding customers of the Group's insurance companies.

3.1.4.5 The models, in particular the Group's internal models, used in strategic decision-making and in risk management systems could fail or prove to be inadequate and result in financial losses for the Group.

Internal models used within the Group could prove to be deficient in terms of their conception, calibration, use or monitoring of performance over time in relation to operational risk and therefore could produce erroneous results, with financial consequences in particular.

In particular:

- the valuation of certain financial instruments that are not traded on regulated markets or other trading platforms, such as OTC derivative contracts between banks, uses internal models that incorporate unobservable parameters. The unobservable nature of these parameters results in an additional degree of uncertainty as to the adequacy of the valuation of the positions. In the event that the relevant internal models prove unsuitable for changing market conditions, some of the instruments held by the Group could be misvalued and the Group could incur losses. For illustrative purposes, financial assets and liabilities measured at fair value on the balance sheet categorized within level 3 (for which the valuation is not based on observed data) represented EUR 16 billion and EUR 46 billion, respectively, as of 30 June 2020 (see Note 3.4.1 and Note 3.4.2 of chapter 6 of consolidated financial statements included in the second amendment to the *2020 Universal Registration Document* on financial assets and liabilities measured at fair value);
- the assessment of customer solvency and the Bank's exposure to credit and counterparty risk is generally based on historical assumptions and observations that may prove to be inappropriate in light of new economic conditions and is based on economic scenarios and projections that may not adequately anticipate unfavourable economic conditions or the occurrence of unprecedented events. This miscalculation could, among other things, result in an under-provisioning of risks and an incorrect assessment of capital requirements;
- hedging strategies used in market activities rely on models that include assumptions about the evolution of market parameters and their correlation, partly inferred from historical data. These models could be inappropriate in certain market environments (in the event of strong movements in volatility resulting, for example, from a new Covid-19 epidemic wave, from the evolution of the trade war between the United States and China, or from Brexit), leading to an ineffective hedging strategy and causing unanticipated losses that could have a material adverse effect on the Group's results and financial position;
- management of the interest rate risk of the investment portfolio and of the liquidity risk of all balance sheet and off-balance sheet items uses behavioural models that depend on market conditions. These models, based in particular on historical observations, could have an impact on the hedging of these risks when unprecedented events occur.

3.1.4.6 The Group may incur losses as a result of unforeseen or catastrophic events, including sanitary crises, terrorist attacks or natural disasters.

The Group remains dependent on its natural and social environment. The occurrence of a new epidemic or pandemic crisis (such as the Covid-19 crisis) or a crisis related to the pollution of the natural environment could have a significant impact on the Group's activities. Also, terrorist attacks, natural disasters (including earthquakes, such as in Romania, and floods, such as the exceptional flooding of the Seine in Paris), extreme weather conditions (such as heatwaves), or major social unrest (such as the "gilets jaunes" movement in France) could disturb the Group's activities.

Such events could create economic and financial disruptions or lead to operational difficulties (including travel limitations or relocation of affected employees) for the Group.

These events could impair the Group's ability to manage its businesses and also expose its insurance activities to significant losses and increased costs (such as higher re-insurance premiums). Upon the occurrence of such events, the Group could incur losses.

3.1.5 LIQUIDITY AND FUNDING RISKS

3.1.5.1 The Group's access to financing and the cost of this financing could be negatively affected in the event of a resurgence of financial crises or deteriorating economic conditions

In past crises (such as the 2008 financial crisis, the euro zone sovereign debt crisis or more recently the tensions on the financial markets linked to the Covid-19 crisis before the intervention of the central banks), access to financing from European banks was punctually restricted or subject to less favourable conditions.

If unfavourable debt market conditions were to reappear following a new systemic or Group-specific crisis, the effect on the liquidity of the European financial sector in general and on the Group in particular could be very significantly unfavourable and could have an adverse impact on the Group's operating results as well as its financial position.

For several years now, central banks have besides taken measures to facilitate financial institutions' access to liquidity, in particular by lowering interest rates to historical lows and by setting up TLTRO (Targeted Longer-Term Refinancing Operations) type facilities. In the event that central banks put an end to these extraordinary measures, the Group could face an unfavourable evolution of its financing cost and of its access to liquidity.

In addition, if the Group were unable to maintain a satisfactory level of deposits from its customers, it could be forced to resort to more expensive financing, which would reduce its net interest margin as well as its results.

The Group's regulatory short-term liquidity coverage ratio (LCR) stood in average at 119% during the second quarter of 2020 and liquidity reserves amounted to EUR 227 billion as of 30 June 2020.

3.1.5.2 A downgrade in the Group's external rating or in the sovereign rating of the French State could have an adverse effect on the Group's cost of financing and its access to liquidity.

For the proper conduct of its activities, the Group depends on access to financing and other sources of liquidity. In the event of difficulties in accessing the secured or unsecured debt markets on terms it considers acceptable, due to market conditions or factors specific to the Group, or if it experiences unforeseen outflows of cash or collateral, including material decreases in customer deposits, its liquidity could be impaired. In addition, if the Group is unable to maintain a satisfactory level of customer deposits collection, it may be forced to turn to more expensive funding sources, which would reduce the Group's net interest margin and results.

The Group is exposed to the risk of an increase in credit spreads. The Group's medium- and long-term financing cost is directly linked to the level of credit spreads which can fluctuate depending on general market conditions. These spreads can also be affected by an adverse change in France's sovereign debt rating or the Group's external ratings by rating agencies.

The Group is currently monitored by four financial rating agencies: Fitch Ratings, Moody's, R&I and Standard & Poor's. The downgrading of the Group's credit ratings, by these agencies or by other agencies, could have a significant impact on the Group's access to funding, increase its financing costs and reduce its ability to carry out certain types of transactions or activities with customers. This could also require the Group to provide additional collateral to certain counterparties, which could have an adverse effect on its business, financial position and results of operations.

The deterioration of the economic environment following the sanitary crisis and its impact on the Group, particularly in terms of profitability and cost of risk, could increase the risk of external ratings downgrades. The Group's ratings could be placed under negative watch or be subject to degradation. In addition, France's ratings could also be downgraded due to an increase in its debt and deficits (further increased by the Covid-19 crisis and the response measures taken by the French Government). These elements could have a negative impact on the Group's financing costs and its access to liquidity. The Group's ratings by Fitch Ratings, Moody's, R&I and Standard & Poor's are available on the Group's website (*https://www.societegenerale.com/en/measuring-our-performance/investors/debt-investors/ratings*).

Access to financing and liquidity constraints could have a material adverse effect on the Group's business, financial position, results of operations and ability to meet its obligations to its counterparties.

For 2020, the Group has adjusted its funding program to approximately EUR 13 billion in vanilla long-term debt, mainly in senior preferred and secured debt format as well as in senior non-preferred debt format.

As of 30 June 2020, the Group raised a total of EUR 20.6 billion of long-term funding (EUR 20 billion for the parent company and EUR 0.6 billion for the subsidiaries) mainly, at the parent company level, via senior structured issues (EUR 10 billion), senior vanilla non-preferred issues (EUR 6.6 billion), senior vanilla preferred issues (EUR 1.7 billion) and secured issues (EUR 1.3 billion).

See chapter 2.6 "Financial policy" of the *Second Amendment to the 2020 Universal Registration Document* including the breakdown of the achievement of the Group's long-term financing program (page 40).

3.1.6 RISKS RELATED TO INSURANCE ACTIVITIES

3.1.6.1 A deterioration in the market condition, and in particular a significant increase or decrease in interest rates, could have a material adverse effect on the life insurance activities of the Group's Insurance business.

In the first half of 2020, the Group's insurance activities represented net banking income of EUR 440 million, or 4.2% of the Group's consolidated net banking income. The Group's Insurance division is mainly focused on Life Insurance. At 30 June 2020, life insurance contracts had an outstanding amount of EUR 122 billion, divided between euro-denominated contracts (70%) and unit-linked contracts (30%).

The Group's Insurance business is highly exposed to structural interest rate risk due to the high proportion of bonds in the euro-denominated funds in its life insurance contracts. The level of and changes in interest rates may, in certain configurations, have a material adverse effect on the results and financial position of this business line.

With its impact on the yield of euro-denominated contracts, a prolonged outlook of low interest rates reduces the attractiveness of these products for investors, which can negatively affect fundraising and income from this segment of the life insurance business.

A sharp rise in interest rates could also degrade the competitiveness of the life insurance offerings in euros (compared with bank savings products, for example) and trigger significant repurchases and arbitrage by customers, in an unfavourable context of unrealised losses on bond holdings. This configuration could affect the revenues and the profitability of the Life Insurance business.

More generally, a pronounced widening of spreads and a decline in equity markets could also have a significant negative effect on the results of the Group's life insurance business.

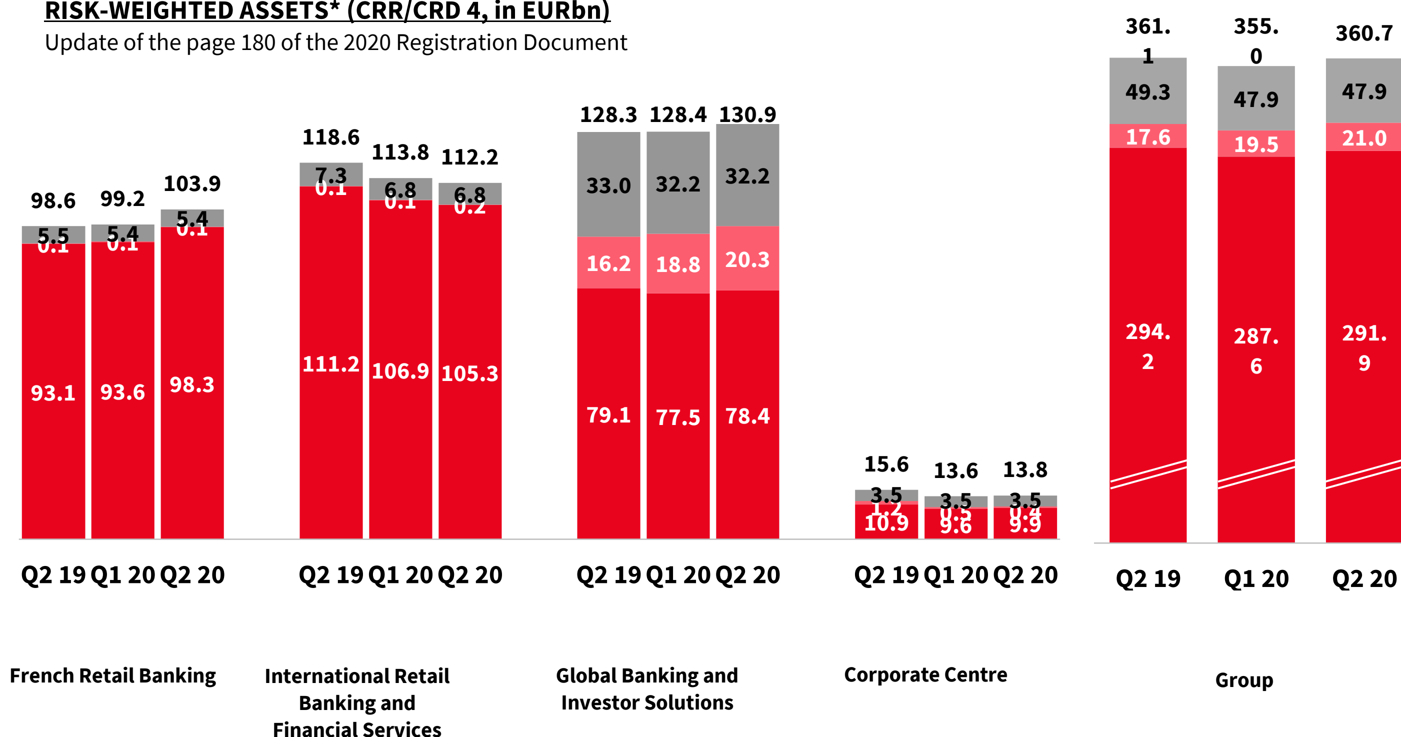
In the event of a deterioration in market parameters, the Group could be required to strengthen the own funds of its insurance subsidiaries in order to enable them to continue to meet their regulatory capital requirements.

3.2 Regulatory ratios

3.2.1 Prudential ratio management – Update of pages 176-177 of the 2020 Universal Registration Document

During the first half of 2020, Societe Generale issued USD 500m (equivalent to EUR 443m) of subordinated Tier 2 bonds.
In addition, during this period, the Group redeemed, at first call date, USD 1,500m Additional Tier 1 bonds, implemented in June 2014 and two Tier 2 bonds for an amount of CNH 1,200m and JPY 13,300m, implemented in June 2015.

3.2.2 Extract from the presentation dated August 3, 2020: Second quarter 2020 results (and supplements)



* Includes the entities reported under IFRS 5 until disposal

Fully Loaded Common Equity Tier 1, Tier 1 and Total Capital

Update of the page 178 of the 2020 Universal Registration Document

In EURbn	30/06/2020	31/12/2019
Shareholder equity Group share	**60.7**	**63.5**
Deeply subordinated notes*	(8.2)	(9.5)
Undated subordinated notes*	(0.3)	(0.3)
Dividend to be paid & interest on subordinated notes	(0.1)	(2.0)
Goodwill and intangible	(6.0)	(6.5)
Non controlling interests	4.3	4.0
Deductions and regulatory adjustments	(6.0)	(5.4)
Common Equity Tier 1 Capital	**44.5**	**43.8**
Additional Tier 1 Capital	8.2	8.1
Tier 1 Capital	**52.7**	**51.9**
Tier 2 capital	11.2	11.2
Total capital (Tier 1 + Tier 2)	**63.9**	**63.1**
Risk-Weighted Assets	**361**	**345**
Common Equity Tier 1 Ratio	**12.3%**	**12.7%**
Tier 1 Ratio	**14.6%**	**15.1%**
Total Capital Ratio	**17.7%**	**18.3%**

Ratios based on the CRR/CDR4 rules as published on 26th June 2013, including Danish compromise for insurance. See Methodology. Ratio excluding IFRS 9 phasing (CET1 ratio at 12,5% including +20bp of IFRS 9 phasing). 31/12/2019 figures as published, not restated for 2019 dividend cancellation.

* Excluding issue premiums on deeply subordinated notes and on undated subordinated notes

CRR leverage RATIO[1]

Update of the page 182 of the 2020 Universal Registration Document

In EURbn	30/06/2020	31/12/2019
Tier 1 Capital	**52.7**	**51.9**
Total prudential balance sheet	1,304	1,204
Adjustment related to derivative exposures	(143)	(81)
Adjustment related to securities financing transactions*	7	(3)
Off-balance sheet (loan and guarantee commitments)	106	104
Technical and prudential adjustments (Tier 1 capital prudential deductions)	(26)	(23)
Leverage exposure	**1,248**	**1,200**
CRR leverage ratio	**4.2%**	**4.3%**

(1) Fully loaded based on CRR rules taking into account the leverage ratio delegated act adopted in October 2014 by the European Commission.
(2) The prudential balance sheet corresponds to the IFRS balance sheet less entities accounted for through the equity method (mainly insurance subsidiaries)
* Securities financing transactions: repos, reverse repos, securities lending and borrowing and other similar transactions

3.2.3 Reconciliation of the consolidated balance sheet and the accounting balance sheet within the prudential scope - Update of the 2020 Universal Registration document page 174

ASSETS as at 30.06.2020 ***(in EURm)***	**Consolidated balance sheet**	**Prudential restatements linked to insurance (1)**	**Prudential restatements linked to consolidation methods**	**Accounting balance sheet within the prudential scope**
Cash, due from banks	144,417	0	0	144,417
Financial assets at fair value through profit or loss	419,147	10,119	0	429,266
Hedging derivatives	21,845	46	0	21,891
Financial assets at fair value through other comprehensive income	55,606	(0)	0	55,606
Securities at amortised cost	14,877	(0)	0	14,877
Due from banks at amortised cost	55,292	0	377	55,669
of which subordinated loans to credit institutions	*121*	*0*	*0*	*121*
Customer loans at amortised cost	458,500	1,563	(6)	460,057
Revaluation differences on portfilios hedged against interest rate risk	470	0	0	470
Investment of insurance activities	163,219	(163,219)	0	-
Tax assets	5,052	(108)	0	4,944
of which deferred tax assets that rely on future profitability excluding those arising from temporary differences	*2,873*	*0*	*(1,350)*	*1,523*
of which deferred tax assets arising from temporary differences	*2,168*	*0*	*763*	*2,931*
Other assets	77,196	(2,669)	46	74,572
of which defined-benefit pension fund assets	*122*	*0*	*0*	*122*
Non-current assets held for sale	3,788	0	0	3,788
Investments accounted for using the equity method	106	4,805	(74)	4,837
Tangible and intangible assets	29,812	(169)	0	29,643
of which intangible assets exclusive of leasing rights	*2,458*	*0*	*(140)*	*2,318*
Cash, due from banks	4,045	(325)	-	3,720
Total ASSETS	**1,453,372**	**(149,957)**	**343**	**1,303,758**

(1) Restatement of subsidiaries excluded from the prudential reporting scope and reconsolidation of intragroup transactions related to its subsidiaries.

LIABILITIES AS AT 30.06.2020 (in EURm)	Consolidated balance sheet	Prudential restatements linked to insurance (1)	Prudential restatements linked to consolidation methods	Accounting balance sheet within the prudential scope
Due to central banks	2,980	-	-	2,980
Financial liabilities at fair value through profit or loss	405,113	2,364	-	407,477
Hedging derivatives	12,705	0	-	12,705
Debt securities issued	136,261	1,143	-	137,404
Due to banks	121,542	(3,682)	45	117,905
Customer deposits	444,470	1,668	(64)	446,074
Revaluation differences on portfolios hedged against interest rate risk	8,629	-	-	8,629
Tax liabilities	1,239	(220)	0	1,019
Other Liabilities	94,115	(9,499)	362	84,978
Non-current liabilities held for sale	928	(0)	-	928
Liabilities related to insurance activities contracts	140,701	(140,701)	-	-
Provisions	4,348	(15)	0	4,333
Subordinated debts	14,662	39	-	14,701
of which redeemable subordinated notes including revaluation differences on hedging items	*14,299*	*42*	-	*14,341*
Total debts	**1,387,693**	**(148,903)**	**343**	**1,239,133**
Sub-Total Equity, Group share	*60,659*	*(203)*	*(0)*	*60,456*
Issued common stocks, equity instruments and capital reserves	*30,115*	*0*	-	*30,115*
Retained earnings	*32,457*	*(203)*	*(0)*	*32,254*
Net income	*(1,590)*	*0*	-	*(1,590)*
Unrealised or deferred capital gains and losses	*(323)*	*(0)*	*(0)*	*(323)*
Minority interests	5,020	(851)	-	4,169
Total equity	**65,679**	**(1,054)**	**0**	**64,625**
TOTAL LIABILITIES	**1,453,372**	**(149,957)**	**343**	**1,303,758**

3.2.4 Entities outside the prudential reporting scope – Update of the Universal Registration Document – Table 3 page 176

Company	Activity	Country
Antarius	Insurance	France
ALD RE Designated Activity Company	Insurance	Ireland
Catalyst RE International LTD	Insurance	Bermuda
Societe Generale Strakhovanie Zhizni LLC	Insurance	Russia
Sogelife	Insurance	Luxembourg
SG Strakhovanie LLC	Insurance	Russia
Sogecap	Insurance	France
Komercni Pojstovna A.S.	Insurance	Czech Republic
La Marocaine Vie	Insurance	Morocco
Oradea Vie	Insurance	France
Societe Generale RE SA	Insurance	Luxembourg
Sogessur	Insurance	France
Societe Generale Life Insurance Broker SA	Insurance	Luxembourg
Banque Pouyanne	Bank	France

3.3 Credit and counterpart risk

Update of page 193 of the 2020 Universal Registration Document (4.5.5 Risk measurement and internal ratings)

Table 14 Societe Generale's internal rating scale and indicative corresponding scales of rating agencies

Probability of Default range	Counterparty internal rating	Indicative Equivalent Standard & Poor's	Indicative equivalent Fitch	Indicative Equivalent Moody's	Probability of Default (one year)
0.00 to < 0.15	1	AAA	AAA	Aaa	0.009%
	2+	AA+	AA+	Aa1	0.014%
	2	AA	AA	Aa2	0.020%
	2-	AA-	AA-	Aa3	0.026%
	3+	A+	A+	A1	0.032%
	3	A	A	A2	0.036%
	3-	A-	A-	A3	0.061%
	4+	BBB+	BBB+	Baa1	0.130%
0.25 to < 0.50	4	BBB	BBB	Baa2	0.257%
0.50 to < 0.75	4-	BBB-	BBB-	Baa3	0.501%
0.75 to < 2.50	5+	BB+	BB+	Ba1	1.100%
	5	BB	BB	Ba2	2.125%
2.50 to < 10.00	5-	BB-	BB-	Ba3	3.260%
	6+	B+	B+	B1	4.612%
	6	B	B	B2	7.761%
10.00 to < 100	6-	B-	B-	B3	11.420%
	7+	CCC+	CCC+	Caa1	14.328%
	7	CCC	CCC	Caa2	20.441%
	7-	C / CC / CCC-	CCC-	Caa3	27.247%

3.4 Provisioning of doubtful loans

Update of the page 211 of the 2020 Universal Registration Document

Gross non-performing loans ratio

In EURbn	30/06/2020	31/03/2020	30/06/2019
Gross book outstandings*	545.9	554.5	538.8
Doubtful loans*	17.7	16.6	17.0
Group Gross non performing loans ratio*	***3.2%***	***3.0%***	***3.2%***
Stage 1 provisions	1.2	0.9	0.9
Stage 2 provisions	1.5	1.2	1.0
Stage 3 provisions	9.5	9.2	9.4
Group Gross doubtful loans coverage ratio* (Stage 3 provisions / Doubtful loans)	***54%***	***55%***	***55%***

* Customer loans and advances, deposits at banks and loans due from banks, leasing and lease assets, excluding loans and advances classified as held for sale, cash balances at central banks and other demand deposits, in accordance with the EBA/ITS/2019/02 Implementing Technical Standards amending Commission Implementing Regulation (EU) No 680/2014 with regard to the reporting of financial information (FINREP). Historical data restated

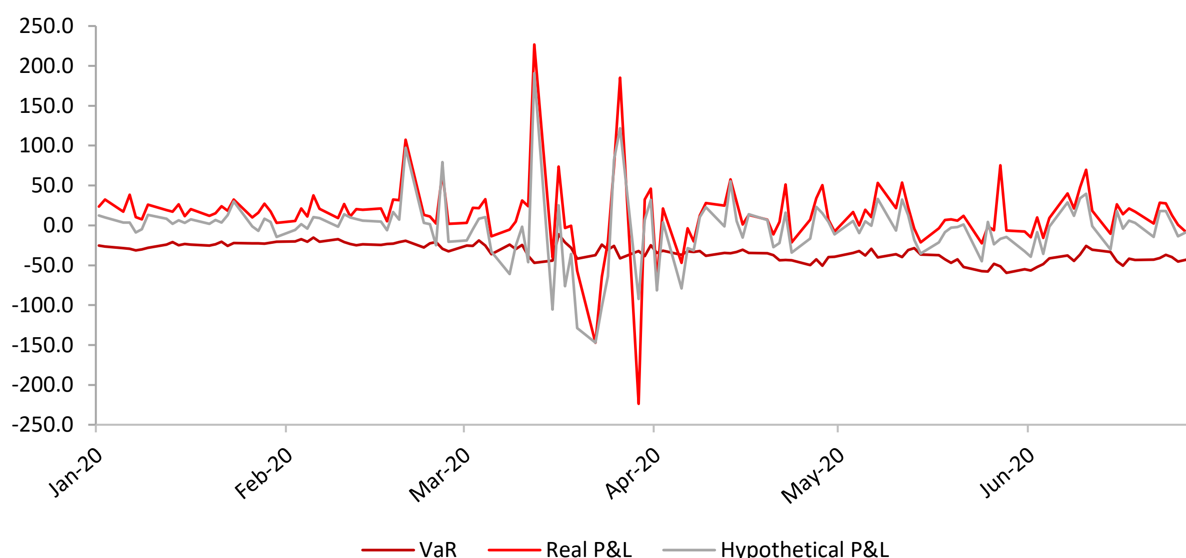
Loans breakdown by stage

En EURbn	30/06/2020	31/12/2019
Stage 1 book outstandings	484.2	485.9
Stage 2 book outstandings	44.0	42.3
Doubtful loans (stage 3)	17.7	16.2
Total	***545.9***	***544.4***

3.5 Market Risk

Update of the pages 216 of the 2020 Universal Registration Document (4.6.5 Risk Weighted assets and capital requirement)

Trading VaR (one-day, 99%), daily actual P&L[1] and daily hypothetical P&L[2] of the trading portfolio (2020, in EURm)



[1] *Daily profit or loss used for the VaR backtesting against actual P&L, as defined in the "99% Value-at-Risk (VaR)"*

[2] *Daily profit or loss used for the VaR backtesting against hypothetical P&L, as defined in the "99% Value-at-Risk (VaR)"*

VaR increased over the first 6 months of the year (EUR 40 m in Q2 2020 versus EUR 28 m in Q4 2019 on average). Starting from a low level on January / February, VaR has increased for the rest of the semester following the effects of the COVID-19 crisis on the markets. Interest rate and credit perimeters were the main contributors to this increase due to the entry of new scenarios in the middle of the semester in the computation window of the VaR applying shocks of interest rates increase and credit spreads tightening, which penalize CVA hedging positions and exotic credit activities.

Equity activities, sensitive to equity market rebound scenarios associated with interest rate hikes, are at the origin of the VaR volatility, but without a major impact on the global increase, their contribution remaining stable on average.

As a consequence of the Covid-19 crisis, the markets were marked in the first half of 2020 by high volatility across all asset classes. Over this period, a total of 19 VaR backtesting overshootings against P&L were noted at Societe Generale. In view of the European Parliament's vote allowing institutions to exclude backtesting events that do not result from internal model deficiencies and that occurred between January 1, 2020 and December 31, 2021, the Group has obtained the exemption from the inclusion of these events in the calculation of weighted assets for market risk.

Update of page 222 of the 2020 Universal Registration Document (4.6.5 Risk Weighted assets and capital requirement)

Table 36 : Market risk capital requirements and RWA by risk factor (in EURm)

	Risk weighted assets			Capital requirement		
(in EURm)	**30.06.2020**	**31.12.2019**	***Variation***	**30.06.2020**	**31.12.2019**	***Variation***
VaR	5,659	3,881	*1,778*	453	310	*142*
Stressed VaR	10,824	6,678	*4,146*	866	534	*332*
Incremental Risk Charge (IRC)	1,351	1,361	*(10)*	108	109	*(1)*
Correlation portfolio (CRM)	1,402	1,220	*182*	112	98	*15*
Market risks assessed by internal model	**19,236**	**13,140**	***6,096***	**1,539**	**1,051**	***488***
Specific risk related to securisation positions	326	277	*49*	26	22	*4*
Market risk assessed for currency positions	409	865	*(456)*	33	69	*(36)*
General risk and specific risk related to interest rates (excluding securisation)	1,012	231	*781*	81	18	*62*
Market risk assessed using the standard approach for ownership interests	-	-	-	-	-	-
Market risk assessed using the standard approach for commodities	-	0	*(0)*	-	0	*(0)*
Market risks assessed by standard approach	**1,747**	**1,373**	***374***	**140**	**110**	***30***
Total	**20,983**	**14,513**	***6,470***	**1,679**	**1,161**	***518***

The market risk RWA grew by almost 50% during the first half of 2020 (EUR 21.0 bn in in the second quarter of 2020 versus EUR 14.5 bn in in the last quarter of 2019) in an environment marked by high volatility across all asset classes due to uncertainties stemming from the COVID-19 crisis. This rise is mainly explained by:

– An increase in the SVaR from the first quarter, mainly on the equity scope, which remains at high levels in Q2 due to exotic credit and interest rate activities (impact of EUR +4.1 bn on RWAs).

– An increase in the VaR (see comment above – impact of EUR +1.8 bn on RWAs).

– An increase in the standard approach contribution resulting mainly from the integration of mutual funds in its calculation base.

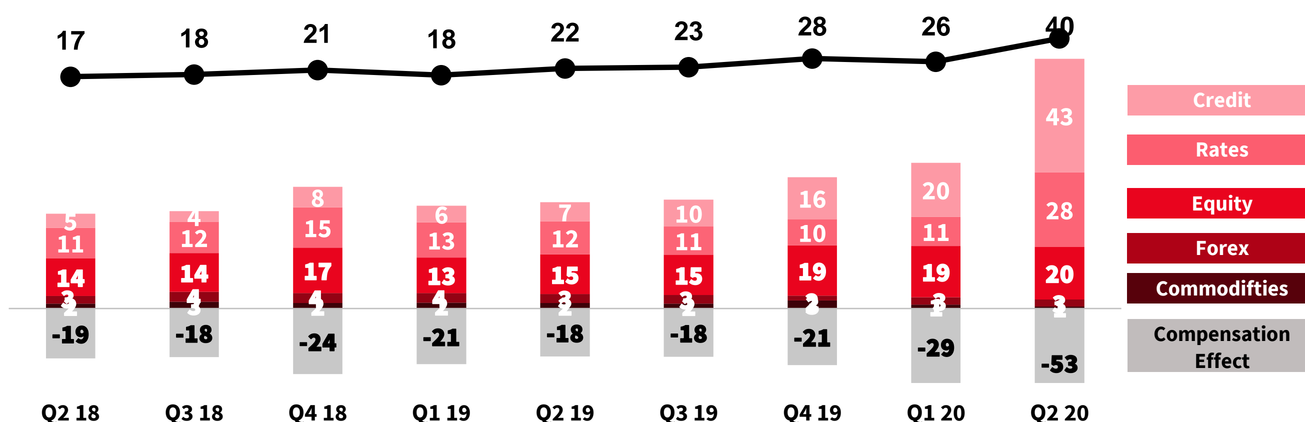
It should be noted that the various measures taken by the ECB have made it possible to limit the impact of Var backtesting overshoots resulting from exceptional market movements during the COVID-19 crisis on the level of the multiplier coefficient used for the calculation of the Var and SVaR RWA.

Change in trading VaR

Update of pages 217 et 218 of the 2020 Universal Registration Document

Quarterly average 99% Value at Risk (VaR), a composite indicator used for the day-to-day monitoring of the market risks incurred by the bank, on the scope of its trading activities, in millions of euros

Change in trading VaR* and stressed var**



Stressed VAR** (1 day, 99%, in EURm)	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
Minimum	25	17	23	23	49
Maximum	70	60	61	108	89
Average	45	34	38	56	66

* Trading VaR: measurement over one year (i.e. 260 scenario) of the greatest risk obtained after elimination of 1% of the most unfavourable occurrences.
** Stressed VaR : Identical approach to VaR (historical simulation with 1-day shocks and a 99% confidence interval), but over a fixed one-year historical window corresponding to a period of significant financial tension instead of a one-year rolling period.

