Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Index (as defined below).

A further 4,500,000 European Style Cash Settled Long Certificates

relating to the Hang Seng Index Net Total Return Index

with a Daily Leverage of 7x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$2.50 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by SG Issuer (the "**Issuer**") unconditionally and irrevocably guaranteed by Société Générale (the "**Guarantor**"), and is supplemental to and should be read in conjunction with a base listing document dated 21 June 2018 including such further base listing documents as may be issued from time to time (the "**Base Listing Document**"), as supplemented by an addendum to the Base Listing Document dated 5 November 2018 (the "**Addendum**"), for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Hang Seng Index Net Total Return Index (the "**Index**") is contained in this document.

The Certificates shall be consolidated and form a single series with an existing issue of 4,000,000 European Style Cash Settled Long Certificates relating to the Hang Seng Index Net Total Return Index (DLC SOCGEN7XLONGHSI 220225 (KDVW)) issued by the Issuer and listed on the SGX-ST, in which dealings commenced on 26 February 2019 and details of which are contained in the Supplemental Listing Document dated 25 February 2019.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the

Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see "Placing and Sale" contained herein).

Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Index, or the securities or derivatives comprised in the Index and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Index, or the securities or derivatives comprised in the Index.

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

The Certificates constitute general unsecured obligations of the Issuer and of no other person, and the guarantee dated 21 June 2018 (the "**Guarantee**") and entered into by the Guarantor constitutes general unsecured obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 15 May 2019.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

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

14 May 2019

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document, the Base Listing Document and the Addendum in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document, the Base Listing Document and the Addendum for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Index) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Index as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

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

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following are risk factors relating to the Certificates:

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute general unsecured obligations of the Issuer and of no other person, and the Guarantee constitutes general unsecured obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;

(c) since the Certificates relate to the level of an index, certain events relating to the Index or Index components may cause adverse movements in the value and the level of the Index or Index components, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the level of the Index has fallen sharply on the Expiry Date;

(d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the level of the Index, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;

(e) if, whilst any of the Certificates remain unexercised, trading in the securities or derivatives relating to or constituting the Index is suspended, trading of options or futures relating to the Index on any options or futures exchanges is suspended, or options or futures generally on any options and/or futures exchanges on which options or futures relating to the Index are traded is suspended, or if the Index for whatever reason is not calculated, trading in the Certificates will be suspended for a similar period;

(f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(h) the Issuer will determine the adjustment to the Cash Settlement Amount necessary to take into account any material change in the method of calculation of the Index;

(i) certain events relating to the PR Index or the Index or PR Index components or Index components permit the Issuer to make certain determinations in respect of the PR Index or the Index or PR Index components or Index components and thus, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 29 to 31 of this document for more information;

(j) a level for the Index may be published by the Index Sponsor at a time when one or more securities or derivatives comprised in the Index are not trading. If this occurs on a Valuation Date and there is no Market Disruption Event under the terms of the relevant Certificates then the value of such securities or derivatives may not be included in the closing level of the Index. In addition, certain events relating to the Index (including a material change in the formula or the method of calculating the Index or a failure to publish the Index) permits the Issuer to determine the level of the Index on the basis of the formula or method last in effect prior to such change of formula;

(k) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(l) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(m) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);

(n) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;

(o) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the securities or derivatives comprised in the Index and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the securities or derivatives comprised in the Index;

(p) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 7 times the performance of the securities or derivatives comprised in the Index over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(q) investors should note that the Air Bag Mechanism (as defined below) reduces the impact on the Leverage Strategy if the Index falls further, but will also maintain a reduced exposure to the Index in the event the Index starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(r) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Index, where there is an approximately 14% or greater gap between the previous day closing level and the opening level of the Index the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the Index of approximately 14% or greater (comparative to the previous closing level of the Index or the previous observed level in case of an air bag previously on the same day) during the Observation Period. Investors may refer to pages 46 to 47 of this document for more information;

(s) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 11 on pages 33 to 34 of this document for more information;

(t) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;

(u) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the components of the Index, or related securities or derivatives. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the components of the Index, or related securities or derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the components of the Index, or related securities or derivatives which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

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

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the securities or derivatives related to the Index, and/or the Index. Such activities and information may involve or otherwise affect issuers of securities or derivatives related to the Index and/or the Index in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the securities or derivatives related to the Index and/or the Index or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

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

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

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

(y) the Certificates are linked to an index and subject to risks broadly similar to those attending any investment in a broadly-based portfolio of assets, the risk that the general level of prices for such assets may decline. The following is a list of some of the significant risks associated with an index:

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

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

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

(z) the value of the Certificates depends on the Leverage Strategy (as described below) performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

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

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

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(cc) the US Foreign Account Tax Compliance Act ("**FATCA**") withholding risk:

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

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

(dd) U.S. withholding tax

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

Specifically, Section 871(m) Regulations will generally apply to Certificates the pricing date of which occurs from 1 January 2017 and that substantially replicate the economic performance of one or more U.S. Underlying Equity(ies) as determined by the Issuer on the date for such Certificates as of which the expected delta of the product is determined by the Issuer (such date being the "pricing date") based on tests in accordance with the applicable Section 871(m) Regulations (for the purposes of the relevant notices describing these rules, such Certificates are deemed "delta-one" instruments) ("**Specified Securities**"). If one or more of the U.S. Underlying Equities are expected to pay dividends during the term of the Specified Securities, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. Even where a Certificate is a Specified Security, no tax should be imposed under Section 871(m) as long as either (1) no dividend is paid with respect to any U.S. Underlying Equity during the term of the Certificates or (2) both (x) no additional amount is paid to the holder of a Certificate in respect of any such dividend and (y) as estimated by the Issuer (with the meaning of Treas. Reg. § 1.871-15(i)(2)(iii)) at the time of issuance the amount of all such dividends will be zero (Zero Estimated Dividends Securities). In such case, the Issuer will estimate the amount of dividends to be paid with respect to U.S. Underlying Equities for all periods during the term of the Certificates to be zero and will not make any adjustments for dividends, including extraordinary dividends, that are taxable as dividend for U.S. federal income tax purposes, and thus there should be no tax imposed under section 871(m) on the Certificates even if one or more dividends are paid with respect to a U.S. Underlying Equity.

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

The Issuer has determined that generally Certificates should not be linked to US Underlying Equities and should not be "delta-one" transactions within the meaning of the relevant notices and, therefore, should not be Specified Securities subject to withholding tax under Section 871(m) Regulations. Investors are advised that the Issuer's determination is binding on all Non-U.S. Holders of the Certificates, but it is not binding on the IRS and the IRS may therefore disagree with the Issuer's determination.

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

As neither the Issuer nor the withholding agent will be required to gross up any amounts withheld in connection with a Specified Security, holders will receive smaller payments in such case than they would have received without withholding tax being imposed.

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

(ee) risk factors relating to the BRRD

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

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") entered into force on 2 July 2014. As a Directive, the BRRD is not directly applicable in France and had to