3.6 Structural interest rate risk – update of the page 233 of the 2020 Universal Registration Document

Group's value at an interest rate variation of +10bps

(In EURm)	TOTAL
Amount of sensitivity (31.05.2020)	162
Amount of sensitivity (31.12.2019)	(54)

Group's net interest margin

(In EURm)	31.05.2020	31.12.2019
Parallel increase in interest rates of 10 bp		
Year 1	50	9
Year 2	94	48
Year 3	155	115
Parallel decrease in interest rates of 10 bp		
Year 1	(55)	(15)
Year 2	(100)	(56)
Year 3	(162)	(122)

3.7 Liquidity risk

3.7.1 Liquidity reserve - update of the page 237 of the 2020 Universal Registration Document

LIQUID ASSET BUFFER

In EURbn	30.06.2020	31.12.2019
Central Bank Deposits (excluding mandatory reserves)	130	88
High Quality Liquid Assets Securities (unencumbered, net of haircuts)	82	81
Central Bank Eligible (unencumbered, net of haircuts)	15	21
TOTAL	**227**	**190**

Liquidity Coverage Ratio amounts to 167% on average for Q2 20

3.7.2 Balance sheet schedule - update of the page 238 to 241 of the 2020 Universal Registration Document

The main lines comprising the Group's financial liabilities are presented in Note 3.13 to the consolidated financial statements, under the following template:

FINANCIAL LIABILITIES

	30th June 2020					
(In EURm)	Note to the consolidated financial statements	0-3 M	3M-1YR	1-5 YRS	> 5 YRS	Total
Due to central banks		2,980	0	0	0	2,980
Financial liabilities at fair value through profit or loss, excluding derivatives		156,697	18,007	23,838	29,895	228,437
Due to banks	Note 3.6	77,877	22,867	19,446	1,352	121,542
Customer deposits	Note 3.6	395,588	21,645	17,326	9,911	444,470
Securitised debt payables	Note 3.6	30,637	27,158	61,071	17,395	136,261
Subordinated debt	Note 3.9	5	2	2,783	11,872	14,662

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

Symmetrically, the main lines comprising the corresponding financial assets are presented below.

FINANCIAL ASSETS

		30th June 2020				
(In EURm)	Note to the consolidated financial statements	0-3 M	3M-1YR	1-5 YRS	> 5 YRS	Total
Cash, due from central banks		140,882	946	1,632	957	144,417
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	240,288	9,371	0	0	249,659
Financial assets at fair value through other comprehensive income	Note 3.4	54,485	860	0	261	55,606
Securities at amortised cost	Note 3.5	13,833	176	540	328	14,877
Due from banks at amortised cost	Note 3.5	46,803	1,897	4,861	1,731	55,292
Customer loans at amortised cost	Note 3.5	80,751	73,920	171,018	103,342	429,031
Lease financing and similar agreements	Note 3.5	2,511	6,208	16,131	4,619	29,469

It should be noted that due to the nature of its activities, Société Générale holds derivative products and securities whose residual contractual maturities are not representative of its activities or risks.

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

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

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

OTHER LIABILITIES

(In EURm)	Note to the consolidated financial statements	Not scheduled	0-3 M	3M-1YR	1-5 YRS	> 5 YRS	Total
	30th June 2020						
Tax liabilities	Note 6.3	0	0	826	0	413	1,239
Revaluation difference on portfolios hedged against interest rate risk		8,629	0	0	0	0	8,629
Other liabilities	Note 4.4	0	82,664	2,742	5,824	2,885	94,115
Non-current liabilities held for sale	Note 2.5	0	0	928	0	0	928
Insurance contracts related liabilities	Note 4.3	0	15,042	9,525	36,574	79,560	140,701
Provisions	Note 8.3	4,348	0	0	0	0	4,348
Shareholders' equity		65,679	0	0	0	0	65,679

OTHER ASSETS

(In EURm)	Note to the consolidated financial statements	Not scheduled	0-3 M	3M-1YR	1-5 YRS	> 5 YRS	Total
	30th June 2020						
Revaluation differences on portfolios hedged against interest rate risk		470	0	0	0	0	470
Other assets	Note 4.4	0	77,196	0	0	0	77,196
Tax assets	Note 6	5,052	0	0	0	0	5,052
Investments accounted for using the equity method		0	0	0	0	106	106
Tangible and intangible fixed assets	Note 8.4	0	0	0	0	29,812	29,812
Goodwill	Note 2.2	0	0	0	0	4,045	4,045
Non-current assets held for sale	Note 2.5	0	0	3,788	0	0	3,788
Investments of insurance companies		0	36,644	9,797	30,987	85,791	163,219

1. Revaluation differences on portfolios hedged against interest rate risk are not scheduled, as they comprise transactions backed by the portfolios in question. Similarly, the schedule of tax assets whose schedule would result in the early disclosure of income flows is not made public.
2. Other assets and Other liabilities (guarantee deposits and settlement accounts, miscellaneous receivables) are considered as current assets and liabilities.
3. The notional maturities of commitments in derivative instruments are presented in Note 3.13 to the consolidated financial statements.
4. Investments in subsidiaries and affiliates accounted for by the equity method and Tangible and intangible fixed assets have a maturity of more than 5 years.
5. Provisions and shareholders' equity are not scheduled.

3.8 Compliance risk, litigation

The information pertaining to risk and litigation is included in Note 9 to consolidated financial statement, see chapter 5.

4. CORPORATE GOVERNANCE

4.1 Annual general meeting dated 19 May 2020

Extract from press release dated 19 May 2020

The combined General Meeting of shareholders of Societe Generale was held on 19 May 2020 at Tours Société Générale - 17 Cours Valmy - La Défense 7, without shareholders or other authorized participants being physically present and was chaired by Mr Lorenzo Bini Smaghi.

Quorum was established at 62.757% (vs. 54.51% in 2019):

- 18,643 shareholders voted online;
- 10,254 shareholders voted by post;
- 9,337 shareholders, including 8,609 online, representing 0.54 % of the share capital, gave proxy to the Chairman;
- 20,055 shareholders were present or represented.

All the resolutions put forward by the Board of Directors were adopted, in particular:

- The 2019 annual and consolidated accounts;
- The renewal of one director for 4 years: Mr Juan Maria Nin Génova;
- The appointment of a director for 4 year: Mrs Annette Messemer;
- The compensation policy for the Chairman, Chief Executive Officers and the directors;
- The components composing the total compensation and the benefits of any kind paid or awarded for the 2019 financial year to the Chairman and the Chief Executive Officers;
- The share capital increase authorisations, in particular the one allowing the issuance of shares in favour of employees as part of a company or group employee savings plan, as well as the authorisation to allocate performance shares existing or to be issued, were renewed for 26 months;
- The new rules regarding the crossing of statutory thresholds;
- The modification of the by-laws in connection with the appointment of a director representing the employees shareholders at the board of directors as the General Assembly 2021; and
- The modification of the by-laws in connection with taking into consideration by the Board of directors of the social and environmental stakes of the activity of the Company.

4.2 Board of directors

Extract from press release dated 19 May 2020

Following the General Meeting, the Board of Directors comprising 14 members is composed as follows:

- Mr Lorenzo Bini Smaghi, Chairman;
- Mr Frédéric Oudéa, Chief Executive Officer and Director;
- Mr William Connelly, Director;
- Mr Jérôme Contamine, Director;
- Mrs Diane Côté, Director;
- Mrs Kyra Hazou, Director;
- Mrs France Houssaye, Director elected by employees;
- Mr David Leroux, Director elected by employees;
- Mr Jean-Bernard Lévy, Director;
- Mr Gérard Mestrallet, Director;
- Mr Juan Maria Nin Genova, Director;
- Mrs Annette Messemer, Director;
- Mrs Lubomira Rochet, Director and
- Mrs Alexandra Schaapveld, Director.

42.9% of Board of Directors' members are women including 5 women appointed by the General Meeting (41.6%). The rate of independent Directors is higher than 90% (11/12) according to the calculation method of the AFEP-MEDEF corporate governance Code.

The Board of Directors also decided that the committees will be composed as follows from 20 May 2020:

- **Audit and Internal Control Committee**: Mrs Alexandra Schaapveld (chairwoman), Mr Jérôme Contamine, Mrs Diane Côté, Mrs Kyra Hazou and Mrs Annette Messemer;
- **Risk Committee**: Mr William Connelly (chairman), Mrs Kyra Hazou, Mrs Annette Messemer, Mr Juan Maria Nin Génova and Mrs Alexandra Schaapveld;
- **Compensation Committee**: Mr Jean Bernard Lévy (chairman), Mr Jérôme Contamine, Mrs France Houssaye, Mr Gérard Mestrallet and Mr Juan Maria Nin Génova;
- **Nomination and Corporate Governance Committee**: Mr Gérard Mestrallet (chairman), Mr William Connelly, Mr Jean Bernard Lévy and Mrs Lubomira Rochet.

Bios

Mrs Annette Messemer, a German national, with a Ph.D in Political Sciences from the University of Bonn (Germany), a Master in International Economics from the Fletcher School at Tufts University (USA) and a degree from SciencesPo Paris. Started her career in investment banking at J.P. Morgan in New York in 1994 then in Frankfurt and London. During the 12 years of her career at J.P. Morgan, she gained extensive experience in finance, leading strategic M&A and financing transactions as well as risk management transactions. She left J.P. Morgan as Senior Banker in 2006 to join Merrill Lynch as Managing Director and member of the German Executive Committee. In 2010, she accepted the nomination to the Supervisory Board of WestLB by the German Ministry of Finance, to support one of the most significant German bank restructurings during the financial crisis before joining Commerzbank in 2013, where she held the position of Group Executive/Divisional Board Member, Corporate Clients until June 2018.

Juan Maria Nin Génova, a Spanish national and graduate of the University of Deusto (Spain) and the London School of Economics and Political Sciences (United Kingdom), he is a lawyer and economist who began his career as a Programme Manager in the Spanish Ministry for Relations with the European Community. General Manager of Santander Central Hispano from 1980 to 2002, before becoming an advisor of Banco Sabadell until 2007. In June 2007, Chief Executive Officer of La Caixa. In July 2011, Vice-Chairman and Deputy Advisor of CaixaBank until 2014.

Additional information regarding Annette Messemer

Mrs. Annette Messemer, an independent Director of Société Générale, is also a Director of the French listed companies Imerys S.A. and Essilor Luxottica S.A. and of the French unlisted companies Savencia S.A. and Essilor International SAS

Update of page 142 of the Universal Registration Document
Like all other Directors, Annette Messemer has made the regulatory declarations on the absence of conflict of interest and the absence of conviction.

4.3 General management

Extract from press release of 4 August 2020 - Appointment of a new Societe Generale Group management team to accelerate the transformation of the businesses and prepare the new strategic plan

Meeting on August 3, the Board of Directors, chaired by Lorenzo Bini Smaghi, approved the propositions presented by Frédéric Oudéa, Chief Executive Officer, on the evolution of the company's management organisation.

The aim is to build a renewed General Management team, by the side of the Chief Executive Officer, to be composed of two positions of deputy CEO instead of four with very seasoned profiles, and the creation of new roles of Deputy general manager entrusted to a new generation of high-potential managers.

Following **Séverin Cabannes**'s decision to retire in 2021, he will leave his position as Deputy Chief Executive Officer at the end of 2020.

Slawomir Krupa, currently Head of Global Banking & Investor Solutions for the Americas, will become Deputy general manager, head of the Global Banking & Investor Solutions activities globally, effective as of January 1, 2021. He will report directly to Frédéric Oudéa.

Philippe Aymerich, Deputy Chief Executive Officer, currently in charge notably of French Retail Banking activities, sees his supervision extended to all international retail banking and consumer credit activities, following the departure of Philippe Heim, who leaves his position as Deputy Chief Executive Officer today.

Sébastien Proto, currently Head of Group Strategy, will become Deputy general manager, head of the Societe Generale and Crédit du Nord networks and the related Innovation, Technology and IT Service Unit, effective as of September 1, 2020. He will report directly to Philippe Aymerich.

Diony Lebot, Deputy Chief Executive Officer, will be entrusted, in addition to her current functions of risk and compliance supervision, internal control and sponsor of the Group's Corporate and Environmental Responsibility, with the supervision of the Group's financial services and insurance activities.

Finally, **William Kadouch-Chassaing**, the Group's Chief Financial Officer, is appointed Deputy general manager, head of Finance, reporting directly to Frédéric Oudéa.

Note to editors

Philippe Aymerich
Philippe Aymerich has been Deputy Chief Executive Officer in charge of French Retail Banking activities and Group resources (IT, Real Estate and Sourcing) since May 2018. He benefits from a very diversified background within Societe Generale group for more than 30 years holding different positions in business functions, management and controls functions, in France and internationally, within corporate and Investment banking activities as well as retail banking.
He first joined Societe Generale in 1987 as Inspector at the Group's headquarters in Paris and served in this capacity until 1994, at which time he was appointed Inspecteur Principal. He joined Societe Generale Corporate & Investment Banking in 1997 as Deputy Managing Director of SG Spain in Madrid. From 1999 until 2004, Philippe Aymerich served in New York, first as Deputy Chief Operating Officer and then as Chief Operating Officer for SG Americas from 2000. In 2004, he was appointed Head of the Automotive, Chemicals & General Industries Group in the Corporate & Institutions Division of Societe Generale Corporate and Investment Banking. In December 2006, he was appointed Deputy Chief Risk Officer for Societe Generale group. He was appointed Chief Executive Officer of Credit du Nord in January 2012.
Philippe Aymerich is a graduate of the French *école des Hautes Etudes Commerciales* (HEC).

Diony Lebot
Diony Lebot has been Deputy Chief Executive Officer in charge of the control functions (Risk, Finance and Compliance) since may 2018. She has developed a strong experience over the last 30 years in various Corporate and Investment Banking activities in France and internationally before joining the Group Risk function in 2015.
Diony Lebot joined Societe Generale in 1986. She held several positions within the Structured Finance activity, Financial Engineering and as Head of Asset Finance before joining in 2004 the Corporate Coverage Department as Head of Corporate Coverage in Europe for the Corporates & Institutions division. She was appointed Chief Executive Officer of Societe Generale Americas in 2007 and became a member of the Societe Generale Group Management Committee. In 2012, she became Deputy Head of Coverage and Investment Banking and Chief Executive Officer for Global Banking and Investor Solutions Western Europe. In March 2015, Diony Lebot was appointed Deputy Chief Risk Officer before becoming Group Chief Risk Officer in July 2016.
Diony Lebot hold a Master's degree in Finance and taxation from Paris I University.

William Kadouch-Chassaing
William Kadouch-Chassaing has been Group Chief Financial Officer since May 2018. William Kadouch-Chassaing started his career as an academic and civil servant. He joined JP Morgan in 1996, as a market economist and strategist. He moved to the M&A department in Paris in 1998 and relocated to London in 2000, as a member of the Technology, Media and Telecom group, where he was responsible for the coverage of media groups in Continental Europe. In October 2007, William Kadouch-Chassaing joined Societe Generale Corporate & Investment Banking as a Senior Banker. In April 2013, he was appointed Deputy Chief Financial Officer and Head of Group Strategy, becoming a member of the Group's General Management Committee.
William Kadouch-Chassaing graduated from the *Ecole Normale Supérieure*, Sorbonne University and the *Institut d'Etudes Politiques* in Paris, and became a Professor ('*agrégé*') of Economics and Social Sciences in 1992.

Slawomir Krupa
Slawomir Krupa was appointed Chief Executive Officer for Societe Generale Americas in January 2016, in charge of Global Banking and Investors solutions activities for the region.

Slawomir Krupa began his career in 1996 as an Inspector within Societe Generale's Inspection department. He left the Group in 1999 to found and run an internet start-up in the field of e-finance in Eastern Europe. He rejoined the Group in 2002 and continued his work within Societe Generale's Inspection department. He was appointed to the Management Committee of the department in 2005 and in 2007 was appointed Chief of Staff for Societe Generale Corporate & Investment Banking. In 2009, he became Head of Strategy & Corporate Development and CEO of Central & Eastern Europe, Middle East & Africa for Societe Generale Corporate & Investment Banking. He also became Deputy Head of Global Finance in January 2012, notably in charge of primary bond activities, securitisation, leveraged finance in addition to his regional responsibilities, which were further enlarged in 2013 to include private banking, asset management and securities services.
Slawomir Krupa is a graduate of the *Institut d'Etudes Politiques de Paris*.

Sébastien Proto
Sébastien Proto joined Societe Generale as Head of Group Strategy in September 2018.
Sébastien Proto started his career at the Inspectorate General of Finances (*Inspection générale des finances*), the French government's interdepartemental auditing and supervisory body, in 2004, before becoming Deputy Chief of Staff and then Chief of Staff for the Minister of Budget, Public Accounts and Civil Service (2007-2009), Chief of Staff to the Minister of Labour, Solidarity and Public Service (2010) and Chief of Staff of the Minister of Budget, Public Accounts and State Reform (2011-2012). He was a Managing Partner at Rothschild & Cie between 2013 and 2018.
Sébastien Proto graduated from ESSEC in Political Science, and previously attended the *Ecole nationale d'administration*.

5.1 Financial statements as of 30 June 2020

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1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET - ASSETS

(In millions of euros)		30.06.2020	31.12.2019
Cash, due from central banks		144,417	102,311
Financial assets at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	419,147	385,739
Hedging derivatives	Notes 3.2 and 3.4	21,845	16,837
Financial assets at fair value through other comprehensive income	Notes 3.3 and 3.4	55,606	53,256
Securities at amortised cost	Notes 3.5, 3.8 and 3.9	14,877	12,489
Due from banks at amortised cost	Notes 3.5, 3.8 and 3.9	55,292	56,366
Customer loans at amortised cost	Notes 3.5, 3.8 and 3.9	458,500	450,244
Revaluation differences on portfolios hedged against interest rate risk		470	401
Investments of insurance companies	Note 4.3	163,219	164,938
Tax assets	Note 6	5,052	5,779
Other assets	Note 4.4	77,196	68,045
Non-current assets held for sale		3,788	4,507
Investments accounted for using the equity method		106	112
Tangible and intangible fixed assets		29,812	30,652
Goodwill	Note 2.2	4,045	4,627
Total		**1,453,372**	**1,356,303**

CONSOLIDATED BALANCE SHEET - LIABILITIES

(In millions of euros)		30.06.2020	31.12.2019
Due to central banks		2,980	4,097
Financial liabilities at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	405,113	364,129
Hedging derivatives	Notes 3.2 and 3.4	12,705	10,212
Debt securities issued	Notes 3.6 and 3.9	136,261	125,168
Due to banks	Notes 3.6 and 3.9	121,542	107,929
Customer deposits	Notes 3.6 and 3.9	444,470	418,612
Revaluation differences on portfolios hedged against interest rate risk		8,629	6,671
Tax liabilities	Note 6	1,239	1,409
Other liabilities	Note 4.4	94,115	85,062
Non-current liabilities held for sale		928	1,333
Insurance contracts related liabilities	Note 4.3	140,701	144,259
Provisions	Note 8.3	4,348	4,387
Subordinated debts	Note 3.9	14,662	14,465
Total liabilities		**1,387,693**	**1,287,733**
Shareholders' equity			
Shareholders' equity, Group share			
Issued common stocks and capital reserves		22,084	21,969
Other equity instruments		8,031	9,133
Retained earnings		32,457	29,558
Net income		(1,590)	3,248
Sub-total		**60,982**	**63,908**
Unrealised or deferred capital gains and losses		(323)	(381)
Sub-total equity, Group share		**60,659**	**63,527**
Non-controlling interests		5,020	5,043
Total equity		**65,679**	**68,570**
Total		**1,453,372**	**1,356,303**

CONSOLIDATED INCOME STATEMENT

(In millions of euros)		1st half of 2020	2019	1st half of 2019
Interest and similar income	Note 3.7	10,833	23,712	11,858
Interest and similar expense	Note 3.7	(5,366)	(12,527)	(6,288)
Fee income	Note 4.1	4,290	9,068	4,534
Fee expense	Note 4.1	(1,917)	(3,811)	(1,865)
Net gains and losses on financial transactions		779	4,460	2,388
o/w net gains and losses on financial instruments at fair value through profit or loss		*765*	*4,343*	*2,289*
o/w net gains and losses on financial instruments at fair value through other comprehensive income		*25*	119	101
o/w net gains and losses from the derecognition of financial instruments at amortised cost		*(11)*	(2)	(2)
Net income of insurance activities	Note 4.3	1,038	1,925	898
Income from other activities	Note 4.2	5,403	11,629	5,632
Expenses from other activities	Note 4.2	(4,594)	(9,785)	(4,682)
Net banking income		**10,466**	**24,671**	**12,475**
Personnel expenses	Note 5	(4,497)	(9,955)	(5,091)
Other operating expenses	Note 8.2	(3,294)	(6,285)	(3,243)
Amortisation, depreciation and impairment of tangible and intangible fixed assets and rights-of-use		(747)	(1,487)	(725)
Gross operating income		**1,928**	**6,944**	**3,416**
Cost of risk	Note 3.8	(2,099)	(1,278)	(578)
Operating income		**(171)**	**5,666**	**2,838**
Net income from investments accounted for using the equity method		5	(129)	15
Net income / expense from other assets		84	(327)	(131)
Value adjustments on goodwill	Note 2.2	(684)	-	-
Earnings before tax		**(766)**	**5,210**	**2,722**
Income tax	Note 6	(612)	(1,264)	(645)
Consolidated net income		**(1,378)**	**3,946**	**2,077**
Non-controlling interests		212	698	337
Net income, Group share		**(1,590)**	**3,248**	**1,740**
Earnings per ordinary share	Note 7.2	(2.25)	3.05	1.69
Diluted earnings per ordinary share	Note 7.2	(2.25)	3.05	1.69

STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(In millions of euros)	1st half of 2020	2019	1st half of 2019
Consolidated net income	**(1,378)**	**3,946**	**2,077**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**(449)**	**844**	**532**
Translation differences [(1)]	(708)	563	195
Revaluation of debt instruments at fair value through other comprehensive income	23	(28)	43
Revaluation differences for the period	*47*	*48*	*99*
Reclassified into income	*(24)*	*(76)*	*(56)*
Revaluation of available-for-sale financial assets	70	188	256
Revaluation differences for the period	*71*	*190*	*239*
Reclassified into income	*(1)*	*(2)*	*17*
Revaluation of hedging derivatives	216	153	116
Revaluation differences of the period	*206*	*195*	*121*
Reclassified into income	*10*	*(42)*	*(5)*
Unrealised gains and losses of entities accounted for using the equity method	-	1	-
Related tax	(50)	(33)	(78)
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**403**	**(160)**	**(118)**
Actuarial gains and losses on defined benefit plans	(48)	(32)	(144)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss	570	(121)	46
Revaluation of equity instruments at fair value through other comprehensive income	16	(48)	(48)
Unrealised gains and losses of entities accounted for using the equity method	-	3	(1)
Related tax	(135)	38	29
Total unrealised or deferred gains and losses	**(46)**	**684**	**414**
Net income and unrealised or deferred gains and losses	**(1,424)**	**4,630**	**2,491**
o/w Group share	*(1,532)*	*3,903*	*2,133*
o/w non-controlling interests	*108*	*727*	*358*

(1) The Group's translation differences of EUR -598 million are mainly related to the appreciation of euro against the US dollar (EUR -197 million) and against the Russian ruble (EUR -137 million). The translation differences attributable to non-controlling interests amounted to EUR -110 million.

CHANGES IN SHAREHOLDERS' EQUITY

	Shareholders' equity Group share							
(In millions of euros)	**Issued common stocks and capital reserves**	**Other equity instruments**	**Retained earnings**	**Net income, Group share**	**Unrealised and deferred gains and losses**	**Total**	**Non-controlling interests**	**Total consolidated shareholder's equity**
At 1 January 2019	**20,746**	**9,110**	**32,199**	**-**	**(1,029)**	**61,026**	**4,783**	**65,809**
Increase in common stock and issuance / redemption / remuneration of equity instruments	889	490	(311)	-	-	1,068	(33)	1,035
Elimination of treasury stock	95	-	(77)	-	-	18	-	18
Equity component of share-based payment plans	24	-	-	-	-	24	-	24
1st half of 2019 dividends paid (see Note 7.2)	-	-	(1,770)	-	-	(1,770)	(373)	(2,143)
Effect of changes of the consolidation scope	-	-	(1)	-	-	(1)	(8)	(9)
Sub-total of changes linked to relations with shareholders	***1,008***	***490***	***(2,159)***	***-***	-	***(661)***	***(414)***	***(1,075)***
1st half of 2019 Net income for the period	-	-	-	1,740	-	1,740	337	2,077
Change in unrealised or deferred gains and losses	-	-	-	-	386	386	21	407
Other changes	-	(1)	2	-	-	1	-	1
Sub-total	***-***	***(1)***	***2***	***1,740***	***386***	***2,127***	***358***	***2,485***
At 30 June 2019	**21,754**	**9,599**	**30,042**	**1,740**	**(643)**	**62,492**	**4,727**	**67,219**
Increase in common stock and issuance / redemption / remuneration of equity instruments	122	(467)	(420)	-	-	(765)	-	(765)
Elimination of treasury stock	57	-	-	-	-	57	-	57
Equity component of share-based payment plans	36	-	-	-	-	36	-	36
2nd half of 2019 dividends paid	-	-	-	-	-	-	(6)	(6)
Effect of changes of the consolidation scope	-	-	(9)	-	-	(9)	(48)	(57)
Sub-total of changes linked to relations with shareholders	***215***	***(467)***	***(429)***	***-***	-	***(681)***	***(54)***	***(735)***
2nd half of 2019 Net income for the period	-	-	-	1,508	-	1,508	361	1,869
Change in unrealised or deferred gains and losses	-	-	-	-	262	262	10	272
Other changes	-	1	(55)	-	-	(54)	(1)	(55)
Sub-total	***-***	***1***	***(55)***	***1,508***	***262***	***1,716***	***370***	***2,086***
At 31 December 2019	**21,969**	**9,133**	**29,558**	**3,248**	**(381)**	**63,527**	**5,043**	**68,570**
Allocation to retained earnings	6	-	3,229	(3,248)	13	-	-	-
At 1 January 2020	**21,975**	**9,133**	**32,787**	**-**	**(368)**	**63,527**	**5,043**	**68,570**
Increase in common stock and issuance / redemption / remuneration of equity instruments (see Note 7.1)	-	(1,102)	(340)	-	-	(1,442)	(33)	(1,475)
Elimination of treasury stock (see Note 7.1)	91	-	(59)	-	-	32	-	32
Equity component of share-based payment plans	18	-	-	-	-	18	-	18
1st half of 2020 dividends paid (see Note 7.2)	-	-	-	-	-	-	(79)	(79)
Effect of changes of the consolidation scope (see Note 7.1)	-	-	91	-	-	91	(13)	78
Sub-total of changes linked to relations with shareholders	***109***	***(1,102)***	***(308)***	***-***	-	***(1,301)***	***(125)***	***(1,426)***
1st half of 2020 Net income for the period	-	-	-	(1,590)	-	(1,590)	212	(1,378)
Change in unrealised or deferred gains and losses	-	-	-	-	45	45	(110)	(65)
Other changes	-	-	(22)	-	-	(22)	-	(22)
Sub-total	***-***	***-***	***(22)***	***(1,590)***	***45***	***(1,567)***	***102***	***(1,465)***
At 30 June 2020	**22,084**	**8,031**	**32,457**	**(1,590)**	**(323)**	**60,659**	**5,020**	**65,679**

CASH FLOW STATEMENT

(In millions of euros)	1st half of 2020	2019	1st half of 2019
Consolidated net income (I)	**(1,378)**	**3,946**	**2,077**
Amortisation expense on tangible and intangible fixed assets (including operational leasing)	2,640	5,181	2,608
Impairment and provisions	2,979	(3,284)	(2,764)
Net income / loss from investments accounted for using the equity method	(6)	129	(15)
Change in deferred taxes	232	295	63
Net income from the sale of long-term assets and subsidiaries	(27)	(84)	(60)
Other changes	(377)	1,295	(396)
Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)	**5,441**	**3,532**	**(564)**
Income on financial instruments at fair value through profit or loss	5,468	5,267	(29)
Interbank transactions	21,847	14,554	(4,543)
Customers transactions	26,664	5,429	14,554
Transactions related to other financial assets and liabilities	(802)	(36,748)	(18,403)
Transactions related to other non-financial assets and liabilities	(2,296)	14,424	9,792
Net increase / decrease in cash related to operating assets and liabilities (III)	**50,881**	**2,926**	**1,371**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)	**54,944**	**10,404**	**2,884**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments	(2,607)	234	627
Net cash inflow (outflow) related to tangible and intangible fixed assets	(2,022)	(7,210)	(3,248)
Net cash inflow (outflow) related to investment activities (B)	**(4,629)**	**(6,976)**	**(2,621)**
Cash flow from / to shareholders	(1,580)	(1,219)	(1,577)
Other net cash flow arising from financing activities	1,249	3,229	3,434
Net cash inflow (outflow) related to financing activities (C)	**(331)**	**2,010**	**1,857**
Effect of changes in foreign exchange rates on cash and cash equivalents (D)	222	1,386	719
Net inflow (outflow) of cash and cash equivalents (A) + (B) + (C) + (D)	**50,206**	**6,824**	**2,839**
Cash, due from central banks (assets)	102,311	96,585	96,585
Due to central banks (liabilities)	(4,097)	(5,721)	(5,721)
Current accounts with banks (see Notes 3.5 and 4.3)	21,843	24,667	24,667
Demand deposits and current accounts with banks (see Note 3.6)	(11,577)	(13,875)	(13,875)
Cash and cash equivalents at the start of the year	**108,480**	**101,656**	**101,656**
Cash, due from central banks (assets)	144,417	102,311	99,479
Due to central banks (liabilities)	(2,980)	(4,097)	(7,740)
Current accounts with banks (see Notes 3.5 and 4.3)	27,266	21,843	28,381
Demand deposits and current accounts with banks (see Note 3.6)	(10,017)	(11,577)	(15,625)
Cash and cash equivalents at the end of the year	**158,686**	**108,480**	**104,495**
Net inflow (outflow) of cash and cash equivalents	**50,206**	**6,824**	**2,839**

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

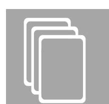
NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

ACCOUNTING STANDARDS

The condensed interim consolidated financial statements for the Societe Generale group ("the Group") for the six-month period ending 30 June 2020 were prepared and are presented in accordance with IAS (International Accounting Standard) 34 "Interim Financial Reporting". The Group includes the parent company Societe Generale (including the Societe Generale foreign branches) and all of the entities in France and abroad that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates).

The notes should be read in conjunction with the audited consolidated financial statements for the year ending 31 December 2019 included in the 2020 Universal Registration Document. However, the assumptions and the estimates made for the preparation of these condensed interim consolidated financial statements have changed from those used at the previous annual closing to reflect the current uncertainties about the consequences, duration and magnitude of the economic crisis generated by the Covid-19 pandemic. 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

As the IFRS accounting framework does not specify a standard model, the format used for the condensed interim consolidated financial statements is consistent with the format of financial statements proposed by the French Accounting Standard Setter, the *Autorité des Normes Comptables* (ANC), under Recommendation No. 2017-02 of 2 June 2017.

The disclosures provided in the notes to the interim 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 2020. Disclosures provided in these notes focus on information that is both relevant and material to the financial statements of the Societe Generale group, its activities and the circumstances in which it conducted its operations over the period, particularly affected by the effects of the Covid-19 crisis.

PRESENTATION CURRENCY

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

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

2. NEW ACCOUNTING STANDARDS APPLIED BY THE GROUP AS OF 1 JANUARY 2020

Amendments to IAS 39, IFRS 7 and IFRS 9 in the context of the interest rate benchmark reform (phase 1)

Amendments to IFRS 3 "Business Combinations"

Amendments to IAS 1 and IAS 8 "Definition of Material"

AMENDMENTS TO IAS 39, IFRS 7 AND IFRS 9 IN THE CONTEXT OF THE INTEREST RATE BENCHMARK REFORM – PHASE 1 (*Early-applied by the Group on 31 December 2019*)

The International Organisation of Securities Commissions (IOSCO) has set principles to make the determination of interest rate benchmark more reliable and the Financial Stability Board (FSB), mandated by the G20, has issued recommendations to enhance the transparency, the representativeness and the reliability of these rates. On the basis of these principles and recommendations, several reforms have been initiated to set up and promote the use of new Risk Free overnight Rates called "Risk Free Rate - RFR" whose determination will now be anchored on actual transactions: €STR (Euro Short-Term Rate) for contracts denominated in Euro, SOFR (Secured Overnight Financing Rate) for contracts denominated in USD, SONIA (Sterling Overnight Index Average) for contracts denominated in GBP, etc.

The Group has set up a project structure to monitor developments in the interest rate benchmarks IBOR reform and to anticipate the consequences of the transition to new interest rate benchmarks. The work undertaken aims on one hand to limit the Group's exposure to the current interbank interest rate benchmarks which might be discontinued in the short or medium term and, on the other hand, to prepare the migration of the outstanding stock of legacy transactions which use these current interest rates benchmarks and which will mature after 2021.

To closely monitor key topics, the transition program has been structured into 5 streams (Market Intelligence, Impact and risk assessment, Legal and Communication, RFR adoption, Legacy management).

To ensure a consistent and homogeneous approach to the transition in all of the Group's activities, a quarterly committee has been set up to issue recommendations reflecting market developments and guidance from regulatory bodies.

Uncertainties about the timing and the precise methods of transition between the current and the new benchmarks, as well as the possible changes in the financial instruments referencing the current benchmarks, are likely to have consequences on the hedge accounting, and on the financial instruments assessment (as the result of the application of contractual “Fallback” clauses or of a renegotiation of the contract).

To limit these accounting consequences, the IASB published, in September 2019, amendments to IAS 39, IFRS 9 and IFRS 7 to prevent the uncertainties existing before the transition from jeopardising the interest rate risk hedge accounting.

These amendments, adopted by the European Union on 15 January 2020, were applied in advance by the Group in its financial statements as at 31 December 2019 and have therefore enabled the accounting treatment of hedging transactions affected by these uncertainties to be maintained since that date, including those linked to the EONIA, EURIBOR and LIBOR (USD, GBP, CHF, JPY).

DRAFT AMENDMENTS TO IAS 39, IFRS 7 AND IFRS 9 IN THE CONTEXT OF THE INTEREST RATE BENCHMARK REFORM – PHASE 2

From October 2019 to February 2020, the IASB led its second phase of study to the accounting consequences of the future modifications to financial instruments contracts in the context of the IBOR reform. Draft amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 were published in April 2020.

These amendments should enable the Group to limit the impact on its financial statement and reduce the cost of the transition from an operational standpoint as long as the rate change results from the interest rate references reform, and is carried out on an equivalent economic basis.

The finalised amendments should be published in the second half of 2020 with the first application date on 1 January 2021. An early application in 2020 would be possible on option. The Group reserves the right to use this option.

To date, the Group has not made any changes to its financial contracts.

The amendments described below did not have any impact on the Group consolidated financial statements.

AMENDMENTS TO IFRS 3 "BUSINESS COMBINATIONS"

These amendments clarify the IFRS 3 implementation guide to make it easier to differentiate between the acquisition of a business and the acquisition of a group of assets, whose accounting treatment is different.

AMENDMENTS TO IAS 1 AND IAS 8 "DEFINITION OF MATERIAL"

These amendments are intended to clarify the definition of 'material' in order to facilitate the exercise of judgement during the preparation of financial statements, particularly when selecting the information to be presented in the Notes.

FOLLOW-UP ON IFRS INTERPRETATIONS COMMITTEE (IFRS IC) DECISIONS OF 26 NOVEMBER 2019 RELATED TO IFRS 16

In the first half of 2019, IFRS IC received a question regarding the determination of the enforceable period to be used for the accounting of leases and particularly the automatically extended contracts. At its meeting on 26 November 2019, IFRS IC concluded that the principles and requirements of IFRS 16 "Leases" provide an adequate basis for determining the lease term, while indicating that the assessment of the enforceability of the contract must take into account all the economic aspects of the contract and not only the contractual termination penalties. Consequently, IFRS IC decided not to add the matter to its work program and did not consider it necessary to solicit the IASB (International Accounting Standards Board) for an amendment to clarify the interpretation of IFRS 16 on the matter.

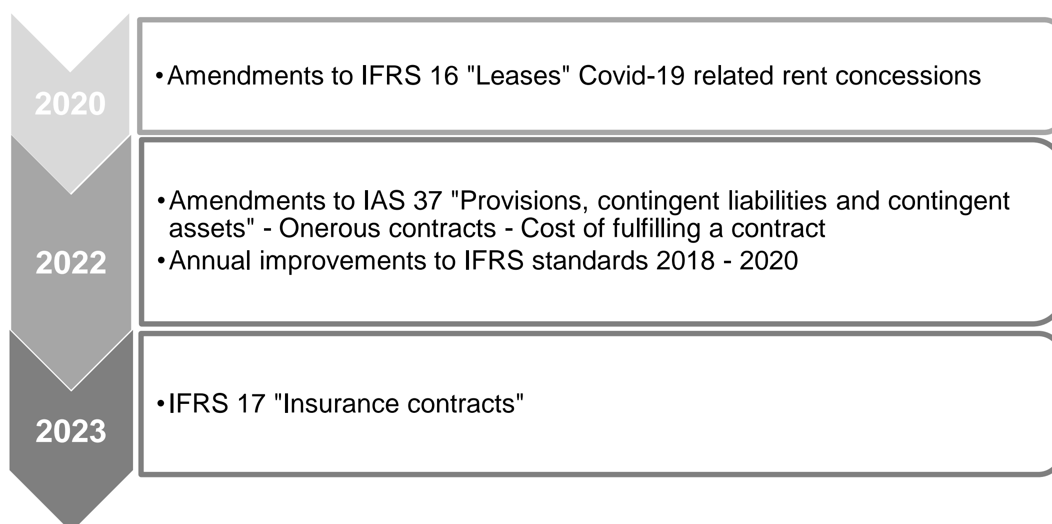
The clarifications provided by IFRS IC to support its decision have sparked debates on the measurement of the term of certain leases, in particular commercial leases in France. The Group has undertaken a new review of the enforceable periods and durations to be retained for the commercial leases of its network of branches in France. Some of them, as they were annually automatically renewable, did not result as at 1 January 2019 in recognising a lease liability or a right-of-use asset. The approach adopted is based on a differentiation between branches based on several criteria (location, associated investments, etc.). This study is ongoing and will continue in the second half of 2020; it will then take into account the update of the ANC's Statement of conclusions on French commercial property leases issued on 3 July 2020.

Thus, as at 30 June 2020, the methods and assumptions used by the Group to determine the term of property leases, and in particular the one of commercial leases in France, remain unchanged from those implemented since the first application of IFRS 16 in 2019. On the basis of the results of the ongoing analyses, the potential consequences of the IFRS IC decision will be reflected in the consolidated financial statements by the end of the year.

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

IASB published accounting standards and amendments, some of which have not been adopted by the European Union as at 30 June 2020. They are required to be applied for annual periods beginning on 1 January 2021 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Group as at 30 June 2020.

These standards are expected to be applied according to the following schedule:



AMENDMENTS TO IFRS 16 "LEASES" - COVID-19 RELATED RENT CONCESSIONS

Issued by IASB on 28 May 2020.

These amendments are intended to grant to lessees receiving rent reliefs in the context of the Covid-19 pandemic an option to avoid analysing whether the granted concessions should be accounted for as changes to leases (which would imply a spreading into the income statement of the effects of the granted benefit over the term of the contract) but to account for these reliefs as negative variable leases (generating an immediate gain in the income statement).

In the first half 2020, the Group did not have any rent reliefs consecutive of the Covid-19 crisis.

AMENDMENTS TO IAS 37 "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS" - ONEROUS CONTRACTS - COST OF FULFILLING A CONTRACT

Issued by IASB on 14 May 2020.

These amendments clarify the costs to be retained in determining the costs of fulfilling a contract when analysing onerous contracts.

ANNUAL IMPROVEMENTS TO IFRS STANDARDS (2018-2020 CYCLE)

Issued by IASB on 14 May 2020.

As part of the annual Improvements to the International Financial Reporting Standards (IFRS), the IASB has issued minor amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and IFRS 16 "Leases".

IFRS 17 "INSURANCE CONTRACTS"

Issued by IASB on 18 May 2017.

This new standard will replace IFRS 4 "Insurance Contracts" issued in 2004 which currently allows entities to apply national accounting regulations for the recognition of insurance contracts.

IFRS 17 provides new rules for the recognition, measurement, presentation and disclosure of insurance contracts within its scope application (insurance contracts issued, reinsurance contracts held and investment contracts issued with discretionary participation features). The underwriting reserves currently recognised as liabilities on the balance sheet will be replaced by an assessment of current value of the insurance contracts.

On 25 June 2020, the IASB issued amendments to IFRS 17 to facilitate its implementation.

These amendments to IFRS 17 include the postponement to 1 January 2023 of its first application date originally set for 1 January 2021. In parallel, the ability for entities whose primary activity is insurance to delay the application of IFRS 9 was extended until 1 January 2023.

In 2018, the Group completed the scoping of a project to implementing the IFRS 17 standard in order to determine the stakes and impacts for the Insurance business line.

Over the course of 2019, a project structure was set up under the joint governance of the Group's Finance Divisions and the Insurance business line.

At this stage, the work has focused on reviewing the different types of contracts, the analysis of their accounting treatment under IFRS 17 and their presentation in the consolidated financial statements and finally the study and choice of information systems and processes. This work is ongoing and will continue in the second half of 2020.

4. USE OF ESTIMATES AND JUDGMENT

When applying the accounting principles disclosed in the following notes for the purpose of preparing the Group's consolidated financial statements, the Management makes assumptions and estimates that may have an impact on the figures recorded in the income statement, on the Unrealised or deferred gains and losses on the valuation of assets and liabilities in the balance sheet, and on the information disclosed in the notes to the consolidated financial statements.

In order to make these assumptions and estimates, the Management uses the information available at the date of preparation of the consolidated financial statements and can exercise its judgment. By nature, valuations based on estimates involve risks and uncertainties concerning 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 condensed interim consolidated financial statements have changed since the previous annual closing to reflect the current uncertainties about the consequences, duration and magnitude of the economic crisis generated by the Covid-19 pandemic. The effects of this crisis on the assumptions and estimates used are specified in the 5th part of this note.

Estimates are notably used in the fair value measurement of financial instruments and the measurement of asset impairment and of provisions recognised as liabilities in the balance sheet, as well as of tax assets and liabilities recognised in the balance sheet and of goodwill. Estimates also concern the analysis of the contractual cash flow characteristics of financial assets as well as the assessment of control for determining the scope of consolidated entities (especially for structured entities). The Group also expands its use of judgment to estimate the lease period to be applied in recording the right-of-use assets and the lease liabilities.

For the determination of impairment and provisions for credit risk, estimates and judgment are applied in particular to the assessment of the deterioration in credit risk observed since the initial recognition of financial assets and of amount of expected credit losses on these financial assets.

BREXIT

On 23 June 2016, the United Kingdom European Union Membership referendum took place and the British people voted to leave the European Union (Brexit).

After several postponements, the United Kingdom Withdrawal Agreement was approved by the British Parliament on 9 January 2020 and by the European Parliament on 29 January 2020, and entered into force on 31 January 2020. European Union law will cease to apply to the United Kingdom from 1 January 2021. During the 11-month transition period, the United Kingdom will keep its European Union member status.

In view of the crisis related to the Covid-19 pandemic, the initial timetable for the negotiations between the European Union and the United Kingdom has been modified. Despite the delay and deadlocks in the negotiations, the option to extend the transition period provided for in the Withdrawal Agreement has been blocked by the United Kingdom until the deadline to exercise it which was scheduled on 1 July 2020. Negotiations are in progress and an agreement to avoid the application of custom duties and quotas on the goods remains possible, even if the possible failure of the negotiations must be considered.

The Group has taken all the necessary steps to ensure continuity of service to its customers starting 31 January 2020, and monitors developments in the negotiations carried out during the transition period. The Group has taken into account the short-, medium- and long-term consequences of Brexit in the assumptions and estimates used in the preparation of the consolidated financial statements.

5. COVID-19

The Covid-19 pandemic is causing unprecedented health crisis and economic shock. The lockdown measures imposed by many governments to stop the spread of virus have led to a collapse of global activity during the first half of 2020: the crisis has been affecting both the supply and demand for goods and services and has led to financial market dislocations.

Governments and central banks have tried to mitigate the effects of this shock by providing significant support in term of liquidity and credit guarantees to the economy.

Strong uncertainties remain about the consequences, magnitude and duration of the crisis.

In this context, the Group has defined new potential scenarios of economic recovery and analysed their effects on its activities in order to integrate them into the assumptions and estimates used for preparing interim consolidated financial statements.

In conjunction with the numerous publications of regulatory authorities and of the IASB, the Group has also introduced some adjustments and also taken into account Governments support measures in the methodology used for the application of measurement principles regarding expected credit losses. Indeed, as part of the economic emergency plan implemented by the French authorities offering cashflow support to the companies weakened by the crisis, the Group has proposed to some of its clients adjustments to their loans facilities in the form of moratoriums (deferral of the payment date without waiving interest in most cases) and has actively contributed to the massive granting processes of State guaranteed loans (*Prêts Garantis par l'Etat - PGE*). Similar measures have also been implemented in different countries in which the Group operates.

The new macroeconomic scenarios have also been used to perform the impairment tests of some assets, in particular goodwill and deferred tax assets.

Covid-19 consequences are detailed below to shed light on the financial consequences of the crisis and on their implementation in the preparation of the condensed interim consolidated financial statements, as recommended by the market and accounting authorities.

DEFINING OF NEW MACROECONOMIC SCENARIOS

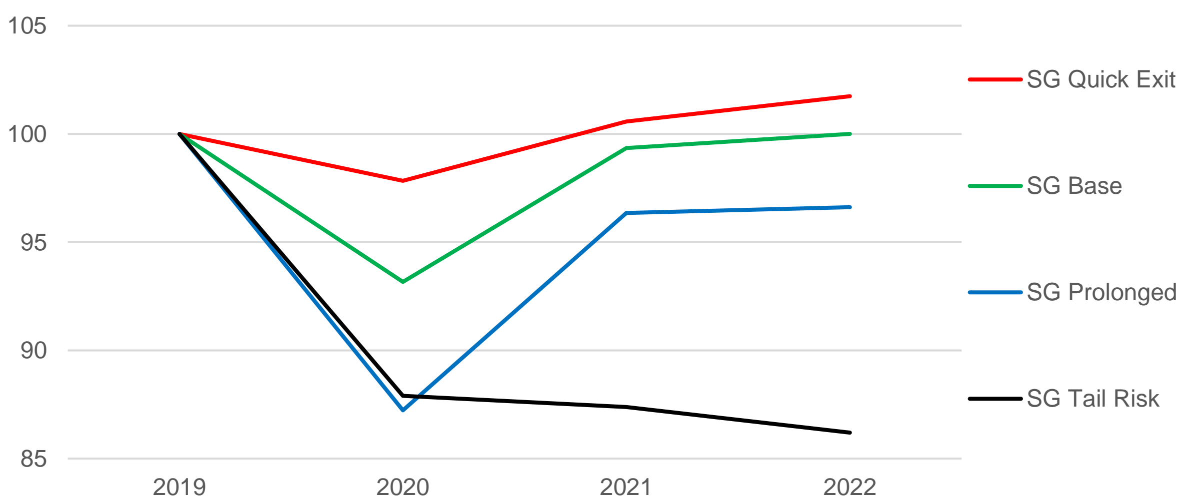
For the preparation of the financial statements, the Group used macroeconomic scenarios in the expected credit losses measurement models that include forward-looking data (see Note 3.8) as well as in the impairment tests of certain assets, including goodwill (see Note 2.2) and deferred tax assets (see Note 6).

These scenarios have been established by Group economists for all Group's entities. A weighting coefficient is assigned for each scenario and the outputs of the models correspond to a probabilised average of these scenarios.

On 31 December 2019, to assess credit losses, the Group used three scenarios which were weighted as follows: 74% for the central scenario, 16% for the stressed scenario, and 10% for the optimistic scenario. On 30 June 2020, the magnitude of the crisis led the Group to build four new macroeconomic scenarios to better reflect the effects and uncertainties generated by the Covid-19 crisis:

- the central scenario (SG Base) predicts, after a sharp decline in GDP in all areas where the Group operates, a very progressive rebound from the second half of 2020, considering in particular that the travel restrictions will be lifted by fall 2020;
- a second scenario (SG Prolonged) predicts, after a sharper decline in GDP, a slower recovery due to a one quarter extension of some lockdown measures and travel restrictions, more prudent consumption behaviours and a tempered political response;
- finally, these two scenarios are supplemented with two extreme scenarios, one optimistic (SG Quick Exit) and one pessimistic scenario (SG Tail Risk).

The illustration below compares the GDP forecasts in the Euro area selected by the Group for each scenario:



The main variables used for each scenario for the countries in which the Group operates are detailed below (in percentages):

SG Quick Exit scenario	2020	2021	2022	2023
France GDP	(1.5)	2.8	1.5	1.8
Profit margin of French companies	30.9	31.9	32.1	32.1
Euro area GDP	(2.2)	2.8	1.2	1.6
US GDP	(2.6)	2.6	1.7	1.9
China GDP	4.0	9.0	7.0	6.0
Czech Republic GDP	(1.9)	3.0	2.0	2.5
Romania GDP	(2.5)	2.5	1.7	2.5

SG Base scenario	2020	2021	2022	2023
France GDP	(5.8)	6.0	0.7	1.1
Profit margin of French companies	31.2	30.9	30.9	31.5
Euro area GDP	(6.8)	6.6	0.7	1.2
US GDP	(6.6)	6.1	0.9	1.7
China GDP	2.9	7.3	4.8	4.6
Czech Republic GDP	(6.0)	5.8	0.8	2.0
Romania GDP	(6.5)	6.3	0.6	2.0

SG Prolonged scenario	2020	2021	2022	2023
France GDP	(11.1)	9.6	0.4	0.6
Profit margin of French companies	28.4	29.3	30.5	30.9
Euro area GDP	(12.8)	10.5	0.3	0.6
US GDP	(11.5)	10.0	0.5	1.5
China GDP	(3.0)	3.0	3.0	4.0
Czech Republic GDP	(11.3)	9.8	0.1	1.5
Romania GDP	(12.5)	10.0	0.0	1.5

SG Tail Risk scenario	2020	2021	2022	2023
France GDP	(10.6)	(0.1)	(0.8)	0.2
Profit margin of French companies	28.5	29.3	29.9	31.2
Euro area GDP	(12.1)	(0.6)	(1.3)	0.5
US GDP	(12.5)	(1.1)	(0.3)	1.0
China GDP	(4.3)	(3.3)	3.9	4.5
Czech Republic GDP	(10.5)	(0.9)	(2.0)	0.9
Romania GDP	(12.5)	(1.0)	(1.7)	1.1

WEIGHTINGS AS AT 30 JUNE 2020

The Covid-19 crisis represents an unprecedented shock and the risk of downward adjustment of the economic expectations due to the evolution of the pandemic remains significant. The risk of deterioration of the economic situation including a possible systemic crisis remains.

To reflect these uncertainties in the calculation of expected credit losses, the cumulated weight of the two pessimistic scenarios is fixed at 30% (25% for SG Prolonged and 5% for SG Tail Risk), representing almost the double of the weighting usually applied to the stressed scenario (weighted at 16% on 31 December 2019).

The scenario of a quick exit from the pandemic (SG Quick Exit) is considered unlikely with a weighting limited at 5%, this weighting remaining lower than the probability generally used for the optimistic scenario (weighted at 10% on 31 December 2019).

The central scenario has a probability of 65% (versus 74% on 31 December 2019).

In order to perform the budgetary projections used for the impairment tests of goodwill and deferred tax assets, only the SG Base and SG Prolonged scenarios have been retained with respective weightings of 70% and 30%.

CALCULATION OF EXPECTED CREDIT LOSSES

The main evolutions of the half-year concerned:

- the update of the models of expected credit losses to take into account the impact of the new macroeconomic scenarios described above;
- adjustments of the models to better reflect the impact of the scenarios on the expected credit losses;
- the update of sector adjustments and adjustments on the scope of entities that do not use developed models;
- the inclusion of support measures for customers weakened by the crisis in connection with the government authorities.

The impacts of these changes in the measurement and the accounting of expected credit losses are presented in Note 3.8.

On the basis of the scenarios and weightings mentioned above, and after taking into account the methodological adjustments and support measures, the calculation of expected credit losses led the Group to record a loss in Cost of risk of 2,099 million euros on 30 June 2020 i.e. an increase of 1,521 million euros (263%) compared to 30 June 2019.

If a weighting of 60% was used for the SG Base central scenario, of 30% for the SG Prolonged scenario and of 5% for the two extreme SG Tail Risk and SG Quick Exit scenarios, the impact would be an extra allocation of 41 million euros.

COVID-19 SUPPORT MEASURES

In the first half 2020, moratoriums concerned approximately 32 billion euros of outstandings on the Group.

The terms of the moratoriums granted by the Group to its clients varied from country to country. In most cases, they have been included in mass schemes i.e. broadly applied to all outstanding company loans, with no specific granting conditions.

In France, the moratoriums took the form of a six-month payment deferment on loans granted to corporates and professionals (principal and interests), with interests on the deferral charged only on the principal. In the first half of 2020, these moratoriums affected about 20.2 billion euros of credit outstandings.

Abroad, various cases have been observed, both over the duration of the moratorium (never exceeding 9 months), and over its terms (interest charged or not for the deferment). The relevant credit outstandings amount to approximately 11.8 billion euros.

From an accounting point of view, these moratoriums were not considered as substantial modifications of the contractual cash flows of the loans to which they were applied, and therefore did not result in the derecognition of these loans. The application of the IFRS 9 provisions relating to the modification of financial assets (catch-up method) led in some cases (when no interest was charged for deferred interest or when interest was charged only on capital) to recognise a charge into the income statement, representative of the loss of interests and recorded under Interest and similar expense. For the Group as a whole, the loss relating to the moratoriums recorded in the interest margin amounts to approximately 40 million euros.

As recommended by the prudential and supervisory authorities, and repeated over by the IASB in a press release of 27 March 2020, the granting of moratoriums directly related to the cash flow difficulties generated by the occurrence of the Covid-19 crisis did not lead to the automatic transfer of these credit outstandings into Stage 2, nor into Stage 3. A case-by-case analysis was conducted on the most significant exposures, and on those with increased risks particularly due to their ante-crisis Basel scoring.

In France, in addition to the moratoriums, the Group's entities have contributed to the implementation of support measures decided by the authorities through the study and granting of State guaranteed loans.

Thus, the Group offers until the end of the year to its customers affected by the crisis (professionals and corporate customers) the allocation of State guaranteed loans (*PGE*) within the framework of the 2020 French Amending Finance Act and the conditions set by the Ministerial order of 23 March 2020. These financings are granted at cost and are guaranteed by the French State up to 90% (with a waiting period of two months after the disbursement at the end of which the guarantee period begins). The amount of the loan is generally limited to a maximum amount equal to three months of the borrower’s turnover before taxes. These loans come with a one-year repayment exemption; at the end of this year, the customer can repay the loan or amortise it over one to five more years. The conditions for the remuneration of the guarantee are set by the State and shall be applied by all French banking institutions: the bank keeps only a share of the guarantee premium paid by the borrower (the amount of which depends on the size of the borrowing company and the maturity of the loan) corresponding to the risk it bears and which corresponds to the part of the loan that is not guaranteed by the State (i.e. between 10 and 30% of the loan depending on the size of the borrowing company). PGE granted to large corporates must be previously approved by the State and their contractual characteristics may differ from those mentioned above.

The State guaranteed loans contractual characteristics are those of basic loans (SPPI criterion) and these loans are held by the Group as part of a business model whose objective is to collect contractual cash flows until their maturity; as a result, these loans have been recorded in the consolidated balance sheet under Customer loans at amortised cost. As at 30 June 2020, the carrying amount of the State guaranteed loans is approximately 12.5 billion euros (almost entirely classified in Stage 1 for measurement of expected credit losses) and new State guaranteed loans will be granted until the deadline for granting set by the State on 31 December 2020.

When initially recognised, these loans are recorded at their nominal value, as the Group considers that it is representative of their fair value; and an impairment for expected credit loss based on a probability of default at one year is recorded taking into account the effects of the guarantee insofar as it is an integral part of the loan. The models for calculating expected credit losses also take into account the probabilities of exercise of the extension options, the amount of the loan not guaranteed by the State as well as the waiting period in the enforcement of the guarantee.

The amount of expected credit losses recorded as at 30 June 2020 for all of the State guaranteed loans is approximately 50 million euros.

ASSETS IMPAIRMENT TESTS

These tests focused mainly on goodwill and deferred tax assets.

GOODWILL

Goodwill is to be subject to an impairment test whenever there is any indication that its value may have diminished, and at least once a year. While the economic crisis related to the Covid-19 does not in itself constitute an evidence of impairment, its negative impacts on the Group's results and budget projections justify the completion of tests on all the Cash Generating Units (CGUs) when preparing the half-yearly financial statements as at 30 June 2020.

As at 30 June 2020, the tests carried out highlighted that the recoverable value of the CGU Global Markets and Investors Services was below its book value, resulting in the recognition of an irreversible impairment charge of 684 million euros in the consolidated income statement under Goodwill Value Changes.

Sensitivity tests performed and showed that weighting the SG Base scenario at 65% (instead of 70%) and the SG Prolonged scenario at 35% (instead of 30%) would not result in additional impairment.

The modalities of these tests (methodology and assumptions used in connection with the macroeconomic scenarios mentioned above) are detailed in Note 2.2.

DEFERRED TAX ASSETS

Deferred tax assets are recorded only if the relevant tax entity (or tax group) is likely to recover these assets within a set time. These deductible temporary differences or tax loss carryforwards can also be used against future taxable profit. Tax loss carryforwards are subject to an annual review based on the realistic projection of the tax income or expense of the relevant tax entities. After completion of these tests, the carrying value of deferred tax assets already recognised in the balance sheet is reduced whenever a risk of total or partial non-recovery occurs.

As at 30 June 2020, the Group carried out a specific review of tax loss carryforwards by including the consequences and uncertainties generated by the Covid-19 crisis into the projections of the taxable income of the relevant tax entities. Following this review, deferred tax assets have been reduced and a loss has been recorded under Income tax for an amount of 650 million euros (see Note 6).

Sensitivity tests have were performed and showed that the weighting of the SG Base scenario at 65% (instead of 70%) and of the SG Prolonged scenario at 35% (instead of 30%) would result in an additional decrease in deferred tax assets of 56 million euros.

NOTE 2 - CONSOLIDATION

NOTE 2.1 - CONSOLIDATION SCOPE

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

The main change to the consolidation scope as at 30 June 2020, compared with the scope applicable at the closing date of 31 December 2019, is as follows:

SOCIETE GENERALE DE BANQUE AUX ANTILLES (SGBA)

On 2 March 2020, the Group sold to Promontoria MMB all its interest in Société Générale de Banque aux Antilles, a subsidiary located in Guadeloupe, Martinique and French Guiana. The sale reduced the Group's balance sheet by EUR 0.4 billion (Non-current assets held for sale and Non-current liabilities held for sale).

The result of this disposal recorded in Net income / expense from other assets amounts to EUR -69 million for the first half of 2020.

NOTE 2.2 - GOODWILL

The table below shows the changes in the net values of goodwill recorded by the Cash-Generating Units (CGUs) in the first half of 2020:

(In millions of euros)	Net book value as at 31.12.2019	Acquisitions and other increases	Disposals and other decreases	Impairment loss	Net book value as at 30.06.2020
French Retail Banking	**797**	**-**	**-**	**-**	**797**
Societe Generale Network	286	-	-	-	286
Crédit du Nord	511	-	-	-	511
International Retail Banking & Financial Services	**2,729**	**2**	**-**	**-**	**2,731**
Europe	1,361	-	-	-	1,361
Russia	-	-	-	-	-
Africa, Mediterranean Basin and Overseas	228	-	-	-	228
Insurance	335	-	-	-	335
Equipment and Vendor Finance	228	-	-	-	228
Auto Leasing Financial Services	577	2	-	-	579
Global Banking and Investor Solutions	**1,101**	**101**	**(1)**	**(684)**	**517**
Global Markets and Investor Services	584	101	(1)	(684)	-
Financing and Advisory	57	-	-	-	57
Asset and Wealth Management	460	-	-	-	460
TOTAL	**4,627**	**103**	**(1)**	**(684)**	**4,045**

COMPLETION OF THE ACQUISITION OF COMMERZBANK'S "EQUITY MARKETS AND COMMODITIES" BUSINESS

On 8 November 2018, the Group has signed an agreement committing Societe Generale to acquire the Commerzbank's ''Equity Markets and Commodities'' (EMC) business, which comprises the manufacturing and market-making of flow ("Flow business") and structured products ("Exotic, Vanilla and Funds" business) as well as part of the asset management activities ("Asset Management" business).

Due to operational reasons, the integration process of the staff, trading positions and infrastructure of the EMC business took place between the first half of 2019 and the first half of 2020.

In 2019, the Group took control of the "Exotic, Vanilla and Funds" (EVF) and the asset management businesses, leading to the recognition of a EUR 83 million goodwill for the EVF business (included in the Global Markets and Investor Services CGU) and a EUR 49 million goodwill for the asset management business (included in the Asset and Wealth Management CGU).

During the first half of 2020, the integration process was completed with the acquisition of the "Flow" business, leading to the recognition of a EUR 101 million goodwill allocated to Global Markets and Investor Services CGU.

ANNUAL IMPAIRMENT TEST OF CGU

Goodwills are subject to an impairment test as soon as there is any indication of impairment and at least once a year. The Covid-19 sanitary crisis alone is not an indication of impairment, however, its negative consequences on the Group's results and financial projections justify the performance of tests on all CGUs as part of the preparation of the half-yearly financial statements as at 30 June 2020.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from the Group’s other assets or groups of assets. Impairment tests consist into assessing the recoverable value of each CGU and comparing it with its carrying value. An impairment loss is recorded in the income statement if the carrying value of a CGU, including goodwill, exceeds its recoverable value. This impairment loss is allocated to reduce irreversibly the carrying amount of the goodwill.

The recoverable amount of a CGU is calculated using the discounted cash flow (DCF) method applied to the entire CGU.

As at 31 December 2019, cash flows used in this calculation are distributable dividends generated by all the entities included in the CGU, taking into account the Group targeted equity allocated to each CGU, determined on a five-year period with the prospective four-year budgets extrapolated for the fifth year, the latter to a “normative” year used to calculate the terminal value.

As at 30 June 2020, the Group adjusted the implementation modalities of the discounted dividend method, moving towards an approach integrating two macroeconomic scenarios, more relevant in the context of strong uncertainties linked to the Covid-19 crisis. The two scenarios selected, the central scenario (SG Base) and a more pessimistic scenario of a prolonged sanitary crisis (SG Prolonged), were established by the Group's economists; their underlying assumptions are presented in Note 1. The key principles of the approach adopted this semester to assess the recoverable amount of the CGUs are as follows:

- For each CGU, estimates of future distributable dividends are determined based on two revised financial trajectories, one defined by retaining the assumptions of the central scenario (SG Base) and the other those of the prolonged sanitary crisis scenario (SG Prolonged).
- These estimates take into account the equity target allocated to each CGU, unchanged compared to 31 December 2019 (11% of the risk-weighted assets of each CGU, except for the Crédit du Nord CGU for which the target is set at 10.5% of the risk-weighted assets).
- They remain carried out over a five-year period, based on four-year trajectories (2020-2023) extrapolated to 2024, the latter year being used to calculate the terminal value.
- The growth rates used to calculate the terminal value are determined using forecasts on sustainable long-term economic growth and inflation. These rates are estimated using two main sources, namely the International Monetary Fund and the economic analyses produced by SG Cross Asset Research which provides 2024 forecasts. As at 30 June 2020, the long-term growth rates of the Societe Generale Network and Crédit du Nord Network CGUs were decreased from 2% to 1.5% to reflect the prospect of limited revenue growth.
- The projected dividends are then discounted on the basis of a rate equal to the risk-free rate grossed up by a risk premium based on the CGU’s underlying activities. This risk premium, specific to each activity, is calculated from a series of equity risk premiums published by SG Cross Asset Research and from its specific estimated volatility (beta). Where appropriate, the risk-free rate is also grossed up by a sovereign risk premium, representing the difference between the risk-free rate available in the area of monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term treasury bonds issued (mainly US dollar area or Euro area), in proportion with risk-weighted assets for CGUs covering several countries. The updated discount rates as at 30 June 2020 are detailed below.
- Finally, the recoverable value of each CGU is calculated by applying a weighting coefficient defined by expert opinion (see Note 1) to the amounts of discounted dividends obtained according to each scenario: the SG Base scenario is weighted at 70% and the SG Prolonged one at 30%.

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

Assumptions as at 30 June 2020	Discount rate	Long-term growth rate
French Retail Banking		
Societe Generale network and Crédit du Nord	7.9%	1.5%
International Retail Banking and Financial Services		
Retail Banking and Consumer Finance	9.9% to 12.6%	2% to 3%
Insurance	9.4%	2.5%
Equipment and Vendor Finance and Auto Leasing Financial Services	9.1%	2%
Global Banking and Investor Solutions		
Global Markets and Investor Services	12.4%	2%
Financing and Advisory	9.8%	2%
Asset and Wealth Management	9.5%	2%

Budget projections are based on the following main business and macroeconomic assumptions:

French Retail Banking	
Societe Generale Network and Crédit du Nord	▪ In a challenging environment (regulatory constraints, low inflation, historically low rates), ongoing efforts to shift operations and relationship banking at Societe Generale and Crédit du Nord towards a digital banking model ▪ Confirmation of Boursorama's customer acquisition plan
International Retail Banking & Financial Services	
Europe	▪ Continued adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations ▪ Strict discipline applied to operating expenses and normalisation of the cost of risk
Russia	▪ Continued development of activities in Russia ▪ Strict discipline applied to the operating expenses and cost of risk
Africa, Mediterranean Basin and Overseas	▪ Continued development of Societe Generale's sales network and expansion of services through the mobile banking offer ▪ Continued focus on operating efficiency
Insurance	▪ Reinforcement of the integrated bank insurance model and continued dynamic growth in France and abroad in synergy with the retail banking network, Private Banking and financial services to businesses
Equipment and Vendor Finance	▪ Consolidation of the leadership in these corporate financing businesses ▪ Restoration of profitability by continuing to focus on activities with the best risk/reward ▪ Strict discipline applied to operating expenses
Auto Leasing Financial Services	▪ Reinforcement of the leadership of ALD relative to solutions of mobility and continued growth for strategic partners and for long-time leasing to retail customers ▪ Continued focus on operating efficiency
Global Banking and Investor Solutions	
Global Markets and Investor Services	▪ After the significant drop in revenues linked to the Covid-19 crisis, particularly in the Investment Solutions activities, adaptation of the market activities to a competitive environment under pressure and continued business and regulatory investments ▪ Consolidation of market-leading franchises (equities) particularly through the integration of Commerzbank's Equity Markets and Commodities activities, with an increase in revenues on listed products ▪ Continuation of the optimisation measures and investments in IT
Financing and Advisory	▪ Continuation of the origination momentum of financing activities ▪ Consolidation of market-leading franchises (commodity and structured financing) ▪ Gradual normalization of cost of risk despite challenging economic conditions
Asset and Wealth Management	▪ Consolidation of commercial and operational efficiency in Wealth Management in a constrained environment and continued development of synergies with retail bank network ▪ Integration of Commerzbank Asset Management activities

As at 30 June 2020, the tests carried out on using the method and assumptions presented above led to the impairment of all goodwill allocated to the Global Markets and Investor Services CGU for an amount of EUR 684 million presented on the in value adjustments on goodwill line in the income statement.

The recoverable amount of this CGU is impacted by the degraded macroeconomic environment and unfavourable market conditions which penalise income from market activities, in particular in the Investment Solutions scope.

For other CGUs, the recoverable amount remains higher than the book value.

Sensitivity tests are carried out to measure the impact on each CGU's recoverable value of variations in certain assumptions.

As at 30 June 2020, given the changes in the approach for calculating the recoverable amount, now based on an estimate of future cash flows according to two scenarios, one of which already includes stressed parameters, the tests focused on measuring the impact of the variation in the weightings used in each scenario on the recoverable amount of each CGU.

The results of these sensitivity tests show that a weighting of the SG Base scenario at 65% (instead of 70%) and of the SG Prolonged scenario at 35% (instead of 30%) would result in a 0.8% decrease in the CGU's total recoverable amount, without requiring the recording of an additional impairment.

NOTE 3 - FINANCIAL INSTRUMENTS

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

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

OVERVIEW OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2020		31.12.2019	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Trading portfolio	393,756	333,774	358,033	281,246
Financial assets measured mandatorily at fair value through profit or loss	24,172		24,977	
Financial instruments measured using fair value option through profit or loss	1,219	71,339	2,729	82,883
Total	**419,147**	**405,113**	**385,739**	**364,129**
o/w securities purchased/sold under resale/repurchase agreements	*119,170*	*113,627*	*111,818*	*97,895*

1. TRADING PORTFOLIO

ASSETS

(In millions of euros)	30.06.2020	31.12.2019
Bonds and other debt securities	30,430	26,080
Shares and other equity securities	61,067	77,966
Loans, receivables and securities purchased under resale agreements	132,771	117,956
Trading derivatives (1)	169,488	135,849
Other trading assets	-	182
Total	**393,756**	**358,033**
o/w securities lent	*9,865*	*13,349*

(1) See Note 3.2 Financial derivatives.

LIABILITIES

(In millions of euros)	30.06.2020	31.12.2019
Amounts payable on borrowed securities	36,342	38,950
Bonds and other debt instruments sold short	5,142	3,518
Shares and other equity instruments sold short	743	1,466
Borrowings and securities sold under repurchase agreements	113,620	97,820
Trading derivatives (1)	176,676	138,120
Other trading liabilities	1,251	1,372
Total	**333,774**	**281,246**

(1) See Note 3.2 Financial derivatives.

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

(In millions of euros)	30.06.2020	31.12.2019
Bonds and other debt securities	176	177
Shares and other equity securities	2,598	2,492
Loans, receivables and securities purchased under resale agreements	21,398	22,308
Total	**24,172**	**24,977**

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

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

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

ASSETS

(In millions of euros)	30.06.2020	31.12.2019
Bonds and other debt securities	38	1,458
Loans, receivables and securities purchased under resale agreements	130	145
Separate assets for employee benefits plans	1,051	1,126
Total	**1,219**	**2,729**

LIABILITIES

Financial liabilities measured at fair value through profit or loss in accordance with the fair value option predominantly consist of structured bonds issued by the Societe Generale group.

	30.06.2020		31.12.2019	
(In millions of euros)	Fair value	Amount redeemable at maturity	Fair value	Amount redeemable at maturity
Financial instruments measured using fair value option through profit or loss	71,339	70,837	82,883	83,249

The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale group's most recent financing terms and conditions on the markets and the residual maturity of the related liabilities.

Changes in fair value attributable to own credit risk generated a gain of EUR 570 million during the first half of 2020. Up to this date, the total gains and losses attributable to own credit risk amounted to EUR 253 million booked in equity.

NOTE 3.2 - FINANCIAL DERIVATIVES

1. TRADING DERIVATIVES

BREAKDOWN OF FAIR VALUE OF TRADING DERIVATIVES

(In millions of euros)	30.06.2020		31.12.2019	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments	114,824	112,375	91,146	88,501
Foreign exchange instruments	18,911	21,040	18,036	18,354
Equities & index Instruments	31,548	37,957	22,318	26,141
Commodities Instruments	1,937	2,029	1,860	2,201
Credit derivatives	2,250	2,142	2,415	2,037
Other forward financial instruments	18	1,133	74	886
Total	**169,488**	**176,676**	**135,849**	**138,120**

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

BREAKDOWN OF TRADING DERIVATIVES COMMITMENTS (NOTIONAL AMOUNTS)

(In millions of euros)	30.06.2020	31.12.2019
Interest rate instruments	**11,655,578**	**11,988,127**
Firm instruments	9,762,990	9,959,001
Swaps	*8,008,223*	*8,324,621*
FRAs	*1,754,767*	*1,634,380*
Options	1,892,588	2,029,126
Foreign exchange instruments	**3,073,126**	**3,192,776**
Firm instruments	2,356,371	2,475,393
Options	716,755	717,383
Equity and index instruments	**1,221,631**	**1,124,549**
Firm instruments	186,776	186,691
Options	1,034,855	937,858
Commodities instruments	**39,591**	**96,900**
Firm instruments	34,363	83,509
Options	5,228	13,391
Credit derivatives	**242,019**	**246,006**
Other forward financial instruments	**25,209**	**38,428**
Total	**16,257,154**	**16,686,786**

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 Covid-19 crisis, the Group has not observed any ineffectiveness or disappearance of hedged items that could lead to the termination of its hedging relationships.

BREAKDOWN OF FAIR VALUE OF HEDGING DERIVATIVES

	30.06.2020		31.12.2019	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value hedge	**21,125**	**12,464**	**16,617**	**9,981**
Interest rate instruments	21,124	12,458	16,616	9,981
Foreign exchange instruments	1	-	1	-
Equity and index instruments	-	6	-	-
Cash-flow hedge	**399**	**159**	**181**	**124**
Interest rate instruments	368	63	169	65
Foreign exchange instruments	31	83	10	46
Equity and index Instruments	-	13	2	13
Net investment hedge	**321**	**82**	**39**	**107**
Foreign exchange instruments	321	82	39	107
Total	**21,845**	**12,705**	**16,837**	**10,212**

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

Furthermore, through some of its Corporate and Investment Banking operations, the Group is exposed to future cash flow changes in its short and medium-term funding requirements, and sets up hedging relationships recognised for accounting purposes as cash flow hedges. Highly probable funding requirements are determined using historic data established for each activity and representative of balance sheet outstanding. These data may be increased or decreased by changes in management methods.

Finally, as part of their management of structural interest rate and exchange rate risks, the Group's entities set up fair value hedge for portfolios of assets or liabilities for interest rate risk as well as cash flow hedge and net investment hedge for foreign exchange risk.

BREAKDOWN OF HEDGING DERIVATIVES COMMITMENTS (NOTIONAL AMOUNTS)

(In millions of euros)	30.06.2020	31.12.2019
Interest rate instruments	**823,824**	**757,099**
Firm instruments	822,570	755,847
Swaps	*742,518*	*755,775*
FRAs [(1)]	*80,052*	*72*
Options	1,254	1,252
Foreign exchange instruments	**11,325**	**11,314**
Firm instruments	11,325	11,314
Equity and index instruments	**56**	**90**
Options	56	90
Total	**835,205**	**768,503**

(1) 3-month Forward Rate Agreements and Futures contracts are now concluded by the Group to extend the maturity of swaps underwritten for the purpose of hedging the net interest margin. This change in hedging management mechanically generates an increase in commitments on this type of contracts but does not lead to an increase in interest rate risk exposure.

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

OVERVIEW

(In millions of euros)	30.06.2020	31.12.2019
Debt instruments	55,348	53,012
Bonds and other debt securities	*55,293*	*52,991*
Loans and receivables and securities purchased under resale agreements	*55*	*21*
Shares and other equity securities	258	244
Total	**55,606**	**53,256**
o/w securities lent	*169*	*146*

1. DEBT INSTRUMENTS

CHANGES OF THE PERIOD

(In millions of euros)	2020
Balance as at 1 January	**53,012**
Acquisitions / disbursements	18,522
Disposals / redemptions	(16,502)
Transfers further to redeployment towards (or from) another accounting category	3
Changes in scope and others	(236)
Changes in fair value during the period	1,016
Changes in related receivables	26
Translation differences	(493)
Balance as at 30 June	**55,348**

UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

(In millions of euros)	30.06.2020	31.12.2019
Unrealised gains	445	391
Unrealised losses	(217)	(186)
Total	**228**	**205**

Realised gains and losses on the sale of debt instruments recognised in the income statement amount to EUR 24 million during the first half of 2020 compared to EUR 56 million during the first half of 2019 (EUR 78 million in 2019).

2. EQUITY INSTRUMENTS

The Group chose only in few cases to designate equity instruments to be measured at fair value through other comprehensive income.

NOTE 3.4 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

	30.06.2020				31.12.2019			
(In millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio	**81,245**	**137,959**	**5,064**	**224,268**	**89,037**	**129,130**	**4,017**	**222,184**
Bonds and other debt securities	26,141	3,434	855	30,430	22,645	2,976	459	26,080
Shares and other equity securities	55,104	5,963	-	61,067	66,392	11,465	109	77,966
Loans, receivables and securities purchased under resale agreements	-	128,562	4,209	132,771	-	114,507	3,449	117,956
Other trading assets	-	-	-	-	-	182	-	182
Trading derivatives	**64**	**163,188**	**6,236**	**169,488**	**191**	**132,572**	**3,086**	**135,849**
Interest rate instruments	-	110,586	4,238	114,824	6	88,868	2,272	91,146
Foreign exchange instruments	61	18,796	54	18,911	182	17,717	137	18,036
Equity and index instruments	-	30,599	949	31,548	-	21,938	380	22,318
Commodity instruments	-	1,912	25	1,937	-	1,784	76	1,860
Credit derivatives	-	1,280	970	2,250	-	2,195	220	2,415
Other forward financial instruments	3	15	-	18	3	70	1	74
Financial assets measured mandatorily at fair value through profit or loss	**215**	**19,715**	**4,242**	**24,172**	**350**	**21,746**	**2,881**	**24,977**
Bonds and other debt securities	11	42	123	176	11	44	122	177
Shares and other equity securities	204	288	2,106	2,598	339	185	1,968	2,492
Loans, receivables and securities purchased under resale agreements	-	19,385	2,013	21,398	-	21,517	791	22,308
Financial assets measured using fair value option through profit or loss	**3**	**1,151**	**65**	**1,219**	**1,296**	**1,320**	**113**	**2,729**
Bonds and other debt securities	3	2	33	38	1,296	162	-	1,458
Loans, receivables and securities purchased under resale agreements	-	98	32	130	-	32	113	145
Other financial assets	-	-	-	-	-	-	-	-
Separate assets for employee benefit plans	-	1,051	-	1,051	-	1,126	-	1,126
Hedging derivatives	**-**	**21,845**	**-**	**21,845**	**-**	**16,837**	**-**	**16,837**
Interest rate instruments	-	21,492	-	21,492	-	16,785	-	16,785
Foreign exchange instruments	-	353	-	353	-	50	-	50
Equity and index instruments	-	-	-	-	-	2	-	2
Financial assets measured at fair value through other comprehensive income	**54,485**	**860**	**261**	**55,606**	**51,730**	**1,282**	**244**	**53,256**
Bonds and other debt securities	54,485	805	3	55,293	51,730	1,261	-	52,991
Shares and other equity securities	-	-	258	258	-	-	244	244
Loans and receivables	-	55	-	55	-	21	-	21
Total	**136,012**	**344,718**	**15,868**	**496,598**	**142,604**	**302,887**	**10,341**	**455,832**

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

(In millions of euros)	30.06.2020				31.12.2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio	**5,935**	**150,134**	**1,029**	**157,098**	**5,001**	**136,800**	**1,325**	**143,126**
Amounts payable on borrowed securities	51	36,213	78	36,342	71	38,743	136	38,950
Bonds and other debt instruments sold short	5,141	1	-	5,142	3,464	54	-	3,518
Shares and other equity instruments sold short	743	-	-	743	1,466	-	-	1,466
Borrowings and securities sold under repurchase agreements	-	112,672	948	113,620	-	96,631	1,189	97,820
Other trading liabilities	-	1,248	3	1,251	-	1,372	-	1,372
Trading derivatives	**102**	**168,987**	**7,587**	**176,676**	**216**	**132,371**	**5,533**	**138,120**
Interest rate instruments	31	108,426	3,918	112,375	31	85,177	3,293	88,501
Foreign exchange instruments	55	20,844	141	21,040	175	18,064	115	18,354
Equity and index instruments	-	34,768	3,189	37,957	-	24,529	1,612	26,141
Commodity instruments	-	2,006	23	2,029	-	2,131	70	2,201
Credit derivatives	-	1,826	316	2,142	-	1,594	443	2,037
Other forward financial instruments	16	1,117	-	1,133	10	876	-	886
Financial liabilities measured using fair value option through profit or loss	**-**	**33,911**	**37,428**	**71,339**	**-**	**38,160**	**44,723**	**82,883**
Hedging derivatives	**-**	**12,705**	**-**	**12,705**	**-**	**10,212**	**-**	**10,212**
Interest rate instruments	-	12,521	-	12,521	-	10,045	-	10,045
Foreign exchange instruments	-	165	-	165	-	154	-	154
Equity and index instruments	-	19	-	19	-	13	-	13
Total	**6,037**	**365,737**	**46,044**	**417,818**	**5,217**	**317,543**	**51,581**	**374,341**

3. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AT FAIR VALUE

(In millions of euros)	Balance as at 31.12.2019	Acqui-sitions	Disposals / redemptions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 30.06.2020
Trading portfolio	**4,017**	**2,973**	**(673)**	**(956)**	**318**	**(573)**	**(1)**	**(41)**	**5,064**
Bonds and other debt securities	459	924	(576)	(160)	318	(71)	2	(41)	855
Shares and other equity securities	109	-	-	(45)	-	(64)	-	-	-
Loans, receivables and securities purchased under resale agreements	3,449	2,049	(97)	(751)	-	(438)	(3)	-	4,209
Other trading assets	-	-	-	-	-	-	-	-	-
Trading derivatives	**3,086**	**146**	**(16)**	**(1,835)**	**3,213**	**1,650**	**(8)**	**-**	**6,236**
Interest rate instruments	2,272	21	-	(1,680)	2,457	1,165	3	-	4,238
Foreign exchange instruments	137	1	-	(31)	18	(64)	(7)	-	54
Equity and index instruments	380	121	(16)	(102)	553	15	(2)	-	949
Commodity instruments	76	3	-	-	-	(54)	-	-	25
Credit derivatives	220	-	-	(22)	185	589	(2)	-	970
Other forward financial instruments	1	-	-	-	-	(1)	-	-	-
Financial assets measured mandatorily at fair value through profit or loss	**2,881**	**224**	**(37)**	**-**	**1,437**	**(328)**	**(3)**	**68**	**4,242**
Bonds and other debt securities	122	2	(1)	-	-	(1)	1	-	123
Shares and other equity securities	1,968	124	(36)	-	(41)	21	(6)	76	2,106
Loans, receivables and securities purchased under resale agreements	791	98	-	-	1,478	(348)	2	(8)	2,013
Financial assets measured using fair value option through profit or loss	**113**	**117**	**(84)**	**(100)**	**-**	**31**	**-**	**(12)**	**65**
Bonds and other debt securities	-	117	(84)	-	-	-	-	-	33
Loans, receivables and securities purchased under resale agreements	113	-	-	(100)	-	31	-	(12)	32
Other financial assets	-	-	-	-	-	-	-	-	-
Separate assets for employee benefit plans	-	-	-	-	-	-	-	-	-
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets measured at fair value option through other comprehensive income	**244**	**-**	**-**	**-**	**-**	**17**	**-**	**-**	**261**
Debt instruments	-	-	-	-	-	-	-	3	3
Equity instruments	244	-	-	-	-	17	-	(3)	258
Loans and receivables	-	-	-	-	-	-	-	-	-
Total	**10,341**	**3,460**	**(810)**	**(2,891)**	**4,968**	**797**	**(12)**	**15**	**15,868**

FINANCIAL LIABILITIES AT FAIR VALUE

(In millions of euros)	Balance as at 31.12.2019	Issues	Redemptions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance as at 30.06.2020
Trading portfolio	**1,325**	**462**	**(392)**	**(180)**	**-**	**(182)**	**(4)**	**-**	**1,029**
Debt securities issued	-	-	-	-	-	-	-	-	-
Amounts payable on borrowed securities	136	-	-	(26)	-	(28)	(4)	-	78
Bonds and other debt instruments sold short	-	-	-	-	-	-	-	-	-
Shares and other equity instruments sold short	-	-	-	-	-	-	-	-	-
Borrowings and securities sold under repurchase agreements	1,189	462	(392)	(154)	-	(157)	-	-	948
Other trading liabilities	-	-	-	-	-	3	-	-	3
								-	
Trading derivatives	**5,533**	**718**	**(108)**	**(2,230)**	**3,359**	**325**	**(1)**	**(9)**	**7,587**
Interest rate instruments	3,293	34	-	(2,053)	2,009	620	24	(9)	3,918
Foreign exchange instruments	115	-	-	(28)	14	40	-	-	141
Equity and index instruments	1,612	684	(108)	(52)	1,232	(157)	(22)	-	3,189
Commodity instruments	70	-	-	-	-	(46)	(1)	-	23
Credit derivatives	443	-	-	(97)	104	(132)	(2)	-	316
Other forward financial instruments	-	-	-	-	-	-	-	-	-
								-	
Financial liabilities measured using fair value option through profit or loss	**44,723**	**12,922**	**(12,626)**	**(8,942)**	**6,947**	**(5,550)**	**(34)**	**(12)**	**37,428**
								-	
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
								-	
Total financial liabilities at fair value	**51,581**	**14,102**	**(13,126)**	**(11,352)**	**10,306**	**(5,407)**	**(39)**	**(21)**	**46,044**

During the first half of 2020, the Group changed its methodology for determining the observability of market input used in the calculation of the fair value of financial instruments:

– Observability is now determined on the one hand at a more granular level, and on the other hand takes more parameters into account in the analysis, whereas it was until now assessed by family of inputs with homogeneous characteristics. These changes, aiming at extending and improving the system by measuring observability at a more granular level, have led to the reclassification of some financial instruments at fair value from level 2 to level 3.

– The classification rules between levels 2 and 3 of fair value have also been revised in order to take account of a concept of significance in the allocation, in accordance with IFRS 13 "Fair Value Measurement": financial instruments classified in level 3 are now the ones that are valued using a financial model based on market inputs which are unobservable or can only be observed in insufficiently active markets, and whose influence is significant on the fair value of the instrument as a whole. As at 31 December 2019, any transaction considered unobservable, according to the criteria in force on that date, led to the classification of the instrument in level 3, regardless of the significance of the input concerned. This second change led to a reclassification of some financial instruments from level 3 to level 2.

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

For financial instruments recognised at fair value on the balance sheet, fair value is determined primarily on the basis of the prices quoted in an active market. These prices can be adjusted if none are available on the balance sheet date or if the clearing value does not reflect transaction prices.

However, due notably to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Group does not have quoted prices in the markets.

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for swaps or the Black & Scholes formula for certain options and using valuation parameters that reflect current market conditions at the closing date. These valuation models are validated independently by the experts from the Market Risk Department of the Group's Risk Division.

Furthermore, the inputs used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of Market Activities, in accordance with the methodologies defined by the Market Risk Department.

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

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

The CVA is determined 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.

Similarly, an adjustment to take into account the costs or profits linked to the financing of these transactions (FVA, Funding Value Adjustment) is also performed.

Observable data must be: independent, available, publicly distributed, based on a narrow consensus and/or backed up by transaction prices.

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

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

SHARES AND OTHER EQUITY SECURITIES

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

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

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

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

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

OTHER DEBTS

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

CUSTOMER LOANS

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

5. ESTIMATES OF MAIN UNOBSERVABLE INPUTS

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

(In millions of euros)	Value in the balance sheet						
Cash instruments and derivatives [(1)]	**Assets**	**Liabilities**	**Main products**	**Valuation techniques used**	**Significant unobservable inputs**	**Range of inputs min & max**	
Equities / funds	1,369	28,894	Simple and complex instruments or derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets of stocks	Equity volatilities	10%	132.7%
					Equity dividends	0%	29.1%
					Correlations	-100%	97.8%
					Hedge fund volatilities	7.6%	20%
					Mutual fund volatilities	2.1%	26.1%
Rates / Forex	11,558	16,811	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	-46.4%	90%
			Forex derivatives	Forex option pricing models	Forex volatilities	0%	27.5%
			Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayment modelling	Constant prepayment rates	0%	20%
			Inflation instruments and derivatives	Inflation pricing models	Correlations	55%	88.9%
Credit	970	316	Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	0%	100%
					Recovery rate variance for single name underlyings	0%	100%
			Other credit derivatives	Credit default models	Time to default correlations	0%	100%
					Quanto correlations	-50%	40%
					Credit spreads	0 bps	1 000 bps
Commodities	25	23	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	-74.7%	93.8%
Long term equity investments	1,946	0	Securities held for strategic purposes	Net Book Value / Recent transactions	Non applicable	-	-
Total	**15,868**	**46,044**					

(1) Hybrid instruments are broken down by main unobservable inputs.

6. SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

Unobservable inputs are assessed carefully, particularly in this persistently uncertain economic environment and market. However, this unobservable nature induces a certain degree of uncertainty in their assessment.

To quantify this, fair value sensitivity was estimated at 30 June 2020 on instruments whose valuation requires certain unobservable inputs. This estimate was based either on a “standardised” variation in unobservable inputs, calculated for each input on a net position, or on assumptions in line with the additional valuation adjustment policies for the financial instruments in question.

The “standardised” variation is:

- either the standard deviation of consensus prices (TOTEM, etc.) used to measure an input nevertheless considered as unobservable; or
- the standard deviation of historic data used to measure the input.

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

	30.06.2020		31.12.2019	
(In millions of euros)	Negative impact	Positive impact	Negative impact	Positive impact
Shares and other equity instruments and derivatives	**(63)**	**182**	**(9)**	**79**
Equity volatilities	(18)	60	0	19
Dividends	(15)	42	(1)	13
Correlations	(30)	72	(8)	43
Hedge Fund volatility	0	0	0	0
Mutual Fund volatility	0	8	0	4
Rates or Forex instruments and derivatives	**(8)**	**34**	**(6)**	**43**
Correlations between exchange rates and/or interest rates	(5)	30	(4)	41
Forex volatilities	(2)	4	(1)	2
Constant prepayment rates	0	0	0	0
Inflation / inflation correlations	(1)	0	(1)	0
Credit instruments and derivatives	**0**	**8**	**(3)**	**13**
Time to default correlations	0	2	(3)	7
Recovery rate variance for single name underlyings	0	0	0	0
Quanto correlations	0	6	0	5
Credit spreads	0	0	0	1
Commodity derivatives	**0**	**0**	**0**	**1**
Commodities correlations	0	0	0	1
Long term securities	**NA**	**NA**	**NA**	**NA**

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

7. DEFERRED MARGIN RELATED TO MAIN UNOBSERVABLE INPUTS

At initial recognition, financial assets and liabilities are measured at fair value, that is to say the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When this fair value differs from transaction price and the instrument's valuation technique uses one or more unobservable inputs, this difference representative of a commercial margin is deferred in time to be recorded in the income statement, from case to case, at maturity of the instrument, at the time of sell or transfer, over time, or when the inputs become observable.

The table below shows the amount remaining to be recognised in the income statement due to this difference, less any amounts recorded in the income statement after initial recognition of the instrument.

(In millions of euros)	2020
Deferred margin as at 1 January	**1,151**
Deferred margin on new transactions during the period	475
Margin recorded in the income statement during the period	(434)
o/w amortisation	*(262)*
o/w switch to observable inputs	*(10)*
o/w disposed, expired or terminated	*(162)*
Deferred margin as at 30 June	**1,192**

NOTE 3.5 - LOANS, RECEIVABLES AND SECURITIES AT AMORTISED COST

OVERVIEW OF FINANCIAL ASSETS AT AMORTISED COST

	30.06.2020		31.12.2019	
(In millions of euros)	**Carrying amount**	*o/w impairment*	**Carrying amount**	*o/w impairment*
Due from banks	55,292	*(29)*	56,366	*(24)*
Customer loans	458,500	*(12,004)*	450,244	*(10,727)*
Securities	14,877	*(10)*	12,489	*(10)*
Total	**528,669**	***(12,043)***	**519,099**	***(10,761)***

1. DUE FROM BANKS

(In millions of euros)	30.06.2020	31.12.2019
Current accounts	26,129	20,717
Deposits and loans	15,240	17,269
Securities purchased under resale agreements	13,652	18,168
Subordinated and participating loans	121	88
Related receivables	131	118
Due from banks before impairments (1)	**55,273**	**56,360**
Credit loss impairment	(29)	(24)
Revaluation of hedged items	48	30
Total	**55,292**	**56,366**

(1) At 30 June 2020, the amount due from banks classified as Stage 3 impairment (non-performing loans) equals to EUR 36 million compared to EUR 38 million at 31 December 2019. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

2. CUSTOMER LOANS

(In millions of euros)	30.06.2020	31.12.2019
Overdrafts	19,925	19,181
Other customer loans [1]	405,101	388,167
Lease financing agreements	30,293	30,761
Securities purchased under resale agreements	11,261	19,541
Related receivables	3,457	2,937
Customer loans before impairments [2]	**470,037**	**460,587**
Credit loss impairment	(12,004)	(10,727)
Revaluation of hedged items	467	384
Total	**458,500**	**450,244**

(1) At 30 June 2020, this amount includes State guaranteed loans granted during the first half of 2020.

(2) At 30 June 2020, the amount due from customers classified as Stage 3 impairment (credit impaired) equals to EUR 17,459 million compared to EUR 15,976 million at 31 December 2019. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the carrying amount to the net carrying amount of the financial asset (see Note 3.7).

3. SECURITIES

(In millions of euros)	30.06.2020	31.12.2019
Government securities	6,890	6,005
Negotiable certificates, bonds and other debt securities	7,821	6,390
Related receivables	95	85
Securities before impairments	**14,806**	**12,480**
Impairment	(10)	(10)
Revaluation of hedged items	81	19
Total	**14,877**	**12,489**

NOTE 3.6 - DEBTS

1. DUE TO BANKS

(In millions of euros)	30.06.2020	31.12.2019
Demand deposits and current accounts	10,017	11,577
Overnight deposits and borrowings	3,919	3,680
Term deposits [(1)]	102,607	82,893
Related payables	109	186
Revaluation of hedged items	312	308
Securities sold under repurchase agreements	4,578	9,285
Total	**121,542**	**107,929**

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

2. CUSTOMER DEPOSITS

(In millions of euros)	30.06.2020	31.12.2019
Regulated savings accounts	96,693	96,642
Demand	*71,109*	*70,610*
Term	*25,584*	*26,032*
Other demand deposits [(1)]	260,954	229,756
Other term deposits [(1)]	81,246	82,817
Related payables	715	441
Revaluation of hedged items	198	196
Total customer deposits	**439,806**	**409,852**
Securities sold to customers under repurchase agreements	4,664	8,760
Total	**444,470**	**418,612**

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

3. DEBT SECURITIES ISSUED

(In millions of euros)	30.06.2020	31.12.2019
Term savings certificates	408	510
Bond borrowings	22,550	23,847
Interbank certificates and negotiable debt instruments	111,058	99,107
Related payables	549	776
Revaluation of hedged items	1,696	928
Total	**136,261**	**125,168**
o/w floating-rate securities	*58,914*	*49,343*

NOTE 3.7 - INTEREST INCOME AND EXPENSE

	1st half of 2020			2019			1st half of 2019		
(In millions of euros)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Financial instruments at amortised cost	6,488	(2,968)	3,520	14,907	(7,850)	7,057	7,678	(4,137)	3,541
Central banks	*78*	*(39)*	*39*	*427*	*(181)*	*246*	*247*	*(93)*	*154*
Bonds and other debt securities	*174*	*(872)*	*(698)*	*318*	*(2,096)*	*(1,778)*	*212*	*(1,089)*	*(877)*
Due from/to banks	*498*	*(512)*	*(14)*	*1,010*	*(1,632)*	*(622)*	*587*	*(886)*	*(299)*
Customer loans and deposits	*5,438*	*(1,162)*	*4,276*	*12,053*	*(3,123)*	*8,930*	*6,087*	*(1,599)*	*4,488*
Subordinated debt	*-*	*(251)*	*(251)*	*-*	*(516)*	*(516)*	*-*	*(276)*	*(276)*
Securities lending/borrowing	*3*	*(6)*	*(3)*	*10*	*(6)*	*4*	*2*	*(2)*	*-*
Repo transactions	*297*	*(126)*	*171*	*1,089*	*(296)*	*793*	*543*	*(192)*	*351*
Hedging derivatives	3,312	(2,375)	937	6,433	(4,632)	1,801	3,058	(2,129)	929
Financial instruments at fair value through other comprehensive income	229	(2)	227	752	(1)	751	340	-	340
Lease agreements	578	(21)	557	1,178	(44)	1,134	581	(22)	559
Real estate lease agreements	*90*	*(21)*	*69*	*189*	*(43)*	*146*	*95*	*(22)*	*73*
Non-real estate lease agreements	*488*	*-*	*488*	*989*	*(1)*	*988*	*486*	*-*	*486*
Subtotal interest income/expense on financial instruments using the effective interest method	**10,607**	**(5,366)**	**5,241**	**23,270**	**(12,527)**	**10,743**	**11,657**	**(6,288)**	**5,369**
Financial instruments mandatorily at fair value through profit or loss	226	-	226	442	-	442	201	-	201
Total Interest income and expense	**10,833**	**(5,366)**	**5,467**	**23,712**	**(12,527)**	**11,185**	**11,858**	**(6,288)**	**5,570**
o/w interest income from impaired financial assets	*130*	*-*	*130*	*280*	*-*	*280*	*154*	*-*	*154*

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

NOTE 3.8 - IMPAIRMENT AND PROVISIONS

The principles for measuring expected credit losses disclosed in the financial statements included in the 2020 Universal Registration Document continue to be applied in the condensed interim financial statements. However, some implementation rules of these principles have been adjusted in order to take into account the Covid-19 crisis context.

The main changes during the half year are detailed below:

UPDATE OF THE MODELS AND PARAMETERS USED FOR ESTIMATING EXPECTED CREDIT LOSSES

During the first quarter 2020, given the recent nature of the crisis and the limited amount of available information, the models and parameters used for estimating the expected credit losses had not been updated. To reflect the first impacts of the crisis, the amount of the expected credit losses had been adjusted by expert judgment on the main weakened segments.

On 30 June 2020, the models and parameters used for estimating the expected credit losses have been amended on the basis of the new macroeconomic scenarios described in the paragraph 5 of Note 1.

MODELS ADJUSTMENTS

The models used so far for estimating the expected credit losses were unable to reflect exactly the economic uncertainties related to the current crisis in the determination of future default rate.

The Group has consequently made some adjustments in its models to better reflect the impact of scenarios on the expected credit losses.

These adjustments focused primarily on the macroeconomic variables used to calibrate the probabilities of default.

- **GDP adjustment**

The lockdown measures taken by governments have caused a sharp drop in economic activity which is reflected in significant volatility in the quarterly GDP growth rates (year-on-year) in the forecasts for the years 2020 and 2021 in the countries in which the Group operates.

In addition, the authorities have adopted financial support measures for households and businesses to help them cope with this sudden deterioration in activity. Therefore, it seems likely that a time-lag will appear between the deterioration in the quality of credit portfolios and that of activity, the first being delayed with respect to the second.

In order to take this time-lag into account, the Group has revised its models and retained for 2020 and 2021 the (logarithmic) average of the variations in GDP compared to a base 100 in 2019. For example, for France, if we use a GDP at 94.2 in 2020 then 99.9 in 2021 in the central SG Base scenario, GDP will be smoothed to 96.8 over these two years.

This adjustment is applied to each of the four scenarios (SG Quick Exit, SG Base, SG Prolonged and SG Tail Risk) for the GDP series used to model expected credit losses (see paragraph 5 of Note 1).

The table below shows the adjusted GDP growth rates used in the models used to estimate expected credit losses (in percentages):

Combination of the 4 scenarios after adjustments:

	2019	2020	2021	2022	2023	2024
Euro Zone	1.2	(5.8)	(5.8)	0.5	1.0	1.4
France	1.3	(4.6)	(4.6)	0.6	1.0	1.4
United-States	2.3	(5.2)	(5.2)	0.8	1.6	2.1
China	6.1	2.7	2.7	4.4	4.5	4.5

- **Adjustment of the margin rate of French companies**

In France, the economic shock linked to the pandemic led to a drop of the profit margin of companies. According to the Group's economists, this deteriorated margin rate does not however take sufficient account of State support measures to reduce their financial difficulties, particularly through the *PGE* mechanism. To better reflect the impact of these measures, an add-on of 1.2 point margin has been included in the margin rate of French companies into all scenarios for 2020. However, no add-on was applied over the remainder of the forecast horizon for expected credit losses.

It should be noted that if the government were to end part of the support measures put in place in the second quarter of 2020, the Group would have to scale down the add-on to the margin rate of French companies.

In addition to the adjustments on macroeconomic variables, corrections were made to the probabilities of default retained for certain scopes (15% decrease by expert opinion), the Group considering that the data from the models on these scopes were overestimated compared to expectations.

As at 30 June 2020, the adjustments thus made to the macroeconomic variables and probabilities of default led the Group to reduce the amount of impairment and provisions for credit risk by 236 million euros.

SECTOR ADJUSTMENTS

The different models used to estimate the expected credit losses may be supplemented by sector adjustments that increase or decrease the amount of expected credit losses. These adjustments allow to better anticipate defaults or recoveries in certain cyclical sectors. During the second quarter, these adjustments have been reviewed and supplemented to take into account the specific risk on sectors particularly affected by the Covid-19 crisis. The total sector adjustments amount to 344 million euros as at 30 June 2020 (244 million euros as at 31 December 2019).

ADJUSTMENTS ON THE OUTSTANDING LOANS UNDER SIMPLIFIED APPROACH

For the entities whithout any developed models for estimating the correlations between the macroeconomic variables and the probability of default, adjustments have also been performed to reflect the deterioration of credit risk on some portfolios when this deterioration could not be measured by a line by line analysis of the outstanding loans. These adjustments amount to 129 million euros as at 30 June 2020 (78 million euros as at 31 December 2019).

COVID-19 SUPPORT MEASURES

To support the customers weakened by the crisis, two main support measures have been decided in connection with the public authorities:

- moratoriums have been granted in order to defer for a few months the repayment of loans instalments (principal and interests);
- State guaranteed loans have been granted. In France, such loans (*PGE)* have been granted within the framework of the 2020 French Amending Finance Act and the conditions set by the Ministerial order of 23 March 2020: these financings are granted at cost and State guaranteed up to 90%.

The details of these support measures, the financial stakes associated as well as the accounting treatments applied are described in the paragraph 5 part of Note 1 dedicated to the Covid-19 crisis consequences on the Group financial statements.

OVERVIEW OF IMPAIRMENT AND PROVISIONS

(In millions of euros)	30.06.2020	31.12.2019
Impairment of financial assets at fair value through other comprehensive income	9	9
Impairment of financial assets at amortised cost	12,309	10,976
Loans and receivables at amortised cost	*12,043*	*10,761*
Other assets at amortised cost (1)	*266*	*215*
Total impairment of financial assets	**12,318**	**10,985**
Provisions on financing commitments	354	244
Provisions on guarantee commitments	475	396
Total credit risk provisions	**829**	**640**

(1) o/w EUR 176 million of impairment on operating lease receivables as at 30 June 2020 vs. EUR 145 million as at 31 December 2019. In compliance with the simplified approach permitted by the standard, this impairment is calculated as lifetime expected credit losses since their initial recognition. Those receivables are presented under Miscellaneous receivables (see Note 4.4).

1. IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN OF FINANCIAL ASSETS IMPAIRMENT

(In millions of euros)	**Amount as at 31.12.2019**	Allocations	Write-backs available	**Net impairment losses**	**Write-backs used**	**Currency and scope effects**	**Amount as at 30.06.2020**
Financial assets at fair value through other comprehensive income							
Impairment on performing outstandings (Stage 1)	1	-	-	-		-	1
Impairment on under-performing outstandings (Stage 2)	-	-	-	-		-	-
Impairment on doubtful outstandings (Stage 3)	8	-	-	-	-	-	8
Total	**9**	**-**	**-**	**-**	**-**	**-**	**9**
Financial assets measured at amortised cost							
Impairment on performing outstandings (Stage 1)	902	764	(492)	272		(16)	1,158
Impairment on under-performing outstandings (Stage 2)	1,042	1,270	(786)	484		(12)	1,514
Impairment on doubtful outstandings (Stage 3)	9,032	2,864	(1,685)	1,179	(474)	(100)	9,637
Total	**10,976**	**4,898**	**(2,963)**	**1,935**	**(474)**	**(128)**	**12,309**
o/w lease financing and similar agreements	***742***	***217***	***(96)***	***121***	***(22)***	***(18)***	***823***
Impairment on performing outstandings (Stage 1)	*90*	*34*	*(18)*	*16*		*(2)*	*104*
Impairment on under-performing outstandings (Stage 2)	*91*	*79*	*(27)*	*52*		*(6)*	*137*
Impairment on doubtful outstandings (Stage 3)	*561*	*104*	*(51)*	*53*	*(22)*	*(10)*	*582*

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

(In millions of euros)	**Amount as at 31.12.2019**	**Production & Acquisition**	**Dere-cognition [1]**	**Transfer between stages of impairment**	**Other variations**	**Amount as at 30.06.2020**
Financial assets at fair value through other comprehensive income						
Impairment on performing outstandings (Stage 1)	1	-	-	-	0	1
Impairment on under-performing outstandings (Stage 2)	-	-	-	-	-	-
Impairment on doubtful outstandings (Stage 3)	8	-	-	-	0	8
Total	**9**	**-**	**-**	**-**	**-**	**9**
Financial assets at amortised cost						
Impairment on performing outstandings (Stage 1)	902	290	(150)	(132)	248	1,158
Impairment on under-performing outstandings (Stage 2)	1,042	308	(147)	416	(105)	1,514
Impairment on doubtful outstandings (Stage 3)	**9,032**	**59**	**(598)**	**641**	**503**	**9,637**
Total	**10,976**	**657**	**(895)**	**925**	**646**	**12,309**
o/w lease financing and similar agreements	***742***	***24***	***53***	***46***	***(42)***	***823***
Impairment on performing outstandings (Stage 1)	*90*	*12*	*-*	*(8)*	*10*	*104*
Impairment on under-performing outstandings (Stage 2)	*91*	*10*	*2*	*28*	*6*	*137*
Impairment on doubtful outstandings (Stage 3)	*561*	*2*	*51*	*26*	*(58)*	*582*

(1) Including repayments, disposals and debt waivers.

2. CREDIT RISK PROVISIONS

BREAKDOWN OF PROVISIONS ON FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

(In millions of euros)	Amount as at 31.12.2019	Allocations	Write-backs available	Net impairment losses	Currency and scope effects	Amount as at 30.06.2020
Financing commitments						
Provisions on performing outstandings (Stage 1)	102	129	(72)	57	-	159
Provisions on under-performing outstandings (Stage 2)	105	133	(81)	52	-	157
Provisions on doubtful outstandings (Stage 3)	37	44	(59)	(15)	16	38
Total	**244**	**306**	**(212)**	**94**	**16**	**354**
Guarantee commitments						
Provisions on performing outstandings (Stage 1)	34	38	(17)	21	(1)	54
Provisions on under-performing outstandings (Stage 2)	80	50	(16)	34	-	114
Provisions on doubtful outstandings (Stage 3)	282	94	(43)	51	(26)	307
Total	**396**	**182**	**(76)**	**106**	**(27)**	**475**

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

(In millions of euros)	Amount as at 31.12.2019	Production & Acquisition	Dere-cognition [1]	Transfer between stages of impairment	Other variations	Amount as at 30.06.2020
Financing commitments						
Provisions on performing outstandings (Stage1)	102	41	(39)	(4)	59	159
Provisions on under-performing outstandings (Stage 2)	105	8	(30)	74	-	157
Provisions on doubtful outstandings (Stage 3)	37	5	(23)	1	18	38
Total	**244**	**54**	**(92)**	**71**	**77**	**354**
Guarantee commitments						
Provisions on performing outstandings (Stage1)	34	10	(7)	(2)	19	54
Provisions on under-performing outstandings (Stage 2)	80	3	(6)	21	16	114
Provisions on doubtful outstandings (Stage 3)	282	6	(39)	10	48	307
Total	**396**	**19**	**(52)**	**29**	**83**	**475**

(1) Including repayments, disposals and debt waivers.

The increase in credit risk impairment and provisions of EUR 1,522 million during the first half of 2020 is mainly due to:

- the update of the models and parameters for expected credit losses calculation on Stage 1 & Stage 2 (EUR 636 million in total including above-mentioned adjustments);
- many denotchings and transfers of credit outstandings in Stage 2 especially on the Corporate portfolio (+95%, EUR +11.9 billion) given the deteriorated economic context;
- an increase in doubtful credit outstandings (Stage 3) on the Corporate portfolio (+10%) as well as significant additional allocations on doubtful credit outstandings.

3. COST OF RISK

(In millions of euros)	**1st half of 2020**	**2019**	**1st half of 2019**
Net allocation to impairment losses	(1,935)	(1,202)	(535)
On financial assets at fair value through other comprehensive income	-	*2*	*2*
On financial assets at amortised cost	*(1,935)*	*(1,204)*	*(537)*
Net allocations to provisions	(200)	12	15
On financing commitments	*(94)*	*47*	*22*
On guarantee commitments	*(106)*	*(35)*	*(7)*
Losses not covered on irrecoverable loans	(73)	(292)	(127)
Amounts recovered on irrecoverable loans	49	184	69
Income from guarantee not taken into account for the calculation of impairment [(1)]	60	20	-
Total	**(2,099)**	**(1,278)**	**(578)**

(1) The income from the guarantees not taken into account for the calculation of impairments corresponds to financial guarantees received in the context of credit risk transfer operations to entities external to the Group. These transfer transactions were initiated in the second semester of 2019.

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

1. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	30.06.2020	
(In millions of euros)	**Carrying amount**	**Fair value**
Due from banks	55,292	55,298
Customer loans	458,500	459,245
Debt securities	14,877	15,063
Total	**528,669**	**529,606**

	31.12.2019	
(In millions of euros)	**Carrying amount**	**Fair value**
Due from banks	56,366	56,370
Customer loans	450,244	451,398
Debt securities	12,489	12,705
Total	**519,099**	**520,473**

2. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	30.06.2020	
(In millions of euros)	**Carrying amount**	**Fair value**
Due to banks	121,542	121,418
Customer deposits	444,470	444,474
Debt securities issued	136,261	136,617
Subordinated debt	14,662	14,664
Total	**716,935**	**717,173**

	31.12.2019	
(In millions of euros)	**Carrying amount**	**Fair value**
Due to banks	107,929	107,976
Customer deposits	418,612	418,705
Debt securities issued	125,168	125,686
Subordinated debt	14,465	14,467
Total	**666,174**	**666,834**

NOTE 4 - OTHER ACTIVITIES

NOTE 4.1 - FEE INCOME AND EXPENSE

	1st half of 2020			2019			1st half of 2019		
(In millions of euros)	Income	Expense	Net	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**80**	**(62)**	**18**	**157**	**(149)**	**8**	**76**	**(73)**	**3**
Transactions with customers	**1,402**	**-**	**1,402**	**3,072**	**-**	**3,072**	**1,540**	**-**	**1,540**
Financial instruments transactions	**1,179**	**(1,230)**	**(51)**	**2,261**	**(2,351)**	**(90)**	**1,100**	**(1,148)**	**(48)**
Securities transactions	280	(558)	(278)	523	(1,019)	(496)	204	(467)	(263)
Primary market transactions	60	-	60	126	-	126	65	-	65
Foreign exchange transactions and financial derivatives	839	(672)	167	1,612	(1,332)	280	831	(681)	150
Loan and guarantee commitments	**379**	**(123)**	**256**	**772**	**(213)**	**559**	**385**	**(99)**	**286**
Various services	**1,250**	**(502)**	**748**	**2,806**	**(1,098)**	**1,708**	**1,433**	**(545)**	**888**
Asset management fees	294	-	294	610	-	610	287	-	287
Means of payment fees	385	-	385	914	-	914	450	-	450
Insurance product fees	128	-	128	241	-	241	115	-	115
Underwriting fees of UCITS	38	-	38	80	-	80	37	-	37
Other fees	405	(502)	(97)	961	(1,098)	(137)	544	(545)	(1)
Total	**4,290**	**(1,917)**	**2,373**	**9,068**	**(3,811)**	**5,257**	**4,534**	**(1,865)**	**2,669**

NOTE 4.2 - INCOME AND EXPENSE FROM OTHER ACTIVITIES

	1st half of 2020			2019			1st half of 2019		
(In millions of euros)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Real estate development	25	(1)	24	96	-	96	48	(1)	47
Real estate leasing	24	(10)	14	48	(34)	14	41	(13)	28
Equipment leasing [(1)]	5,125	(3,676)	1,449	10,889	(7,758)	3,131	5,331	(3,782)	1,549
Other activities	229	(907)	(678)	596	(1,993)	(1,397)	212	(886)	(674)
Total	**5,403**	**(4,594)**	**809**	**11,629**	**(9,785)**	**1,844**	**5,632**	**(4,682)**	**950**

(1) The amount recorded under this heading is mainly due to income and expense related to long-term leasing and car fleet management businesses.

NOTE 4.3 - INSURANCE ACTIVITIES

1. INSURANCE CONTRACTS RELATED LIABILITIES

BREAKDOWN OF INSURANCE CONTRACTS RELATED LIABILITIES

(In millions of euros)	30.06.2020	31.12.2019
Underwriting reserves of insurance companies	136,718	140,155
Financial liabilities of insurance companies	3,983	4,104
Financial liabilities at fair value through profit or loss	769	834
Financial liabilities at fair value through profit or loss (fair value option)	3,214	3,270
Total	**140,701**	**144,259**

UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In millions of euros)	30.06.2020	31.12.2019
Life insurance underwriting reserves for unit-linked policies	31,997	32,611
Other life insurance underwriting reserves	93,363	94,714
Non-life insurance underwriting reserves	1,583	1,556
Deferred profit-sharing booked in liabilities	9,775	11,274
Total	**136,718**	**140,155**
Attributable to reinsurers	(749)	(750)
Underwriting reserves of insurance net of the share attributable to reinsurers	**135,969**	**139,405**

In accordance with IFRS 4 and Group accounting standards, the Liability Adequacy Test (LAT) was performed as at 30 June 2020. This test assesses whether the insurance liabilities recognised are sufficient. The result of the test as at 30 June 2020 did not show any insufficiency of technical liabilities.

2. INVESTMENTS OF THE INSURANCE ACTIVITIES

OVERVIEW OF THE INVESTMENTS OF THE INSURANCE ACTIVITIES

(In millions of euros)	30.06.2020	31.12.2019
Financial assets at fair value through profit or loss (trading portfolio)	361	268
Shares and other equity instruments	*50*	*37*
Trading derivatives	*311*	*231*
Financial assets at fair value through profit or loss (fair value option)	63,847	65,718
Bonds and other debt instruments	*31,523*	*31,719*
Shares and other equity instruments	*32,018*	*33,694*
Loans, receivables and repo transactions	*306*	*305*
Hedging derivatives	457	438
Available-for-sale financial assets	92,014	91,899
Debt instruments	*76,050*	*75,839*
Equity instruments	*15,964*	*16,060*
Due from banks (2)	5,880	5,867
Customer loans	79	92
Held-to-maturity financial assets	36	80
Real estate investments	545	576
Total investments of insurance activities (1) (2)	**163,219**	**164,938**

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

(2) o/w EUR 1,137 million of current accounts as at 30 June 2020 (after elimination of intercompany operations) vs. EUR 1,126 million as at 31 December 2019.

ANALYSIS OF FINANCIAL ASSETS DEPENDING ON THEIR CONTRACTUAL CHARACTERISTICS

The following table shows the carrying value of the financial assets included in Investments of insurance activities, whereby those assets whose contractual conditions give rise to cash-flows on set dates which are solely payments of principal and interest (basic instruments).

	30.06.2020					
	Carrying amount			Fair value		
(In millions of euros)	Basic instruments	Other instruments	**Total**	Basic instruments	Other instruments	**Total**
Financial assets at fair value through profit or loss	-	64,208	64,208	-	64,208	64,208
Hedging derivatives	-	457	457	-	457	457
Available-for-sale financial assets	72,236	19,778	92,014	72,236	19,778	92,014
Due from banks	2,770	3,110	5,880	2,945	3,182	6,127
Customer loans	79	-	79	77	-	77
Held-to-maturity financial assets	36	-	36	36	-	36
Total financial investments	**75,121**	**87,553**	**162,674**	**75,294**	**87,625**	**162,919**

	31.12.2019					
	Carrying amount			Fair value		
(In millions of euros)	Basic instruments	Other instruments	**Total**	Basic instruments	Other instruments	**Total**
Financial assets at fair value through profit or loss	-	65,986	65,986	-	65,986	65,986
Hedging derivatives	-	438	438	-	438	438
Available-for-sale financial assets	72,349	19,550	91,899	72,349	19,550	91,899
Due from banks	2,805	3,062	5,867	3,012	3,178	6,190
Customer loans	92	-	92	90	-	90
Held-to-maturity financial assets	-	80	80	-	80	80
Total financial investments	**75,246**	**89,116**	**164,362**	**75,451**	**89,232**	**164,683**

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

	30.06.2020			
(In millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss (trading portfolio)	50	308	3	361
Financial assets at fair value through profit or loss using the fair value option	56,582	6,898	367	63,847
Hedging derivatives	-	457	-	457
Available-for-sale financial assets	84,395	7,405	214	92,014
Total	**141,027**	**15,068**	**584**	**156,679**

	31.12.2019			
(In millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss (trading portfolio)	37	190	41	268
Financial assets at fair value through profit or loss using the fair value option	58,874	6,483	361	65,718
Hedging derivatives	-	438	-	438
Available-for-sale financial assets	84,435	7,252	212	91,899
Total	**143,346**	**14,363**	**614**	**158,323**

CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	2020
Balance as at 1st January	**91,899**
Acquisitions	5,631
Disposals / redemptions	(3,844)
Transfers to held-to-maturity financial assets	3
Change in scope and others	(604)
Gains and losses on changes in fair value recognised directly in equity during the period	(839)
Impairment losses on equity instruments recognised in profit or loss	(161)
Translation differences	(71)
Balance as at 30 June	**92,014**

The Covid-19 sanitary crisis evolved into an economic crisis which led the Group to recognise losses on available-for-sale financial assets amounting to EUR 161 million over the 1st half of 2020.

These impairments recognised in the income statement among Net income of insurance activities are mainly affecting UCITS shares and stocks that are in a prolonged capital loss situation; they are mostly compensated in the income statement by reversals on the provisions for deferred profit-sharing as at 30 June 2020.

No significant counterparty risk has been identified on debt instruments as at 30 June 2020.

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

	30.06.2020		
(In millions of euros)	Capital gains	Capital losses	Net revaluation
Unrealised gains and losses of insurance companies	**626**	**(30)**	**596**
On available-for-sale equity instruments	*1,595*	*(225)*	*1,370*
On available-for-sale debt instruments and assets reclassified as loans and receivables	*7,637*	*(367)*	*7,270*
Deferred profit-sharing	*(8,606)*	*562*	*(8,044)*

	31.12.2019		
(In millions of euros)	Capital gains	Capital losses	Net revaluation
Unrealised gains and losses of insurance companies	**556**	**(30)**	**526**
On available-for-sale equity instruments	*2,047*	*(75)*	*1,972*
On available-for-sale debt instruments and assets reclassified as loans and receivables	*7,921*	*(240)*	*7,681*
Deferred profit-sharing	*(9,412)*	*285*	*(9,127)*

3. NET INCOME FROM INSURANCE ACTIVITIES

The following table shows the breakdown of income and expense from insurance activities and associated investments on a separate line under Net Banking Income: Net income from insurance activities (after eliminating intercompany transactions).

(In millions of euros)	1st half of 2020	2019	1st half of 2019
Net premiums	5,388	14,188	6,919
Net income from investments	744	3,655	1,812
Cost of benefits (including changes in reserves) (1)	(5,185)	(15,736)	(7,721)
Other net technical income (expense)	91	(182)	(112)
Net income of insurance activities	**1,038**	**1,925**	**898**
Funding costs	(3)	(5)	(2)
Net banking income of insurance companies	**1,035**	**1,920**	**896**

(1) o/w EUR -805 million in respect of deferred profit-sharing as at 30 June 2020.

NOTE 4.4 - OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

(In millions of euros)	30.06.2020	31.12.2019
Guarantee deposits paid [(1)]	59,999	48,630
Settlement accounts on securities transactions	5,545	6,915
Prepaid expenses	1,200	1,084
Miscellaneous receivables [(2)]	9,007	10,065
Miscellaneous receivables - insurance	1,839	1,653
Gross amount	**77,590**	**68,347**
Impairments	(394)	(302)
Credit risk on operating lease receivables	*(176)*	*(145)*
Credit risk on assets acquired by adjudication	*(90)*	*(70)*
Other risks	*(128)*	*(87)*
Net amount	**77,196**	**68,045**

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

(2) Miscellaneous receivables primarily include trade receivables, fee income and income from other activities to be received. The operating leases receivables equal to EUR 921 million as at 30 June 2020.

2. OTHER LIABILITIES

(In millions of euros)	30.06.2020	31.12.2019
Guarantee deposits received [(1)]	60,420	49,321
Settlement accounts on securities transactions	7,252	7,356
Expenses payable on employee benefits	1,664	2,364
Lease liability	2,172	2,251
Deferred income	1,617	1,596
Miscellaneous payables [(2)]	11,893	13,194
Miscellaneous payables - insurance	9,097	8,980
Total	**94,115**	**85,062**

(1) Mainly relates to guarantee deposits received on financial instruments, their fair value is taken to be the same as their book value.

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

NOTE 5 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

1. PERSONNEL EXPENSES

(In millions of euros)	1st half of 2020	2019	1st half of 2019
Employee compensation	(3,268)	(7,240)	(3,736)
Social security charges and payroll taxes	(786)	(1,660)	(813)
Net pension expenses - defined contribution plans	(338)	(759)	(353)
Net pension expenses - defined benefit plans	(47)	(10)	(26)
Employee profit-sharing and incentives	(58)	(286)	(163)
Total	**(4,497)**	**(9,955)**	**(5,091)**
Including net expenses from share - based payments	*(60)*	*(171)*	*(58)*

2. DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In millions of euros)	Provisions as at 31.12.2019	Allocations	Write-backs available	Net allocation	Write-backs used	Actuarial gains and losses	Currency and scope effects	Provisions as at 30.06.2020
Post-employment benefits	**1,620**	43	(14)	**29**	**(28)**	**(29)**	**16**	**1,608**
Other long-term benefits	**440**	70	(19)	**51**	**(47)**	**-**	**1**	**445**
Termination benefits	**356**	22	(24)	**(2)**	**(59)**	**-**	**(10)**	**285**
Total	**2,416**	**135**	**(57)**	**78**	**(134)**	**(29)**	**7**	**2,338**

3. DESCRIPTION OF THE 2020 SHARE-BASED PAYMENT PLANS

2020 SOCIETE GENERALE FREE SHARES PLAN [1]

Date of shareholders' agreement	23.05.2018
Date of Board of Directors' decision	12.03.2020
Number of free shares granted	1,175,726
Number of free shares outstanding at 30.06.2020	1,174,982
Vesting period	12.03.2020 - 31.03.2023
Performance conditions [2]	yes
Fair value (% of the share price as at grant date)	72.4%
Method of valuation	Arbitrage

(1) Excluding shares awarded within the framework of the specific retention and remuneration policy concerning employees working in activities considered as having significant impact on the Group's risk profile and as defined by the Directive CRD4 in effect since 1 January 2014 (i.e. regulated staff).

(2) The performance conditions are based on the Net income, Group share.

2020 SOCIETE GENERALE PERFORMANCE SHARES PLAN (1)

Date of General Meeting	23.05.2018	
Date of Board Meeting	12.03.2020	
Total number of shares granted	1,369,688	
Vesting dates		
Sub-plans 2/3 and 7	1st instalment	31.03.2022
	2nd instalment	31.03.2023
Sub-plan 4		31.03.2023
Sub-plan 5	1st instalment	31.03.2024
	2nd instalment	31.03.2025
Sub-plan 6	1st instalment	31.03.2024
	2nd instalment	31.03.2026
Holding period end dates		
Sub-plans 2/3 and 7	1st instalment	01.10.2022
	2nd instalment	01.10.2023
Sub-plan 4		01.10.2023
Sub-plan 5	1st instalment	01.10.2024
	2nd instalment	01.10.2025
Sub-plan 6	1st instalment	01.04.2025
	2nd instalment	01.04.2027
Performance conditions (2)	yes	
Fair value *(in EUR)* (3)		
Sub-plans 2/3 and 7	1st instalment	11.62
	2nd instalment	10.76
Sub-plan 4		10.76
Sub-plan 5	1st instalment	9.2
	2nd instalment	8.8
Sub-plan 6	1st instalment	6.3
	2nd instalment	5.9

(1) Under the annual employee plan and awards in the context of the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including Chief Executive Officers and Management Committee members).

(2) The performance conditions are based on the profitability level of Societe Generale group and its core business or business activity.

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

NOTE 6 - INCOME TAX

1. INCOME TAX

(In millions of euros)	1st half of 2020	2019	1st half of 2019
Current taxes	(380)	(968)	(582)
Deferred taxes	(232)	(296)	(63)
Total	**(612)**	**(1,264)**	**(645)**

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

The table below does not take account of the amount of EUR 650 million of deferred tax assets that can no longer be recognised within the France tax group as at 30 June 2020.

(In millions of euros)	1st half of 2020	2019	1st half of 2019
Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill	**(87)**	**5,339**	**2,707**
Normal tax rate applicable to French companies (including 3.3% national contribution)	32.02%	34.43%	34.43%
Permanent differences	(51.90)%	(4.34)%	(2.51)%
Differential on securities with tax exemption or taxed at reduced rate	(15.15)%	2.74%	2.72%
Tax rate differential on profits taxed outside France	126.44%	(9.13)%	(10.51)%
Impact of non-deductible losses and use of tax losses carried forward	(48.16)%	(0.03)%	(0.32)%
Group effective tax rate	**43.25%**	**23.67%**	**23.81%**

In compliance with the French tax provisions that define the ordinary corporate tax rate, the latter will be gradually lowered to reach 25% in 2022 according to the following trajectory for liable companies with a turnover equal to or greater than 250 million of euros (article 219 of the French tax code):

- for fiscal years opened from 1 January 2020 to 31 December 2020, an ordinary tax rate of 31%, plus the existing national contribution (*CSB*) of 3.3%;
- for fiscal years opened from 1 January 2021 to 31 December 2021, an ordinary tax rate of 27.5%, plus the existing national contribution (*CSB*) of 3.3%.

Deferred taxes on French companies are determined by applying the tax rate in effect as at the reversal of the temporary difference. Regarding the gradual reduction in French tax rate until 2022 (including *CSB*):

- for income taxed at the ordinary tax rate: the rate is 32.02% in 2020, 28.41% in 2021 and 25.83% from 2022;
- for long-term income exempted, subject to taxation of a portion of fees and expenses of 12%: the rate is 3.84% in 2020, 3.41% in 2021 and 3.10% from 2022.

Long-term capital gains on equity investments are exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate. This portion of fees and expenses is 12% of gross capital gains only if the company realises a net long-term capital gain.

Furthermore, under the parent-subsidiary regime, dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to taxation of a portion of fees and expenses of 1% or 5% at the full statutory tax rate.

2. TAX ASSETS AND LIABILITIES

TAX ASSETS

(In millions of euros)	**30.06.2020**	**31.12.2019**
Current tax assets	661	1,038
Deferred tax assets	4,391	4,741
o/w deferred tax assets on tax loss carryforwards	*2,223*	*2,659*
o/w deferred tax assets on temporary differences	*2,168*	*2,082*
Total	**5,052**	**5,779**

TAX LIABILITIES

(In millions of euros)	**30.06.2020**	**31.12.2019**
Current tax liabilities	387	602
Provisions for tax adjustments	95	101
Deferred tax liabilities	757	706
Total	**1,239**	**1,409**

The Group performs an annual review of the tax loss carryforwards, taking into account the tax system applicable to each tax entity (or tax group) concerned and a realistic forecast of its tax results. For this purpose, the tax results are determined on the basis of the 2020-2023 projections of the businesses performance. The tax results also include accounting and tax adjustments (including the reversal of the deferred tax assets and liabilities bases on temporary differences) applicable to the entities and jurisdictions concerned. These adjustments are determined on the basis of historical tax results and the Group's tax expertise. An extrapolation is performed from the year 2024 (corresponding to a "normative" year) and over a timeframe considered reasonable and depending on the nature of the activities carried out within each tax entity.

On principle, the appreciation of the macro-economic factors selected and internal estimates used to determine the tax results contain risks and uncertainties about their materialisation over the estimated horizon of the absorption of losses. These risks and uncertainties concern the possible changes in applicable tax rules (computation of the tax result, as well as rules of allocation of tax loss carryforwards) or the achievement of the assumptions selected.

As at 30 June 2020, the Group carried out a specific review of tax loss carryforwards by integrating the consequences and uncertainties generated by the Covid-19 crisis in the projections of tax results. In this context, these projections have been reviewed based on two macroeconomic scenarios (a central scenario SG Base weighted at 70% and a more pessimistic scenario of a prolonged health crisis SG Prolonged weighted at 30%, both described in Note 1) established by the Group's economists.

These projections show a risk of partial non-recovery within the French tax group over a reasonable timeframe. As a result, deferred tax assets can no longer be recognized at the end of June for EUR 650 million. This results in particular from the impacts of the Covid-19 crisis on the generation of income from market activities in 2020 as well as the decline in income prospects in the financial trajectory according to the crisis effects. This variation is presented under Deferred tax assets on tax loss carryforwards.

Sensitivity tests are also carried out to measure the impact of the variation of certain assumptions on the recoverability of deferred tax assets. The results of these sensitivity tests show that a weighting of the SG Base scenario to 65% (instead of 70%) and the SG Prolonged scenario to 35% (instead of 30%) resulted in a decrease in the deferred tax assets value of EUR 56 million.

3. DEFERRED TAX ASSETS RECOGNISED ON TAX LOSS CARRYFORWARDS

As at 30 June 2020, based on the tax system of each entity and a realistic projection of their tax income, the projected period for deferred tax asset recovery is indicated in the table below:

(In millions of euros)	**30.06.2020**	**Statutory time limit on carryforwards**	**Expected recovery period**
Total deferred tax assets relating to tax loss carryforwards	**2,223**	**-**	**-**
o/w French tax group	*1,812*	*Unlimited (1)*	*12 years*
o/w US tax group	*338*	*20 years (2)*	*7 years*
Others	*73*	-	-

(1) In accordance with the 2013 French Finance Act, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.

(2) Tax losses generated before 31 December 2011.

As at 30 June 2020, the main unrecognised deferred tax assets represent a total of EUR 1,150 million (compared to EUR 467 million as at 31 December 2019). They mostly concern the French tax group, with EUR 650 million (compared to a nil amount as at 31 December 2019), the US tax group, with EUR 411 million (compared to EUR 413 million as at 31 December 2019), and SG Singapore with EUR 69 million (compared to EUR 35 million as at 31 December 2019). These deferred tax assets may be recognised on the balance sheet depending on the probability that a future taxable income will allow their recovery.

With regard to the tax treatment of the loss caused by the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 does not call into question its validity in light of the 2011 opinion of the French Supreme Administrative Court (*Conseil d'Etat*) and its established case law which was recently confirmed again in this regard. Consequently, Societe Generale considers that the related tax loss remains recoverable against the future taxable income.

However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and recently confirmed that they intended to call into question the deductibility of the loss caused by the actions of Jérôme Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by a tax adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carryforwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the bank's forecasts. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale group will not fail to assert its rights before the competent courts.

NOTE 7 - SHAREHOLDERS’ EQUITY

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

1. ORDINARY SHARES AND CAPITAL RESERVES

(In millions of euros)	30.06.2020	31.12.2019
Issued capital	1,067	1,067
Issuing premiums and capital reserves	21,441	21,417
Elimination of treasury stock	(424)	(515)
Total	**22,084**	**21,969**

ORDINARY SHARES ISSUED BY SOCIETE GENERALE S.A.

(Number of shares)	30.06.2020	31.12.2019
Ordinary shares	853,371,494	853,371,494
Including treasury stock with voting rights [1]	*2,238,415*	*3,706,880*
Including shares held by employees	*66,380,200*	*57,369,330*

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

As at 30 June 2020, Societe Generale S.A.’s fully paid up capital amounted to EUR 1,066,714,367.50 and was made up of 853,371,494 shares with a nominal value of EUR 1.25.

2. TREASURY STOCK

At 30 June 2020, the Group held 8,787,800 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 1.03% of the capital of Societe Generale S.A.

The amount deducted by the Group from its equity for treasury shares (and related derivatives) came to EUR 424 million, including EUR 335 million in shares held for trading purposes.

The change in treasury stock during the first half of year 2020 breaks down as follows:

(In millions of euros)	Liquidity contract	Trading activities	Treasury stock and active management of shareholders’ equity	Total
Disposals net of purchases	-	40	51	**91**
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders’ equity	-	(4)	(55)	**(59)**

3. EQUITY INSTRUMENTS ISSUED

As at 30 June 2020, the equity instruments issued by the Group amounted to a total of EUR 8,031 million. The change in the first half of 2020 reflects the release of a deeply subordinated note in US dollars, for a total of EUR 1,102 million.

4. EFFECT OF THE CHANGES IN THE SCOPE OF CONSOLIDATION

The effects of the changes in the scope of consolidation recorded in Equity, group share for EUR 91 million are mainly related to the revaluation of the debt linked to the put option on Non-controlling interests.

NOTE 7.2 - EARNINGS PER SHARE AND DIVIDENDS

1. EARNINGS PER SHARE

(In millions of euros)	1st half of 2020	2019	1st half of 2019
Net income, Group share	(1,590)	3,248	1,740
Attributable remuneration to subordinated and deeply subordinated notes	(320)	(708)	(355)
Issuance fees related and deeply subordinated notes	-	(4)	(2)
Net income attributable to ordinary shareholders	**(1,910)**	**2,536**	**1,383**
Weighted average number of ordinary shares outstanding (1)	850,643,440	829,901,725	816,726,466
Earnings per ordinary share (in euros)	**(2.25)**	**3.05**	**1.69**
Average number of ordinary shares used in the dilution calculation	-	-	-
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	850,643,440	829,901,725	816,726,466
Diluted earnings per ordinary share (in euros)	**(2.25)**	**3.05**	**1.69**

(1) Excluding treasury shares.

2. DIVIDENDS PAID

In accordance with the European Central Bank's recommendation of 27 March 2020 relative to dividends distribution policies during the Covid-19 crisis, Societe Generale did not pay dividends on its ordinary shares in the first half of 2020 for the 2019 financial year.

Dividends paid on ordinary shares in 2019 for the 2018 financial year amounted to EUR 1,770 million in Group share.

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1 - SEGMENT REPORTING

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

	Societe Generale group			French Retail Banking			Corporate Centre [1]		
(In millions of euros)	1st half of 2020	2019	1st half of 2019	1st half of 2020	2019	1st half of 2019	1st half of 2020	2019	1st half of 2019
Net banking income	10,466	24,671	12,475	3,634	7,746	3,910	(389)	(152)	(140)
Operating expenses [2]	(8,538)	(17,727)	(9,059)	(2,683)	(5,700)	(2,834)	(183)	(94)	65
Gross operating income	**1,928**	**6,944**	**3,416**	**951**	**2,046**	**1,076**	**(572)**	**(246)**	**(75)**
Cost of risk	(2,099)	(1,278)	(578)	(691)	(467)	(223)	-	(17)	(19)
Operating income	**(171)**	**5,666**	**2,838**	**260**	**1,579**	**853**	**(572)**	**(263)**	**(94)**
Net income from investments accounted for using the equity method	5	(129)	15	2	8	4	-	(152)	3
Net income / expense from other assets [3]	84	(327)	(131)	136	58	2	(77)	(394)	(134)
Value adjustments on goodwill	(684)	-	-	-	-	-	(684)	-	-
Earnings before tax	**(766)**	**5,210**	**2,722**	**398**	**1,645**	**859**	**(1,333)**	**(809)**	**(225)**
Income tax	(612)	(1,264)	(645)	(119)	(514)	(269)	(450)	184	63
Consolidated net income	**(1,378)**	**3,946**	**2,077**	**279**	**1,131**	**590**	**(1,783)**	**(625)**	**(162)**
Non-controlling interests	212	698	337	-	-	-	73	171	81
Net income, Group share	**(1,590)**	**3,248**	**1,740**	**279**	**1,131**	**590**	**(1,856)**	**(796)**	**(243)**

	International Retail Banking & Financial Services											
	International Retail Banking			Financial Services to Corporates			Insurance			Total		
(In millions of euros)	1st half of 2020 (4)	2019	1st half of 2019 (5)	1st half of 2020	2019	1st half of 2019	1st half of 2020	2019	1st half of 2019	1st half of 2020 (4)	2019	1st half of 2019 (5)
Net banking income	2,450	5,592	2,799	824	1,872	941	440	909	460	3,714	8,373	4,200
Operating expenses (2)	(1,473)	(3,252)	(1,669)	(460)	(980)	(495)	(192)	(349)	(185)	(2,125)	(4,581)	(2,349)
Gross operating income	**977**	**2,340**	**1,130**	**364**	**892**	**446**	**248**	**560**	**275**	**1,589**	**3,792**	**1,851**
Cost of risk	(532)	(504)	(222)	(115)	(84)	(39)	-	-	-	(647)	(588)	(261)
Operating income	**445**	**1,836**	**908**	**249**	**808**	**407**	**248**	**560**	**275**	**942**	**3,204**	**1,590**
Net income from investments accounted for using equity method	(1)	11	4	-	1	-	1	-	-	0	12	4
Net income / expense from other assets	1	3	1	10	-	-	-	-	-	11	3	1
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Earnings before tax	**445**	**1,850**	**913**	**259**	**809**	**407**	**249**	**560**	**275**	**953**	**3,219**	**1,595**
Income tax	(105)	(410)	(198)	(56)	(176)	(88)	(77)	(174)	(85)	(238)	(760)	(371)
Consolidated net income	**340**	**1,440**	**715**	**203**	**633**	**319**	**172**	**386**	**190**	**715**	**2,459**	**1,224**
Non-controlling interests	85	394	191	37	107	53	2	3	1	124	504	245
Net income, Group share	**255**	**1,046**	**524**	**166**	**526**	**266**	**170**	**383**	**189**	**591**	**1,955**	**979**

	Global Banking and Investor Solutions											
	Global Markets and Investors Services			Financing and Advisory			Asset and Wealth Management			Total		
(In millions of euros)	1st half of 2020	2019	1st half of 2019 (6)	1st half of 2020	2019	1st half of 2019 (6)	1st half of 2020	2019	1st half of 2019	1st half of 2020	2019	1st half of 2019
Net banking income	1,759	5,210	2,719	1,286	2,547	1,300	462	947	486	3,507	8,704	4,505
Operating expenses (2)	(2,303)	(4,788)	(2,611)	(843)	(1,676)	(866)	(401)	(888)	(464)	(3,547)	(7,352)	(3,941)
Gross operating income	**(544)**	**422**	**108**	**443**	**871**	**434**	**61**	**59**	**22**	**(40)**	**1,352**	**564**
Cost of risk	(29)	(13)	(3)	(715)	(195)	(78)	(17)	2	6	(761)	(206)	(75)
Operating income	**(573)**	**409**	**105**	**(272)**	**676**	**356**	**44**	**61**	**28**	**(801)**	**1,146**	**489**
Net income from investments accounted for using the equity method	4	4	5	(1)	(1)	(1)	-	-	-	3	3	4
Net income / expense from other assets	14	4	-	-	-	-	-	2	-	14	6	-
Value adjustments on goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Earnings before tax	**(555)**	**417**	**110**	**(273)**	**675**	**355**	**44**	**63**	**28**	**(784)**	**1,155**	**493**
Income tax	113	(89)	(26)	91	(70)	(35)	(9)	(15)	(7)	195	(174)	(68)
Consolidated net income	**(442)**	**328**	**84**	**(182)**	**605**	**320**	**35**	**48**	**21**	**(589)**	**981**	**425**
Non-controlling interests	14	20	10	-	-	0	1	3	1	15	23	11
Net income, Group share	**(456)**	**308**	**74**	**(182)**	**605**	**320**	**34**	**45**	**20**	**(604)**	**958**	**414**

(1) Income and expense not directly related to business line activities are recorded in the Corporate Centre income. The operating expenses include an income related to an operating tax adjustment of EUR 241 million for the second quarter 2019.

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

(3) The Net income / expense from other assets item includes a capital gain of EUR 132 million from the Group's property disposal program, recorded in the French Retail Banking and relating to, as well as an expense amounting to EUR -69 million recorded in the Corporate Centre and corresponding to the completion of the disposal of Société Générale de Banque aux Antilles (see Note 2.1).

(4) During the first half of 2020, International Retail Banking & Financial Services division also includes EUR +8 million of reversal in operating expenses (and EUR -3 million of related income tax) not allocated to the business lines. This income is added to the first half of 2020 results of the International Retail Banking sub-division whose 2020 Net income, Group share is, without this income, EUR 250 million.

(5) During the first half of 2019, International Retail Banking & Financial Services division also includes EUR -29 million of restructuring costs in operating expenses (and EUR +10 million of related income tax) not allocated to the business lines. These costs are added to the first half of 2019 results of the International Retail Banking sub-division whose 2019 Net income, Group share is, without these costs, EUR 543 million.

(6) The amounts have been restated according to new quarterly series published on 30 September 2019.

(In millions of euros)	Societe Generale Group		French Retail Banking		Corporate Centre (2)	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Segment assets	1,453,372	1,356,303	254,572	232,648	137,778	115,555
Segment liabilities (1)	1,387,693	1,287,733	254,056	225,848	117,514	107,558

(In millions of euros)	International retail Banking & Financial Services							
	International Retail Banking		Financial Services to Corporates		Insurance		Total	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Segment assets	125,255	122,695	42,453	43,730	165,698	167,249	333,406	333,674
Segment liabilities (1)	92,062	89,754	13,698	13,980	152,777	156,212	258,537	259,946

(In millions of euros)	Global Banking and Investor Solutions							
	Global Markets and Investors Services		Financing and Advisory		Asset and Wealth Management		Total	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Segment assets	563,270	505,413	128,727	133,132	35,619	35,881	727,616	674,426
Segment liabilities (1)	687,826	623,512	45,254	46,133	24,506	24,736	757,586	694,381

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

(2) Assets and liabilities not directly related to the business line activities are recorded on the Corporate Centre's balance sheet.

NOTE 8.2 - OTHER OPERATING EXPENSES

(In millions of euros)	1st half of 2020	2019	1st half of 2019
Rentals	(172)	(353)	(175)
Taxes and levies	(930)	(887)	(706)
Data & telecom (except rentals)	(1,071)	(2,328)	(1,187)
Consulting fees	(558)	(1,370)	(620)
Other	(563)	(1,347)	(555)
Total	**(3,294)**	**(6,285)**	**(3,243)**

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

The European regulatory framework designed to enhance financial stability was updated by the Directive 2014/49/UE of 16 April 2014 on deposit guarantee schemes and the Directive 2014/59/UE of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive).

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

The 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.

For the first half of 2020, the Group’s contributions to the SRF and the NRF were as follows:

- cash contributions (85%) for a total of EUR 470 million, of which EUR 435 million for the SRF and EUR 35 million for the NRF. These contributions are non-tax-deductible in France and have been recorded in the income statement in Other administrative expenses, among Taxes and levies;
- irrevocable payment commitments (15%) backed by a cash collateral for EUR 76 million related to the SRF, recorded as an asset in the balance sheet, among Other assets.

NOTE 8.3 - PROVISIONS

BREAKDOWN OF PROVISIONS

(In millions of euros)	**Provisions as at 31.12.2019**	Allocations	Write-backs available	**Net allocation**	**Write-backs used**	**Currency and others**	**Provisions as at 30.06.2020**
Provisions for credit of risk on off balance sheet commitments (see Note 3.8)	**640**	488	(288)	**200**	**-**	**(11)**	**829**
Provisions for employee benefits (see Note 5.2)	**2,416**	135	(57)	**78**	**(134)**	**(22)**	**2,338**
Provisions for mortgage savings plans and accounts commitments	**289**	26	(5)	**21**	**(2)**	**-**	**308**
Other provisions	**1,042**	30	(173)	**(143)**	**(14)**	**(12)**	**873**
Total	**4,387**	**679**	**(523)**	**156**	**(150)**	**(45)**	**4,348**

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

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

NOTE 9 - INFORMATION ON RISKS AND LITIGATION

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

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

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

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

- Societe Generale Algeria (SGA) and several of its branch managers are being prosecuted for breach of Algerian laws on exchange rates and capital transfers with other countries and on money laundering and the financing of terrorism. The defendants are accused of having failed to make complete or accurate statements to the Algerian authorities on capital transfers in connection with exports or imports made by

clients of SGA and on cash payment transactions made at SGA counters. The events were discovered during investigations by the Algerian authorities, which subsequently filed civil claims before the criminal court. Sentences were delivered by the court of appeal against SGA and its employees in some proceedings, while charges were dropped in other ones. To date, sixteen cases have ended in favour of SGA, one case has ended against SGA and eight remain pending, seven of which before the Supreme Court.

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

  On 20 September 2010, after several years of investigation, the French competition authority ruled that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the Banque de France) a total of approximately EUR 385 million. Societe Generale was ordered to pay a fine of EUR 53.5 million and Crédit du Nord, its subsidiary, a fine of EUR 7 million. However, in its 23 February 2012 order, the French Court of Appeal, to which the matter was referred by all the banks involved except Banque de France, held that there was no competition law infringement, allowing the banks to recoup the fines paid. On 14 April 2015, the Supreme Court quashed and annulled the Court of Appeal decision on the grounds that the latter did not examine the arguments of two third parties who voluntarily intervened in the proceedings. The case was heard again on 3 and 4 November 2016 by the Paris Court of Appeal before which the case was remanded. On 21 December 2017, the Court of Appeal confirmed the fines imposed on Societe Generale and Crédit du Nord by the French competition authority. On 22 January 2018, Societe Generale and Crédit du Nord filed an appeal before the Supreme court against this decision. On 29 January 2020, the Supreme Court partially quashed the order the Paris Court of Appeal decision of 21 December 2017 and ordered the remand of the case to this same court of appeal but differently composed. On 13 March 2020, Societe Generale and Crédit du Nord therefore filed a new appeal before the Paris Court of Appeal against the decision of the French competition authority.

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

  The motion by Societe Generale Private Banking (Switzerland) to dismiss these claims on grounds of lack of jurisdiction was denied by the court by order filed 5 June 2014. Societe Generale Private Banking (Switzerland) sought reconsideration of the Court's jurisdictional ruling, which the Court ultimately denied. On 21 April 2015, the Court permitted the substantial majority of the claims brought by the plaintiffs and the OSIC to proceed.

  On 7 November 2017, the District Court denied the plaintiffs' motion for class certification. The plaintiffs sought leave to appeal this decision, which the court of appeal denied on 20 April 2018. On 3 May 2019, several hundred individual plaintiffs filed motions to intervene in the pending OSIC action seeking recovery in their individual capacities for losses on their Stanford investments. The defendant financial institutions, including Societe Generale Private Banking (Switzerland), opposed these motions. By order of 18 September 2019 the court denied the motions to intervene. One group of plaintiffs appealed the denial, and another initiated a separate action in Texas state court in Houston in November 2019. The state court action was removed to federal court and is now pending in the Southern District of Texas.

On 22 December 2015, the OSIC filed a motion for partial summary judgment seeking return of a transfer of USD 95 million to Societe Generale Private Banking (Switzerland) made in December 2008 (prior to the Stanford insolvency) on the grounds that it is voidable under Texas state law as a fraudulent transfer. Societe Generale Private Banking (Switzerland) has opposed this motion. By order dated 30 March 2020, the court denied OSIC's motion.

- Notwithstanding the agreements reached with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate ("the IBOR matter"), the Bank continues to defend civil proceedings in the United States (as described below) and has responded to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services.

  In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the "District Court").

  As to US Dollar Libor, all claims against Societe Generale have been dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that are effectively stayed. Certain individual plaintiffs, whose claims were dismissed, filed motions for leave to amend their complaints to add or revive claims against Societe Generale, but those applications were denied by the District Court. The class plaintiffs and a number of individual plaintiffs have appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit.

  On 13 January 2020, Societe Generale entered into a settlement agreement with the putative class of plaintiffs who purchased financial products tied to US Dollar Libor on an exchange. As part of that settlement, Societe Generale has agreed to pay USD 5.125 million. This settlement has been preliminary approved by the District Court.

  As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products. On 1 April 2020, the Court of Appeals reversed the dismissal and reinstated the claims. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange, the District Court has allowed certain Commodity Exchange Act (CEA) claims to proceed to discovery. On 27 September 2019, Societe Generale filed a motion for judgment on the pleadings that seeks dismissal of plaintiff's remaining CEA claims. On 27 September 2019, plaintiff filed a motion for class certification. Briefing on plaintiff's motion for class certification has been stayed until the District Court rules on defendants' motion for judgment on the pleadings.

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

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

- Beginning on 15 January 2019, Societe Generale and SG Americas Securities, LLC, along with other financial institutions, have been named in three putative antitrust class actions in the US District Court in Manhattan, which have since been consolidated. Plaintiffs allege that the USD ICE Libor panel banks conspired to make artificially low submissions to that benchmark in order to profit on their trading in derivatives tied to USD ICE Libor. Plaintiffs seek to certify a class comprised of US residents (individuals and entities) that transacted with a defendant in floating rate debt instruments or interest rate swaps tied to USD ICE Libor and received a payment at any time between 1 February 2014 to the present, regardless of when the instrument was purchased. By order dated 26 March 2020, the District Court dismissed the action. Plaintiffs have appealed that ruling.

- Societe Generale, along with several other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale has reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. A separate putative class action on behalf of putative classes of indirect purchasers is also pending. SG has reached a settlement of USD 975,000 to resolve these proceedings. This settlement has been preliminary approved by the Court on 20 July 2020. On 7 November 2018, a group of individual entities that elected to opt out of the main class action settlement filed a lawsuit against SG, SG Americas Securities, LLC and several other financial institutions. SG Americas Securities, LLC was dismissed by order dated 28 May 2020. Discovery is proceeding as to SG and the other remaining defendants.

- On 10 December 2012, the French Supreme Administrative Court (*Conseil d'État*) rendered two decisions confirming that the "*précompte* tax" which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the "*précompte* tax" claims of two companies (Rhodia and Suez, now ENGIE) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts. The latest court decision rendered is a rejection, on 1 February 2016 by the French Administrative Supreme Court, of an appeal lodged by ENGIE and Societe Generale.

  Several French companies applied to the European Commission, who considered that the decisions handed down by the French Supreme Administrative Court on 10 December 2012, which was supposed to implement the decision rendered by the Court of Justice of the European Union C-310/09 on 15 September 2011, infringed a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by publishing a reasoned opinion on 28 April 2016 and by referring the matter to the Court of Justice of the European Union on 8 December 2016. The Court of Justice of European Union rendered its judgement on 4 October 2018 and sentenced France for failure by the French Supreme Administrative Court to disregard the tax on EU sub-subsidiaries in order to secure the withholding tax paid in error as well as on the absence of any preliminary question. With regard to the practical implementation of the decision, Societe Generale will assert its rights before the competent courts and the French tax authority, from which it expects diligent treatment and in accordance with the law.

- Societe Generale, along with other financial institutions, has been named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. The action is pending in the US District Court in Manhattan. Motions to dismiss the action were denied by an order dated 4 October 2016, and discovery is now proceeding. Societe Generale, along with other financial institutions, is also named as a defendant in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims.

- Since August 2015, various former and current employees of the Societe Generale group have been under investigation by German criminal prosecution and tax authorities for their alleged participation in the so called "CumEx" patterns in connection with withholding tax on dividends on German shares. These investigations relate to a fund administered by SGSS GmbH proprietary trading activities and transactions carried out on behalf of clients. The Group entities respond to the requests of the German authorities.

  SGSS GmbH was informed by the Bonn District Court on 19 June 2019 that criminal proceedings had been initiated against two individuals who were employed by a company having previously advised this fund, the latter being suspected by the German prosecutors to have been involved in potentially fraudulent CumEx transactions. On 19 August 2019, the Bonn District Court ordered SGSS GmbH to join these criminal

proceedings as a “secondary party”. By order of 16 March 2020, the Bonn District Court, with consent of the Cologne Prosecutors, released SGSS GmbH as a secondary party immediately.

- In May 2019, SGAS was named, along with other financial institutions, as a defendant in a putative class action in the US alleging anticompetitive behaviour in the pricing of “agency bonds” issued by US Government Sponsored Enterprises (GSEs), including Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae). SGAS, along with several other defendants, filed a motion to dismiss on 13 June 2019 which was granted on 29 August 2019 as against SGAS and several other bank defendants. Plaintiffs filed an amended complaint on 9 September 2019, and a motion to dismiss this amended complaint was filed on 17 September 2019. That motion was denied on 15 October 2019. On 16 December 2019, plaintiffs and twelve bank defendants, including SGAS, submitted for court approval a stipulation of settlement in the class action, for USD 250 million. Although SGAS’s share of the settlement is not public, the amount was not material from a financial statement perspective. The class action settlement was finally approved by the court on 16 June 2020. SGAS also has been named in two separate individual opt-out litigations, one brought in September by the State of Louisiana and the other brought in October by City of Baton Rouge/East Baton Rouge Parish. These suits also assert antitrust claims against SGAS and multiple other bank defendants based on these plaintiffs’ purchases of GSE bonds. On 1 April 2020, SGAS has been named in another individual opt-out litigation filed by the Louisiana Asset Management Pool asserting claims similar to the main class action and the State of Louisiana and City of Baton Rouge actions, with additional state-law claims. SGAS has also received a subpoena from the US Department of Justice (DOJ) in connection with its US agency bond business. SGAS is responding to these requests and is cooperating with the DOJ investigation.

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

- On 10 July 2019, Societe Generale was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking to recover under the Cuban Liberty and Democracy Solidarity (Libertad) Act of 1996 (known as the Helms-Burton Act) for alleged losses stemming from the expropriation by the Cuban government in 1960 of Banco Nunez in which they are alleged to have held an interest. Plaintiff claims damages from Societe Generale under the terms of this statute. Plaintiff filed an amended complaint on 24 September 2019 adding three other banks as defendants and adding several new factual allegations as to Societe Generale. Societe Generale filed a motion to dismiss, which was fully briefed as of 10 January 2020. While the motion to dismiss was pending, plaintiffs filed an unopposed motion on 29 January 2020, to transfer the case to federal court in Manhattan, which the court granted on 30 January 2020. On 16 July 2020, plaintiff filed a motion for leave to file a second amended complaint.

- On 5 June 2020, a shareholder of Societe Generale filed a derivative action in New York State court against 39 current and former directors and officers of the Bank. The complaint alleges that a 2009 written agreement with US banking regulators required the Bank to implement and maintain an effective anti-money laundering compliance and transaction monitoring system. According to the complaint, the Bank failed to do so, leading to penalties and forfeitures imposed in November 2018 by a number of federal and New York state agencies and criminal authorities relating to US sanctions and anti-money laundering laws. The complaint makes claims for, among other things, breaches of duty related to these matters. This litigation is at an early procedural stage, and a motion to dismiss on a variety of grounds is expected.

NOTE 10 - RISK MANAGEMENT LINKED WITH FINANCIAL INSTRUMENTS

Note 10 is solely disclosed through financial statements and is not taken into consideration in Chapter 3 of the Universal Registration Document for the update of the latter as part of the first half-year of 2020.

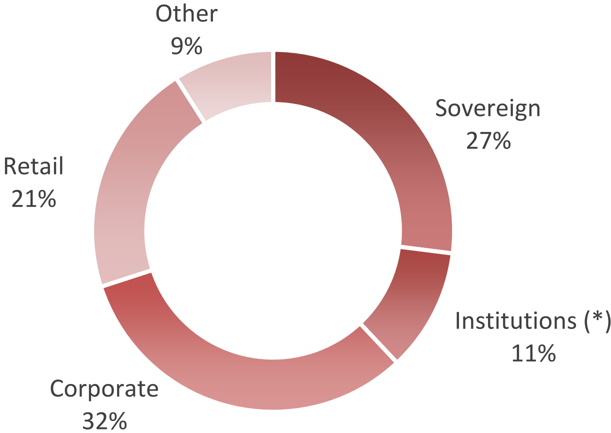
This note presents the risks associated with financial instruments and the way in which the Group manages them.

NOTE 10.1 - EXPOSURE OF THE CREDIT PORTFOLIO

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

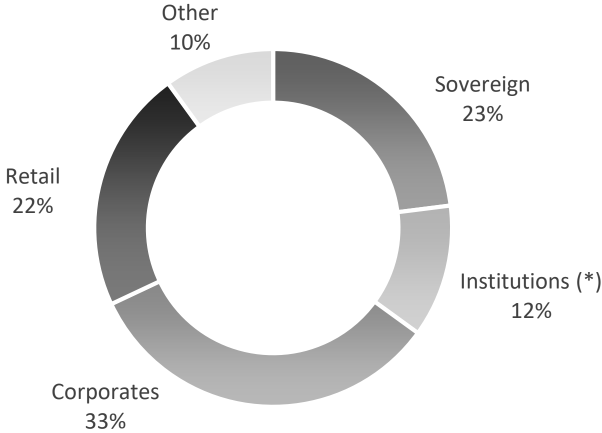
CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EAD) AS AT 30 JUNE 2020

On- and off-balance sheet exposures (EUR 990 billion in EAD)



CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EAD) AS AT 31 DECEMBER 2019

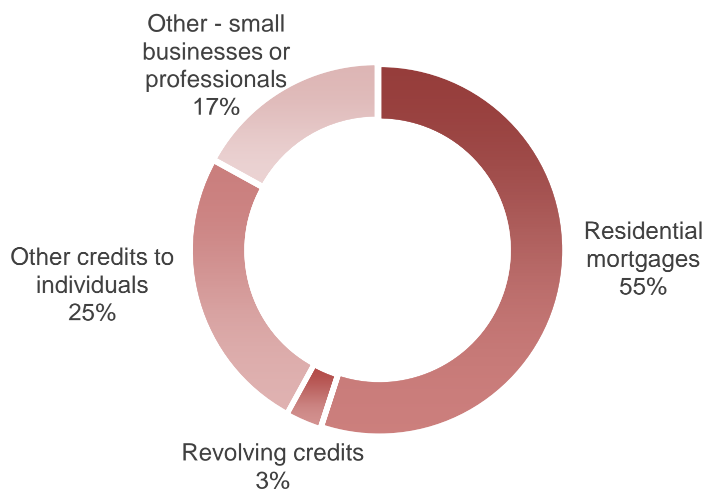
On- and off-balance sheet exposures (EUR 918 billion in EAD)



(*) Institutions: Basel classification for banks and public sector portfolios.

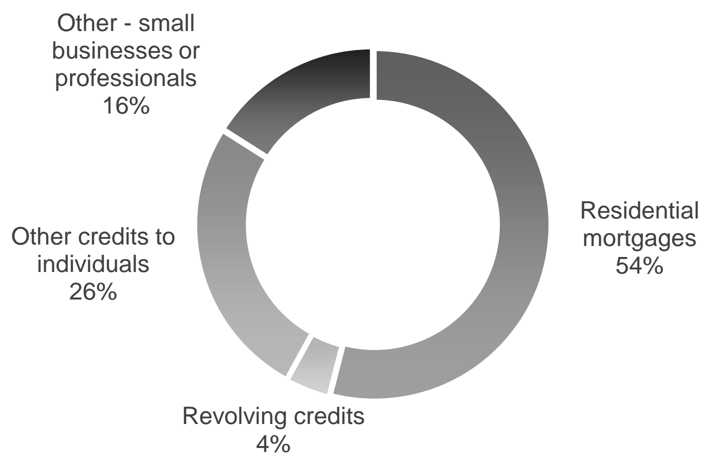
RETAIL CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EAD) AS AT 30 JUNE 2020

On- and off-balance sheet exposures (EUR 204 billion in EAD)

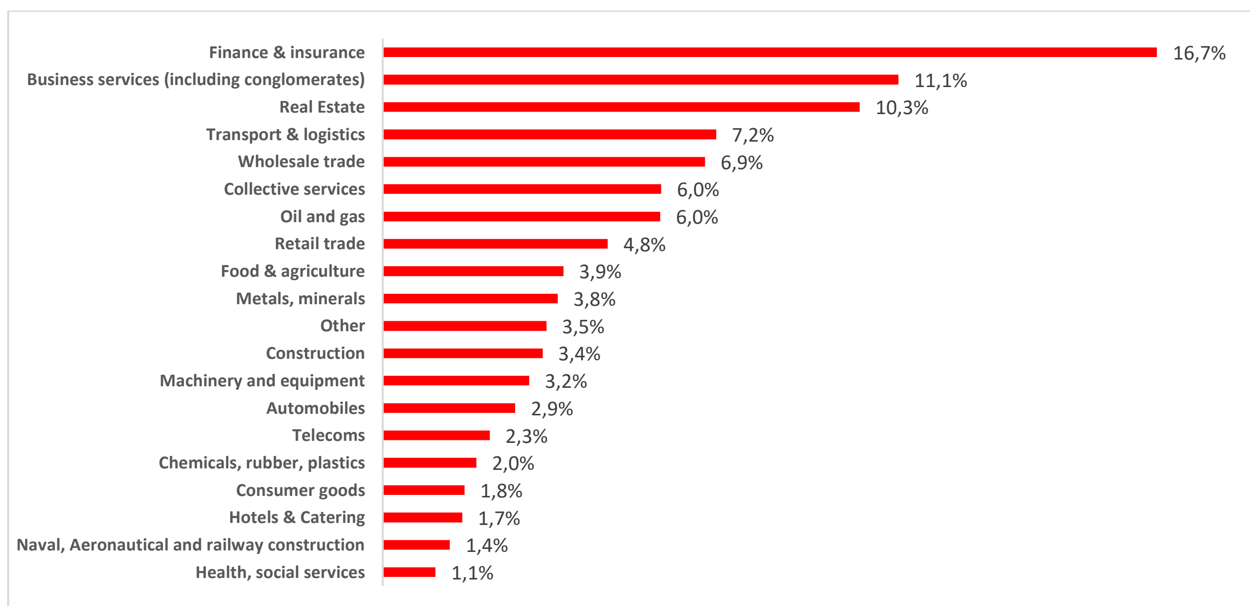


RETAIL CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EAD) AS AT 31 DECEMBER 2019

On- and off-balance sheet exposures (EUR 203 billion in EAD)



GROUP CORPORATE EXPOSURE BY SECTOR AS AT 30 JUNE 2020 (BASEL PORTFOLIO)

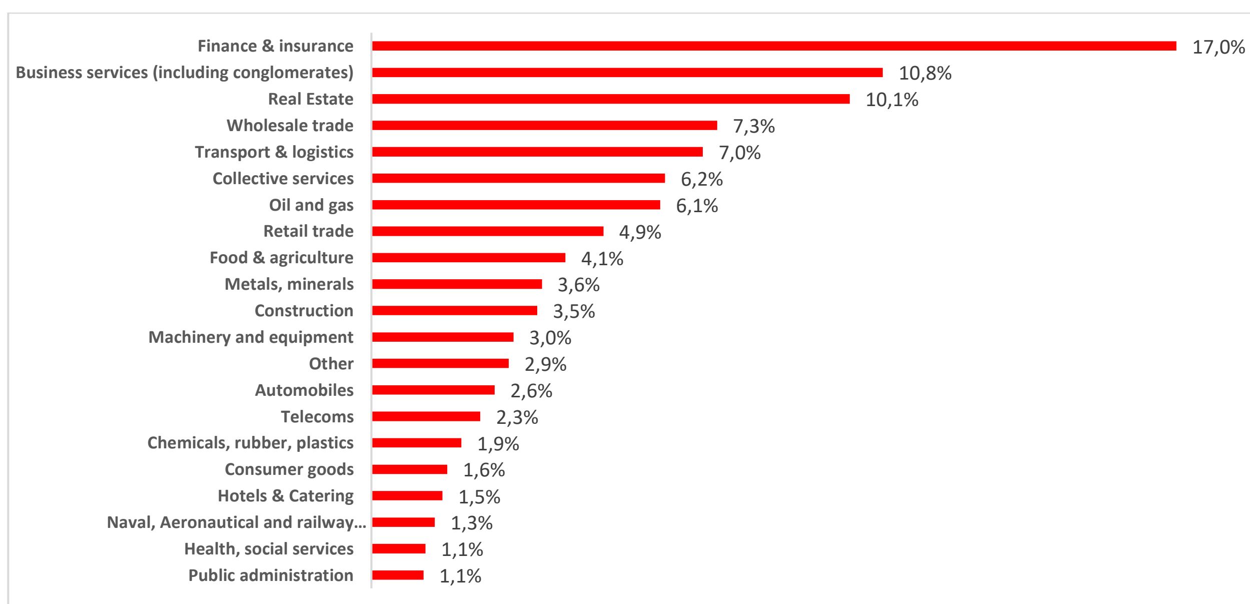


(1) of which 0.7% of the Group's total maritime transport exposures.

EAD of the Corporate portfolio is presented in accordance with the Basel rules (large corporations, including insurance companies, funds and hedge funds, SMEs, specialized financing, factoring businesses), based on the obligor's characteristics, before taking into account the substitution effect (credit risk scope: debtor, issuer and replacement risk).

As at 30 June 2020, the Corporate portfolio amounted to EUR 345 billion (on- and off-balance sheet exposures measured in EAD). Three sectors account for more than 10% of the portfolio each (Finance and Insurance, Business services, Real Estate). The Group's exposure to its ten largest Corporate counterparties accounts for 5% of this portfolio.

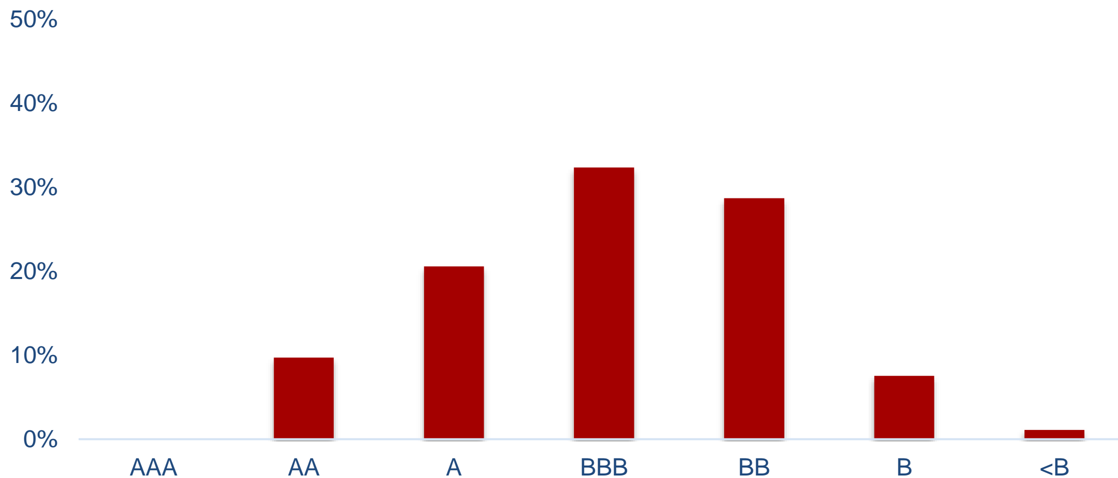
GROUP CORPORATE EXPOSURE BY SECTOR AS AT 31 DECEMBER 2019 (BASEL PORTFOLIO)



CORPORATE AND BANK CLIENTS EXPOSURE

Breakdown of exposure for corporate clients by internal ratings as at 30 June 2020

As % of EAD

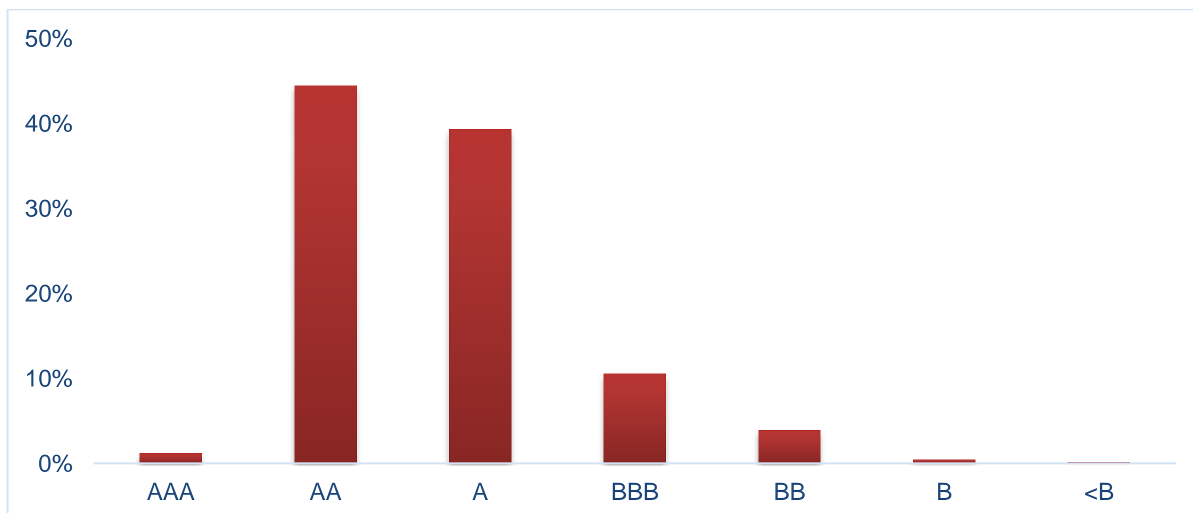


Regarding Corporate clients, the scope consists of the performing loans recorded under the IRB approach (excluding the prudential classification criterion, by weight, of specialized financing) in the entire Corporate clients portfolio, all divisions combined, and represents a EUR 276 billion EAD (out of a EUR 311 billion total EAD for the "Corporate" Basel portfolio, Standardized approach included). The breakdown by rating of Societe Generale group's Corporate counterparties exposure reveals the soundness of the portfolio. It is based on an internal counterparty rating system, displayed above in its Standard & Poor's (S&P) equivalent.

As at 30 June 2020, the majority of the portfolio has an Investment Grade rating, i.e. counterparties with a S&P equivalent internal rating higher than BBB- (63% of the Corporate clients). Transactions with Non-Investment Grade counterparties are very often backed by guarantees and collaterals in order to mitigate the risk incurred.

Breakdown of exposure for banking clients by internal rating as at 30 June 2020

As % of EAD

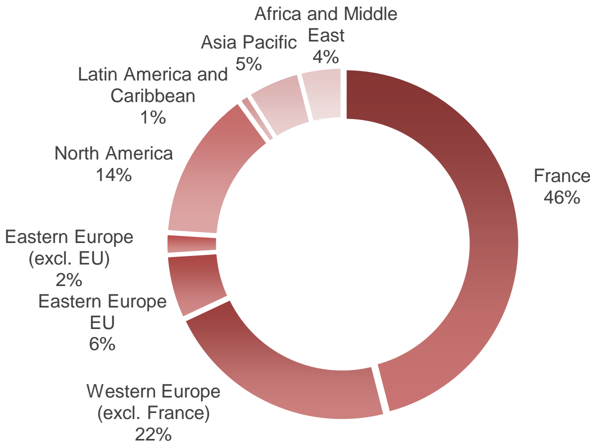


Regarding banking clients, the scope consists of the performing loans recorded under the IRB approach in the entire banking clients portfolio, all divisions combined, and represents a EUR 65 billion EAD (out of a EUR 107 billion total EAD for the Banks Basel portfolio, Standardized approach included). The breakdown of Societe Generale group's banking counterparties exposure reveals the soundness of the portfolio. It is based on an internal counterparty rating system, displayed above in its Standard & Poor's equivalent.

As at 30 June 2020, the exposure on banking clients was concentrated on Investment Grade counterparties (96% of the exposure) and on developed countries (91%).

GEOGRAPHICAL BREAKDOWN OF THE GROUP'S CREDIT RISK EXPOSURE AS AT 30 JUNE 2020 (ALL CLIENT TYPES INCLUDED)

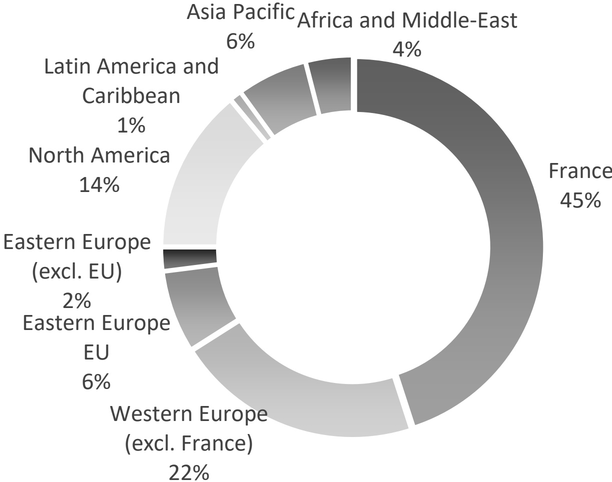
On- and off-balance sheet exposures (EUR 990 billion in EAD)



As at 30 June 2020, 90% of the Group's on- and off-balance sheet exposure is concentrated in the major industrialized countries[1]. Almost half of the overall amount of outstanding loans was towards French clients (31% exposure to the non-retail portfolio and 15% to the retail one).

GEOGRAPHICAL BREAKDOWN OF THE GROUP'S CREDIT RISK EXPOSURE AS AT 31 DECEMBER 2019 (ALL CLIENT TYPES INCLUDED)

On- and off-balance sheet exposures (EUR 918 billion in EAD)



(1) As defined by the IMF in its World Economic Outlook document (October 2019).

NOTE 10.2 - IMPAIRMENT

1. CLASSIFICATION ACROSS STAGES AND ESTIMATION OF EXPECTED CREDIT LOSSES

Impairment is divided into impairment of performing loans (Stages 1 and 2) and impairment of non-performing loans (Stage 3).

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

The Group's portfolios have been segmented to ensure consistency in risk characteristics and a better correlation with both global and local macro-economic variables. This segmentation allows to deal with all

the specifics of the Group. This segmentation is consistent or similar to that defined in the Basel framework in order to guarantee the uniqueness of default and credit loss.

The applicable accounting principles are specified in Note 3.8 of the consolidated financial statements which are featured in Chapter 6 of the 2020 Universal Registration Document.

However the application of the principles regarding the classification of exposures and the estimation of expected credit losses as defined by IFRS 9 standard has been adjusted as at 30 June 2020 in order to take into consideration the context of sanitary and economic crisis related to Covid-19. These adjustments are described in Note 3.8.

2. NEW DEFINITION OF DEFAULT

The European Banking Authority (EBA) published Guidelines on the application of the default definition under Article 178 of Regulation (EU) No. 575/2013, applicable as from 1 January 2021, and Regulation (EU) 2018/1845 of the European Central Bank (ECB) in relation to the threshold for assessing the materiality of credit obligations past due will be applicable as at 31 December 2020 at the latest. Both the EBA Guidelines and the ECB Regulation will harmonize the definition of default across the European Union, thus contributing to improving the consistency and comparability of capital requirements.

In particular, they clarify all aspects related to the application of the definition of default including the conditions for the return to non-defaulted status (introduction of a probation period), specific conditions for default identification of restructured loans, and setting materiality thresholds (including an absolute and a relative component) for credit obligations that are past due.

The Group implemented these provisions for default exposures identification from 6 July 2020. The initial date has been postponed as such owing to operational constraints related to the lockdown, which did not allow for a completion of the acceptance tests in due course.

The internal parameters for calculating expected credit losses will be adjusted on 1 January 2021.

Following the Group’s preliminary analysis, these clarifications are still consistent with the criteria applied to assess whether Stage 3 exposures are doubtful according to IFRS 9 provisions on the recognition of expected credit losses (ECL). The Group considers that the changes brought about by the implementation of these new regulatory default provisions will have no material impact on the Group’s consolidated financial statements.

NOTE 10.3 - ANALYSIS OF THE GROSS OUTSTANDING AMOUNTS AND PROVISIONS FOR CREDIT RISK

The following tables detail the outstanding amounts for which provisions can be booked (balance sheet and off-balance sheet items) and the related impairments and provisions split by stage.

The scope of these tables includes:

- securities (excluding securities received under repurchased agreements) and loans to customers and credit institutions and similar bodies measured at amortised cost or at fair value through equity;
- operating and finance lease receivables;
- financing and guarantee commitments;
- security deposits with CCPs.

Starting from 30 June 2020, the outstanding amounts for which provisions can be booked include deposits with CCPs, stated on the Other assets row of the consolidated balance sheet. These outstanding amounts equal to EUR 9 billion as at 30 June 2020.

The outstanding amounts for which provisions can be booked represent EUR 919 billion as at 30 June 2020. It should be noted that ex-Newedge brokerage outstandings outside France are excluded from the outstanding amounts presented in the following tables. There is no exclusion from the scope regarding provisions and impairments.

Outstanding amounts for which provisions can be booked and provisions by Basel portfolio

	30.06.2020							
	Oustanding amounts				Impairment and Provisions			
(In millions of euros)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	211,141	562	111	**211,814**	7	4	69	**80**
Institutions	57,274	708	47	**58,029**	9	43	18	**70**
Corporates	348,697	24,452	9,591	**382,740**	815	1,123	5,313	**7,251**
Retail	206,942	15,286	8,912	**231,140**	505	612	4,588	**5,705**
Others	34,003	960	81	**35,044**	36	3	2	**41**
Total	**858,057**	**41,968**	**18,742**	**918,767**	**1,372**	**1,785**	**9,990**	**13,147**

	31.12.2019							
	Oustanding amounts				Impairment and Provisions			
(In millions of euros)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	165,237	183	109	**165,529**	5	6	67	**78**
Institutions	48,200	506	36	**48,742**	9	42	12	**63**
Corporates	342,066	12,536	8,683	**363,285**	542	626	4,717	**5,885**
Retail	204,232	16,673	8,558	**229,463**	465	549	4,560	**5,574**
Others	32,880	247	5	**33,132**	18	4	3	**25**
Total	**792,615**	**30,145**	**17,391**	**840,151**	**1,039**	**1,227**	**9,359**	**11,625**

Geographical breakdown of outstanding amounts for which provisions can be booked and provisions

	30.06.2020							
	Oustanding amounts				Impairment and Provisions			
(In millions of euros)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
France	415,856	23,343	10,219	**449,418**	584	912	5,020	**6,516**
Western European countries (excl.France)	161,766	6,707	2,351	**170,824**	264	243	950	**1,457**
Eastern European countries EU	47,951	3,725	1,036	**52,712**	113	237	635	**985**
Eastern Europe excluding EU	22,790	1,142	483	**24,415**	89	52	378	**519**
North America	116,712	1,970	386	**119,068**	76	106	114	**296**
Latin America and Caribbean	9,314	1,154	251	**10,719**	13	18	102	**133**
Asia-Pacific	40,408	845	618	**41,871**	33	12	362	**407**
Africa and Middle East	43,260	3,082	3,398	**49,740**	200	205	2,429	**2,834**
Total	**858,057**	**41,968**	**18,742**	**918,767**	**1,372**	**1,785**	**9,990**	**13,147**

	31.12.2019							
	Oustanding amounts				Impairment and Provisions			
(In millions of euros)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
France	358,931	19,606	9,927	**388,464**	421	703	4,834	**5,958**
Western European countries (excl.France)	153,418	3,680	1,911	**159,009**	186	119	821	**1,126**
Eastern European countries EU	48,747	3,358	1,012	**53,117**	93	184	639	**916**
Eastern Europe excluding EU	25,879	518	516	**26,913**	85	25	437	**547**
North America	108,578	411	348	**109,337**	37	28	49	**114**
Latin America and Caribbean	10,198	344	206	**10,748**	9	5	103	**117**
Asia-Pacific	43,174	391	230	**43,795**	16	5	191	**212**
Africa and Middle East	43,690	1,837	3,241	**48,768**	192	158	2,285	**2,635**
Total	**792,615**	**30,145**	**17,391**	**840,151**	**1,039**	**1,227**	**9,359**	**11,625**

Outstanding amounts for which provisions can be booked and provisions by rating of counterparty

	30.06.2020							
	Oustanding amounts				Impairment and Provisions			
(In millions of euros)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	75,321	-	-	**75,321**	0	-	-	**0**
2	151,394	87	-	**151,481**	3	0	-	**3**
3	79,018	25	-	**79,043**	21	0	-	**21**
4	127,385	348	-	**127,733**	119	4	-	**123**
5	107,488	8,412	-	**115,900**	334	205	0	**539**
6	21,323	11,324	-	**32,647**	237	590	0	**827**
7	1,294	3,047	-	**4,341**	30	191	-	**221**
Default (8, 9, 10)	-	-	9,103	**9,103**	0	0	4,834	**4,834**
Other method	294,834	18,725	9,639	**323,198**	628	795	5,156	**6,579**
Total	**858,057**	**41,968**	**18,742**	**918,767**	**1,372**	**1,785**	**9,990**	**13,147**

	31.12.2019							
	Oustanding amounts				Impairment and Provisions			
(In millions of euros)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	68,702	-	-	**68,702**	-	-	-	**-**
2	106,537	1	-	**106,538**	1	-	-	**1**
3	75,750	8	-	**75,758**	5	-	-	**5**
4	127,321	372	-	**127,693**	34	2	-	**36**
5	105,472	2,252	-	**107,724**	153	59	-	**212**
6	22,731	5,503	-	**28,234**	146	221	-	**367**
7	812	2,174	-	**2,986**	7	137	-	**144**
Default (8, 9, 10)	-	-	8,133	**8,133**	-	-	4,316	**4,316**
Other method	285,290	19,835	9,258	**314,383**	693	808	5,043	**6,544**
Total	**792,615**	**30,145**	**17,391**	**840,151**	**1,039**	**1,227**	**9,359**	**11,625**

Credit risk exposures have increased by EUR 79 billion, rising from EUR 840 billion to EUR 919 billion, mainly due to the following:

- the increase in sovereign exposures (EUR +46 billion) is notably linked to an increase in deposits towards Central Bank in France;
- the increase in corporate exposures (EUR +19 billion) is in particular due to State guaranteed loans (EUR +13.5 billion) in France;
- the increase in exposures towards institutions (EUR +9 billion) is mainly driven by the integration of security deposits to CCPs, notably in France and in Asia Pacific.

Impairments and provisions have increased by EUR 1.5 billion, from EUR 11.6 billion to EUR 13.1 billion. This increase is notably linked to the corporate portfolio and is mainly explained by the impact of the current health crisis on the economic situation:

- the increase over Stage 1 and Stage 2 is explained by the update of the IFRS 9 parameters with an impact of EUR 0.6 billion, as well as by the downgrade of ratings;
- the increase over Stage 3 is due to the increase in doubtful loans and to a significant allocation of additional provisions on doubtful loans.

5.2 Statutory Auditors' Review Report on the Half-yearly financial information

Société Générale

Société anonyme
17, cours Valmy
92972 Paris-La Défense Cedex
Period from January 1 to June 30, 2020

Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Société Générale, for the period from January 1 to June 30, 2020;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors on July 31, 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impacts and future prospects. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. 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 professional standards applicable in France 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.

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

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review prepared on July 31, 2020.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, August 5, 2020

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Jean-Marc Mickeler	Micha Missakian

6. SHARE, SHARE CAPITAL AND LEGAL INFORMATION

6.1 Information on share capital

Breakdown of capital and voting rights*

	At 30 June 2020 [1]				
	Number of shares	**% of capital**	**Number of voting rights (2)**	**% of voting rights (2)**	**% of voting rights exercisable at AG (2)**
Group Employee Share Ownership Plan	55,635,856	6.52%	99,759,025	10.81%	10.83%
o/w shareholders with more than 1,5% of the capital or voting rights (3)	114,171,627	13.38%	119,867,347	12.98%	13.02%
Blackrock, Inc	60,760,100	7.12%	60,760,100	6.58%	6.60%
The Capital Group Companies, Inc.	32,811,900	3.84%	32,811,900	3.55%	3.56%
CDC	20,599,627	2.41%	26,295,347	2.85%	2.86%
Float	681,292,096	79.84%	701,308,550	75.96%	76.15%
Share buybacks	2,271,915	0.27%	2,271,915	0.25%	0.00%
Treasury stock (4)	0	0.00%	0	0.00%	0.00%
Total		100%		100%	
	853,371,494		**923,206,837**		**920,934,922**

* including double voting rights (article 14 of Societe Generale's by-laws)

(1) At 30 June 2020, the share of European shareholders in the capital is estimated at 46.4 %.

(2) In accordance with article 223-11 of the AMF's General Regulations, the calculation of the total voting rights includes voting rights associated with share buybacks and treasury shares, these shares do not give the right to vote at annual General Meetings.

(3) Societe Generale's Bylaws stipulate that shareholders must inform the Company whenever their holding of share capital or voting rights crosses 1,5%, then 3% and then thresholds at intervals of 1% from 3%. As at end of the first half 2020, no other shareholder declared a holding in excess of 3% of the share capital or voting rights, with the exception of mutual funds and trading activities of financial institutions.

(4) Excluding shares held within market activities.

As at 30 June 2020, the number of shares held within the liquidity agreement is 33,500

6.2 Additional information

Update of the page 551 of the 2020 Universal Registration Document

Disclosure of statutory threshold crossings

The relevant paragraph of the 2020 Universal Registration Document on page 551 is replaced by the following paragraph:

In accordance with the provisions of Article 6.2 of the Company's By-laws, any person, acting on his own or in concert, who comes to hold directly or indirectly, in any manner whatsoever, a number of shares representing at least 1.5% or 3% of the share capital or voting rights of the Company, must inform the latter, in writing, within four trading days of the crossing of this threshold, and must also indicate in his declaration the number of securities giving access to the share capital of the Company it holds. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage.

Beyond the threshold of 3%, any additional crossing of 1% of the capital or voting rights of the Company must be notified to the Company as provided by Article 6.2 of the Company's By-laws.

Any person, acting on his own or in concert, is also required to inform the Company within four trading days if the percentage of his capital or voting rights falls below each of the thresholds described in this article.

For the purposes of the obligations to disclose the crossings of statutory thresholds provided by Article 6.2 of the Company's By-laws, the shares or voting rights listed in Article L. 233-9, I of the French Commercial Code are assimilated to the shares or voting rights held.

Failure to comply with these requirements will be penalised in accordance with applicable laws, at the request of one or more shareholders holding at least a 5% in the Company's capital or voting rights. Said request will be duly recorded in the minutes of the General Meeting.

Identifiable bearer securities

The relevant paragraph of the 2020 universal registration document on page 551 is replaced by the following paragraph:

Societe Generale may at any time, in accordance with the provisions of the laws and regulations in force, ask the organisation responsible for securities clearing to provide information relating to the securities granting the right to vote in its General Meetings, either immediately or in the future, as well as information about the holders of these securities.

Paragraph 7.3.1 - General information is supplemented by the paragraph below:

Employee shareholding

Following the amendments to the by-laws voted by the extraordinary General Meeting on 19th May 2020, as from the next General Meeting on 18th May 2021, employee shareholders will be represented on the Board of directors by a director, in addition to the two directors representing all employees. The level of employee shareholding, calculated for the specific need of this new director appointment represents, in accordance with the calculation methods provided in article L. 225-102 of the French Commercial Code and with the new stipulations of article 6.5 of the by-laws, 7,78 % of the share capital on 30th June 2020.

Following the amendments of the rules of the FCPE "Société Générale actionnariat (FONDS E)" decided on 16th April 2020, which will come into force on 1st January 2021, in accordance with paragraph 3 of Article L. 214-165 II of the French Monetary and Financial Code, the voting rights relating to Société Générale shares included in the assets of this fund, corresponding to 9,39 % of the voting rights on 30th June 2020, will be exclusively exercised individually by the unit holders and, for the fractional units forming fractional rights, by the Supervisory Board of this fund.

6.3 By-laws

Update of the chapter 7.4 of the 2020 Universal Registration, update of the By-laws as at May, 19th 2020

NAME – TYPE OF COMPANY – DURATION -REGISTERED OFFICE – PURPOSE

ARTICLE 1

The Company, named Societe Generale, is a public limited company incorporated by deed approved by the Decree of May 4, 1864, and is approved as a bank.

The duration of Societe Generale, previously fixed at 50 years with effect from January 1, 1899, was then extended by 99 years with effect from January 1, 1949.

Under the legislative and regulatory provisions relating to credit institutions, notably the articles of the French Monetary and Financial Code that apply to them, the Company is subject to commercial laws, in particular articles L. 210- 1 et seq. of the French Commercial Code, as well as these By-laws.

ARTICLE 2

Societe Generale's registered office is at 29, boulevard Haussmann, Paris (9th arrondissement).

In accordance with current legislative and regulatory provisions, it may be transferred to any other location.

ARTICLE 3

The purpose of Societe Generale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals and corporate entities, in France or abroad:

- all banking transactions;
- all transactions related to banking operations, including in particular investment services or allied services as listed by articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code;
- all acquisitions of interests in other entities.

Societe Generale may also, on a regular basis, as defined in the conditions set by the regulations in force, engage in all transactions other than those mentioned above, including in particular insurance brokerage.

Generally, Societe Generale may carry out, on its own behalf, on behalf of a third party or jointly, all financial, commercial, industrial, agricultural, moveable assets or real property transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

CAPITAL -SHARES

ARTICLE 4

4.1. Share capital

The share capital amounts to EUR 1,066,714,367.50. It is divided into 853 371 494 fully paid-up shares, each with a nominal value of EUR 1.25.

4.2 Capital increase and reduction

The capital may be increased or reduced on the decision of the competent General Meeting or Meetings.
Any capital reduction motivated by losses shall be divided between shareholders in proportion to their share of the capital.

ARTICLE 5

Unless otherwise provided by legislative, regulatory or statutory provisions, all shares have the same rights.

All shares which make up or which will make up the share capital will be given equal rank as regards taxes. Consequently, all taxes which, for whatever reason, may become payable on certain shares following capital reimbursement, either during the life of the Company or during its liquidation, shall be divided between all the shares making up the capital on such reimbursement(s) so that, while allowing for the nominal and non-amortised value of the shares and for their respective rights, all present or future shares shall entitle their owners to the same effective advantages and to the right to receive the same net sum.

Whenever it is necessary to possess a certain number of shares in order to exercise a right, it is incumbent on shareholders who own fewer shares than the total number required to assemble the necessary number of shares.

ARTICLE 6

6.1. Form and transfer of shares

The shares may, in accordance with the holder's wishes, be registered or bearer shares and shall be freely negotiable, unless otherwise stipulated by legislative and regulatory provisions.

6.2. Statutory thresholds

Any person, acting on his own or in concert, who comes to hold directly or indirectly, in any manner whatsoever, a number of shares representing at least 1.5% or 3% of the share capital or voting rights of the Company, must inform the Company, in writing, within four trading days of the crossing of this threshold, and must also indicate in his declaration the number of securities giving access to the share capital of the Company it holds. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage.

Beyond the threshold of 3%, any additional crossing of 1% of the capital or voting rights of the Company must be notified to the Company under the aforementioned conditions.

Any person, acting on his own or in concert, is also required to inform the Company within four trading days if the percentage of his capital or voting rights falls below each of the thresholds described in this article.

For the purposes of the three preceding subparagraphs, the shares or voting rights listed in Article L. 233-9, I of the French Commercial Code are assimilated to the shares or voting rights held.

Failure to comply with these requirements will be penalised in accordance with applicable laws, at the request of one or more shareholders holding at least a 5% in the Company's capital or voting rights. Said request will be duly recorded in the minutes of the General Meeting.

6.3. Shareholders' rights

The rights of shareholders shall comply with applicable legislative and regulatory provisions, subject to the specific provisions of the current by-laws.

6.4. Employee shareholding

Registered shares held directly by employees and governed by Article L. 225-197-1 of the French Commercial Code are taken into account in determining the proportion of capital held by employees in accordance with the legislative and regulatory provisions in force.

BOARD OF DIRECTORS

ARTICLE 7

I - DIRECTORS

The Company is managed by a Board of Directors made up of three categories of Directors:

1. **DIRECTORS APPOINTED BY THE ORDINARY GENERAL MEETING OF SHAREHOLDERS**

   There are at least nine of these Directors, and thirteen at the most.

   The term of office of Directors appointed by the Ordinary General Meeting is four years.

   When, in application of current legislative and regulatory provisions, a Director is appointed to replace another, then his term of office shall not exceed the term of office remaining to be served by his predecessor.

   Each Director must hold at least six hundred shares.

2. **DIRECTORS REPRESENTING THE EMPLOYEES ELECTED BY EMPLOYEES**

   The status and methods of electing these Directors are laid down by Articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as by these By-laws.

   There are two Directors, one to represent the executives and one to represent all other Company employees.

   In any event, their number may not exceed one third of the Directors appointed by the General Meeting.

   Their term of office is three years.

3. **A DIRECTOR REPRESENTING EMPLOYEE SHAREHOLDERS APPOINTED BY THE ORDINARY GENERAL MEETING OF SHAREHOLDERS**

   The General Meeting appoints a Director representing employee shareholders.

   The term of office is 4 years.

Regardless of the appointment procedure, the duties of a Director cease at the end of the Ordinary General Meeting called to approve the financial statements of the previous fiscal year and held during the year in which his term of office expires.

Directors may be reelected, as long as they meet thelegislative and regulatory provisions in force, particularly with regard to age.

This provision shall apply from the General Meeting convened to approve the accounts for the 2020 financial year.

II - METHODS OF ELECTING

1. **DIRECTORS REPRESENTING EMPLOYEES ELECTED BY EMPLOYEES.**

For each seat to be filled, the voting procedure is that set forth by the legislative and regulatory provisions in force.

The first Directors elected by employees will begin their term of office during the Board of Directors' meeting held after publication of the full results of the first elections.

Subsequent Directors shall take up office upon expiry of the outgoing Directors' terms of office.

If, under any circumstances and for any reason whatsoever, there shall remain in office less than the statutory number of elected Directors before the normal end of the term of office of such Directors, vacant seats shall remain vacant until the end of the term of office and the Board shall continue to meet and take decisions validly until that date.

Elections shall be organised every three years so that a second vote may take place at the latest fifteen days before the normal end of the term of office of outgoing Directors.

For both the first and second ballot, the following deadlines should be adhered to:

- posting of the date of the election at least eight weeks before the polling date;
- posting of the lists of the electors at least six weeks before the polling date;
- registration of candidates at least five weeks before the polling date;
- posting of lists of candidates at least four weeks before the polling date;
- sending of documents required for postal voting at least three weeks before the polling date.

The candidatures or lists of candidates other than those entered by a representative trade union should be accompanied by a document including the names and signatures of the one hundred employees presenting the candidates.

Polling takes place the same day, at the work place, and during working hours. Nevertheless, the following may vote by post:

- employees not present on the day of polling;
- employees working abroad;
- employees of a department or office, or seconded to a subsidiary in France, not having a polling station, or who cannot vote in another office.

Each polling station consists of three elective members, the Chairman being the oldest one among them. The Chairman is responsible for seeing that voting operations proceed correctly.

Votes are counted in each polling station, and immediately after the closing of the polls; the minutes are drawn up as soon as the counting has been completed.

Results are immediately sent to the Head Office of Societe Generale, where a centralised results station will be set up with a view to drafting the summary report and announcing the results.

Methods of polling not specified by Articles L. 225-27 to L. 225-34 of the French Commercial Code or these By- laws are decreed by the General Management after consulting with the representative trade unions.

These methods may include electronic voting, whose organisation may deviate from the practical organisation and conduct of the election described herein.

2. DIRECTOR REPRESENTING EMPLOYEE SHAREHOLDERS APPOINTED BY THE ORDINARY GENERAL MEETING OF SHAREHOLDERS.

When the legal conditions are met, a member of the Board of Directors representing employee shareholders is appointed by the Ordinary General Meeting in accordance with the terms and conditions set by the regulations in force and by these By-laws.

The term of office is identical to the terms of the other directors appointed by the Ordinary General Meeting. The term of office is exercised by the candidate appointed, or by his replacement in the event of definitive termination, during the term of office, of the duties as director of the candidate with whom he was appointed. The term of office ends automatically in the event of loss of the capacity of employee of the Company or of an affiliated company within the meaning of the regulations in force.

Candidates for appointment as director representing employee shareholders are nominated by a single election of all employee shareholders, including holders of units of mutual funds invested in Societe Generale securities. The scope of voters and eligible candidates is defined by the regulations in force and these By-laws.

Employee shareholders may be consulted by any technical means that ensures the reliability of the vote, including electronic voting or postal ballot. Each elector has a number of votes equal to the number of shares he holds directly or indirectly through a mutual fund.

Every candidate must stand for election with a replacement who meets the same legal conditions of eligibility as the candidate. The replacement is called upon to replace the candidate for the remainder of the term of office. The candidate and his replacement shall be of different sexes.

Only candidacies presented by voters (i) representing at least 0.1% of the shares held directly or indirectly by employee shareholders and (ii) benefitting from 100 sponsorships of employees who vote, are admissible.

Minutes of the consultation are drawn up: they include the number of votes received by each of the candidates as well as a list of validly nominated candidates and replacements.

Only the two candidacies having obtained the highest number of votes cast during the consultation of employee shareholders shall be submitted to the vote of the Ordinary General Meeting.

The procedures relating to the organisation and conduct of the consultation of employee shareholders and the appointment of candidates not defined by the regulations in force and these Articles of Association shall be determined by the Board of Directors, on the proposal of the General Management.

The Board of Directors presents the designated candidates and their replacements to the Ordinary General Meeting by means of separate resolutions, and approves, if necessary, one of the resolutions.

The director representing employee shareholders and his replacement are appointed by the Ordinary General Meeting from among the validly nominated candidates and replacements. Under the quorum and majority conditions applicable to any appointment of a director, the person who has received the highest number of votes cast by the shareholders present or represented at the Ordinary General Meeting shall be elected as director.

The director representing employee shareholders shall hold on a continuous basis, either directly or through a mutual fund, at least one share or a number of shares of such fund equivalent to at least one share. Failing this, he shall be deemed to have resigned automatically unless he has rectified his situation within 3 months.

In the event of the definitive termination of the mandate of the director representing employee shareholders, his replacement, if he still meets the eligibility conditions, shall take up office immediately for the remainder of the term of office. If he is no longer a shareholder, he must rectify his situation within 3 months of taking office; failing this, he is deemed to have resigned at the end of this period.

In the event of a vacancy, for any reason whatsoever, in the office of the director representing employee shareholders, the appointment of candidates to replace the director representing employee shareholders shall be made under the conditions provided for in this article, at the latest before the meeting of the next ordinary general meeting or, if such meeting is held less than 4 months after the vacancy occurs, before the next ordinary general meeting. The director representing employee shareholders so appointed to the vacant position shall be appointed for the duration of one term of office.

Until the date of replacement of the director representing the employee shareholders, the Board of Directors may validly meet and deliberate.

In the event that, during the term of office, the conditions provided for by the regulations in force for the appointment of a director representing employee shareholders are no longer met, the term of office of the director representing employee shareholders shall end at the end of the Ordinary General Meeting at which the Board of Directors' report acknowledging this fact is presented.

III - NON-VOTING DIRECTORS

On the proposal of the Chairman, the Board of Directors may appoint one or two Non-Voting Directors.

Non-Voting Directors are convened and attend Board of Directors' meetings in a consultative capacity.

They are appointed for a period not exceeding four years and the Board can renew their terms of office or terminate them at any time.

They may be selected from among shareholders or non-shareholders, and receive an annual remuneration determined by the Board of Directors.

ARTICLE 8

The Board of Directors determines the Company's strategy and ensures its implementation, in accordance with its corporate interest, taking into consideration the social and environmental stakes of its activity. Subject to the powers expressly attributed to the General Meeting and within the scope provided for in the corporate purpose, it considers all matters that affect the Company's operations and settles by its decisions matters that concern it.

It carries out all the controls and verifications it deems appropriate. The Chairman or Chief Executive Officer is required to furnish each director with all documents and information required to carry out their function.

ARTICLE 9

The Board of Directors elects a Chairman from among its natural person members, determines his remuneration and sets the duration of his term of office, which may not exceed that of his term of office as Director.

No member of 70 years of age or more shall be appoint- ed Chairman. If the Chairman in office reaches the age of 70, his duties shall cease after the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

The Chairman organises and manages the work of the Board of Directors and reports on its activities to the General Meeting. He ensures that the Company's bodies operate correctly and in particular ensures that the Directors are able to fulfil their functions.

ARTICLE 10

The Board of Directors meets as often as is required by the interests of the Company, upon convocation by the Chairman, either at the registered office or in any other place indicated in the Notice of Meeting. The Board examines the items placed on the agenda.

It shall meet when at least one-third of Board members or the Chief Executive Officer submits a request for a meeting with a specific agenda to the Chairman.

If the Chairman is unable to attend, the Board of Directors can be convened either by one-third of its members, or by the Chief Executive Officer or a Deputy Chief Executive Officer, provided they are members of the Board.

Unless specifically provided for, Directors are called to meetings by letter or by any other means. In any event, the Board may always deliberate validly if all its members are present or represented.

Under the conditions provided for by the legislative and regulatory provisions in force, decisions falling within the powers of the Board of Directors as well as decisions to transfer the registered office within the same department may be taken by written consultation with the Directors.

ARTICLE 11

Board meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Director designated for

this purpose at the beginning of the meeting.

Every Director may give his proxy to another Director, but a Director may act as proxy for only one other Director and a proxy can only be given for one specific meeting of the Board.

In all cases, deliberations of the Board are valid only if at least half the members are present.

The Chief Executive Officer attends meetings of the Board.

One or several delegates of the Central Social and Economic Committee attend Board meetings, under the conditions laid down by the legislative and regulatory provisions in force.

At the request of the Chairman of the Board of Directors, members of the Management, the Statutory Auditors or other persons outside the Company with specific expertise relating to the items on the agenda may attend all or part of a Board meeting.

Resolutions are adopted by a majority vote of the Directors present or represented. In the event of a tie, the Chairman holds a casting vote.

A member of the Management appointed by the Chairman serves as Secretary of the Board.

Minutes are prepared and copies or extracts certified and delivered in accordance with the legislative and regulatory provisions in force.

ARTICLE 12

Under the conditions provided for by the legislative and regulatory provisions in force, members of the Board may receive, for the term of their offices, a remuneration. the total amount of which shall be determined by the General Meeting and which shall be split among the Directors by the Board according to allocation principles submitted to the General Meeting.

GENERAL MANAGEMENT

ARTICLE 13

The General Management of the Company is the responsibility of either the Chairman of the Board of Directors, or any other individual appointed by the Board of Directors to act as Chief Executive Officer.

The Board of Directors may choose between the two general management structures, and its decision is only valid if:

- the agenda with respect to this choice is sent to members at least 15 days before the date of the Board Meeting;
- at least two-thirds of Directors are present or represented.

Shareholders and third parties shall be informed of this decision in accordance with the regulations in force.

When the Chairman of the Board of Directors assumes responsibility for the general management of the Company, the following provisions relating to the Chief Executive Officer shall be applicable to him.

The Chief Executive Officer shall be vested with the most extensive powers to act under any circumstances on behalf of the Company. He shall exercise these powers within the scope of the Company’s purpose and subject to those powers expressly assigned by law to meetings of shareholders and the Board of Directors. He shall represent the company vis-à-vis third parties.

The Board of Directors sets the remuneration under the conditions provided for by the legislative and regulatory provisions in force and the duration of the Chief Executive Officer's term, which may not exceed that of the dissociation of the functions of Chairman and Chief Executive Officer nor, where applicable, the term of his Directorship.

No person aged 70 or more may be appointed Chief Executive Officer. If the Chief Executive Officer in office reaches 70 years of age, his functions shall end at the end of the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

On recommendation by the Chief Executive Officer, the Board of Directors can appoint up to five persons to assist the Chief Executive Officer, who shall have the title Deputy Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to Deputy Chief Executive Officers. The Board of Directors sets their remuneration under the conditions provided for by the legislative and regulatory provisions in force. With respect to third parties, Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

SHAREHOLDERS' MEETING

ARTICLE 14

General Meetings are comprised of all shareholders.

The General Meeting is called and deliberates as provided for by the legal and regulatory provisions in force.

It meets at the Company's head office or in any other place in mainland France indicated in the Notice to attend the General Meeting.

Such meetings are chaired by the Chairman of the Board or, in his absence, by a Director appointed for this purpose by the Chairman of the Board.

Regardless of the number of shares held, all shareholders whose shares are registered under the terms and at a date set forth by the legislative and regulatory provisions in force, have the right, upon proof of their identity and status as a shareholder, to participate in the General Meetings. The shareholders may, as provided for by the legal and regulatory provisions in force, personally attend the General Meetings, vote remotely or appoint a proxy.

The intermediary registered on behalf of shareholders may participate in the General Meetings, as provided for by the legal and regulatory provisions in force.

In order for the ballots to be counted, they must be received by the Company at least two days before the General Meeting is held, unless otherwise specified in the Notice of Meeting or required by the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, when stipulated in the Notice of Meeting and subject to the conditions provided therein.

The General Meeting may be publicly broadcast by means of electronic communication subject to the approval and under the terms set by the Board of Directors. Notice will be given in the preliminary Notice of Meeting and/or Notice to attend the Meeting.

Double voting rights, in relation to the share of capital stock they represent, are allocated to all those shares which are fully paid up and which have been registered in the name of the same shareholder for at least two years as from January 1, 1993. Double voting rights are also allocated to new registered shares that may be allocated free of charge to a shareholder in respect of the shares with double voting rights already held by him, in the case of a capital increase by incorporation of reserves, earnings, or additional paid-in capital.

The number of votes at General Meetings to be used by one shareholder, either personally or by a proxy, may not exceed 15% of total voting rights at the date of the Meeting.

This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for whom they act as proxy complies with the rule stipulated in the previous paragraph.

For the purposes of applying this limit, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L. 233-7 et seq. of the French Commercial Code.

This limit ceases to apply when a shareholder acquires – either directly or indirectly or jointly with another shareholder – more than 50.01% of the Company's voting rights following a public offering.

In all General Meetings, the voting right attached to shares that include a usufructuary right, is exercised by the usufructuary.

SPECIAL MEETINGS

ARTICLE 15

When different categories of shares exist, the Special Meetings of the Shareholders of such categories of shares deliberate as provided by applicable legislative and regulatory provisions and Article 14 herein.

STATUTORY AUDITORS

ARTICLE 16

The Statutory Auditors are appointed and carry out their duties according to the applicable legislative and regulatory provisions.

ANNUAL FINANCIAL STATEMENTS

ARTICLE 17

The financial year starts on January 1 and ends on December 31.
The Board of Directors prepares the financial statements for the year under the conditions set by the applicable legislative and regulatory provisions.

All other documents prescribed by the applicable legislative and regulatory provisions are also drawn up.

ARTICLE 18

The results for the year are determined in accordance with the applicable legal and regulatory provisions.

At least 5% of the profits for the year, less any previous losses, must be set aside by the legislative provisions in force to form a reserve fund until said fund reaches 10% of the capital.

The net income available after this deduction, increased by any net income brought forward, constitutes the profits available for distribution, to be successively allocated to ordinary, extraordinary or special reserves or to be carried forward in those amounts which the General Meetingmay deem useful, upon the recommendation of the Board of Directors.

The balance is then allocated to the Shareholders in pro- portion to their stake in the share capital.

The General Meeting may also resolve to distribute amounts from available reserves.

The General Meeting approving the annual financial statements may, with regard to the whole or part of the dividend or interim dividend, grant each shareholder the option to choose between payment of the dividend or interim dividend in cash or in shares in accordance with the conditions set by the legislative and regulatory provisions in force. A shareholder who exercises this option must do so for all of the dividends or interim dividends attached to their shares.

Except in cases of a reduction in capital, no distribution may be made to shareholders if the Shareholders' equity of the Company is or may subsequently become less than the minimum capital and reserves that may not be distributed by the legislative or statutory provisions.

FORUM SELECTION CLAUSE

ARTICLE 19

Any dispute arising during the life of the Company or during its liquidation, between the Company and its shareholders or among the shareholders themselves, related to Company matters, shall be brought before the courts under the proper jurisdiction effective at the Company's registered office.

DISSOLUTION

ARTICLE 20

In the event that Societe Generale is wound up and unless otherwise provided for by the legislative and regulatory provisions in force, the General Meeting determines the method of liquidation, appoints the liquidators on the proposal of the Board of Directors and continues to exercise its assigned powers during said liquidation until completion thereof.

The net assets remaining after repayment of the nominal value of the shares are distributed among the shareholders, in proportion to their share of the capital.

7. PERSON RESPONSIBLE FOR THE SECOND AMENDMENT TO THE UNIVERSAL REGISTRATION DOCUMENT

7.1 Person responsible for the second amendment to the Universal Registration Document

M. Frédéric OUDÉA
Chief Executive Officer of Societe Generale

7.2 Statement of the person responsible

I hereby certify, after taking all reasonable measures for this purpose, that the information contained in this amendment to the Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its meaning.

I certify, to the best of my knowledge, that the condensed accounts for the first half year have been prepared in accordance with applicable accounting standards and are a fair reflection of the assets, liabilities, financial position and profit or loss of the Company and all the entities included in the consolidation scope, and that the interim management report (comprising the sections of this Universal Registration Document listed in the cross-reference table in section 8.2) presents a fair review of the important events which have occurred during the first six months of the financial year, their impact on the accounts, the major related parties transactions and a description of the main risks and uncertainties for the remaining six months of the financial year.

Paris, on 5 August 2020

M. Frédéric OUDÉA
Chief Executive Officer of Societe Generale

7.3 Persons responsible for the audit of the accounts

STATUTORY AUDITORS

Name: Company Ernst & Young et Autres
represented by Mr. Micha Missakian

Address: 1/2, place des Saisons
92400 Courbevoie – Paris-La Défense
(France)

Date of appointment: 22nd May 2012

Date of renewal: 23rd May 2018

Duration of current term of office: six financial years

End of current term of office: at the close of the Ordinary General Meeting called to approve the accounts for the year ended 31st December 2023

Name: Company Deloitte & Associés
represented by Mr. Jean-Marc Mickeler

Address: 6, place de la Pyramide
92908 Paris-La Défense Cedex
(France)

Date of first appointment: 18th April 2003

Date of latest renewal: 23rd May 2018

Duration of current term of office: six financial years

End of current term of office: at the close of the Ordinary General Meeting called to approve the accounts for the year ended 31st December 2023

The companies Ernst & Young et Autres and Deloitte & Associés are registered as Statutory Auditors with the *Compagnie régionale des Commissaires aux comptes de Versailles*.

7.4 Declaration of the issuer related to the amendment

This second amendment to the Universal Registration Document has been filed on 5 August 2020 with the AMF under N° D-20-0122-A02, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.
The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

8. CROSS-REFERENCE TABLES

8.1 Cross-reference table of the amendment

This cross-reference table contains the headings provided for in Annex 1 (as referred to in Annex 2) of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and repealing Commission Regulation (EC) No 809/2004, and refers to the pages of this amendment to the Universal Registration Document where the information relating to each of these headings is mentioned.

Headings		Page numbers of the Universal Registration Document	1st Amendment	2nd Amendment
1.	**PERSONS RESPONSIBLE**			
1.1.	Name and function of the persons responsible	568	52	179
1.2.	Declaration by the persons responsible	568	52	179
1.3.	Statement or report attributed to a person as an expert	NA	NA	NA
1.4.	Information sourced from a third party	NA	NA	NA
1.5.	Competent authority approval	1	1	180
2.	**STATUTORY AUDITORS**			
2.1.	Names and addresses of the auditors	568	53	180
2.2.	Resignation, removal or non-reappointment of the auditors	NA	NA	NA
3.	**RISK FACTORS**	148-156	29-30	45-59
4.	**INFORMATION ABOUT THE ISSUER**			
4.1.	Legal and commercial name of the issuer	550	NA	1 ; 169
4.2.	Place of registration, registration number and legal entity identifier (LEI) of the issuer	550	NA	NA
4.3.	Date of incorporation and the length of life of the issuer	550	NA	169
4.4.	Domicile and legal form of the issuer, applicable legislation, country of incorporation, address and telephone number of its registered office and website	550	NA	1 ; 169
5.	**BUSINESS OVERVIEW**			
5.1.	Principal activities	8-10 ; 49-55	NA	5-30
5.2.	Principal markets	8-15 ; 18-28 ; 30-31 ; 423-426	6-26	5-30 ; 52 ; 89
5.3.	Important events in the development of the business	6-7 ; 18-28	6-28	5-30 ; 32-36
5.4.	Strategy and objectives	12-17	3-4	5 ; 19 ; 30 ; 48-49 ; 51
5.5.	Extent to which the issuer is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	NA	NA	NA
5.6.	Basis for any statements made by the issuer regarding its competitive position	30-48	6-28	5-30 ; 51
5.7.	Investments	4 ; 256-308 ; 333-337	NA	41-43
6.	**ORGANISATIONAL STRUCTURE**			
6.1.	Brief description of the Group	8-10 ; 30-31	NA	30-31
6.2.	List of the significant subsidiaries	34-48 ; 437-464	NA	31 ; 37-38 ; 64 ; 93
7.	**OPERATING AND FINANCIAL REVIEW**			
7.1.	Financial condition	16-17 ; 32-48 ; 56-62	3-28	3-30 ; 37-40
7.2.	Operating results	32-48	6-26	5-30

Headings		Page numbers of the Universal Registration Document	1st Amendment	2nd Amendment
8.	**CAPITAL RESOURCES**			
8.1.	Information concerning the issuer's capital resources	310-314 ; 417-419 ; 513-515	9 ; 20 ; 23 ; 24 ; 25 ; 27 ; 32	80 ; 141-142 ; 167-168
8.2.	Sources and amounts of the issuer's cash flows	315	NA	81 ; 94-98
8.3.	Information on the borrowing requirements and funding structure of the issuer	59-67	6 ; 9 ; 17 ; 27 ; 28	39-40
8.4.	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect the issuer's operations	551	NA	NA
8.5.	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2	59-67 ; 64	NA	39-40
9.	**REGULATORY ENVIRONMENT**	16-17 ; 32-48 ; 172-173	3-4 ; 29-30	3-30 ; 49-51
10.	**TREND INFORMATION**			
10.1.	Most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year Any significant change in the financial performance of the Group or provide an appropriate negative statement.	16-17 ; 64	3-28	5-30
10.2.	Trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	16-17	3-4	3-4
11.	**PROFIT FORECASTS OR ESTIMATES**	NA	NA	NA
12.	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT**			
12.1.	Board of Directors and General Management	70-101 ; 142	NA	71-74
12.2.	Administrative, management and supervisory bodies and General Management conflicts of interests	142	NA	72
13.	**REMUNERATION AND BENEFITS**			
13.1.	Amount of remuneration paid and benefits in kind	102-138	NA	NA
13.2.	Total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	406	NA	NA
14.	**BOARD AND GENERAL MANAGEMENT PRACTICES**			
14.1.	Date of expiration of the current term of office	73 ; 78-85 ; 96-98	NA	72
14.2.	Members of the administrative bodies' service contracts with the issuer	NA	NA	NA
14.3.	Information about the issuer's audit committee and remuneration committee	90-95	38-51	72
14.4.	Statement as to whether or not the issuer complies with the corporate governance regime	71	38	NA
14.5.	Potential material impacts on the corporate governance, including future changes in the board and committees composition	NA	NA	71-74; 168
15.	**EMPLOYEES**			
15.1.	Number of employees	261	NA	30 ; 56
15.2.	Shareholdings and stock options of company officers	78-85 ; 96-98 ; 102-138	NA	136-137
15.3	Description of any arrangements for involving the employees in the capital of the issuer	405-406 ; 412 ; 509 ; 545	37	135-137 ; 168
16.	**MAJOR SHAREHOLDERS**			
16.1.	Shareholders holding more than 5% of capital or voting rights	545-546	NA	167-168
16.2.	Different voting rights held by the major shareholders	545-546 ; 551	NA	167-168
16.3.	Control of the issuer	545-546 ; 549	NA	NA
16.4.	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	NA	NA	NA
17.	**RELATED PARTY TRANSACTIONS**	**143 ; 406 ; 522 - 532**	NA	NA

Headings		Page numbers of the Universal Registration Document	1st Amendment	2nd Amendment
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18.1.	Historical financial information	135 ; 147 ; 157-163 ; 172-173 ; 181 ; 183-186 ; 199-211 ; 214 - 219 ; 231-236 ; 310-468 ; 474-535	5-28	5-30
18.2.	Interim and other financial information	NA	5-28	5-30 ; 75-166
18.3.	Auditing of historical annual financial information	469-473 ; 536-540	NA	NA
18.4.	Pro forma financial information	NA	NA	NA
18.5.	Dividend policy	15 ; 543-544	5-6 ; 9 ; 30	47 ;61 ; 143
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19.	**ADDITIONAL INFORMATION**			
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19.2.	Memorandum and Articles of Association	552 - 556	NA	169-178
20.	**MATERIAL CONTRACTS**	64	NA	43
21.	**DOCUMENTS AVAILABLE**	551	NA	NA

8.2 Cross-reference table of the interim financial report

Pursuant to Article 9 Section 12 to the Regulation (EU) 2017/1129 of the European Parliament and of the Council, this amendment comprises the information of the interim financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-4 of the AMF's General Regulation.

Interim financial report	Page numbers
Financial statements as at 30 June 2020	75- 165
Interim management report	3- 44
▪ Important events which have occurred during the first six months of the financial year and their impact on the half-yearly accounts	5-44
▪ Description of the main risks and uncertainties for the remaining six months of the financial year	3-4
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Statement by the person responsible	179
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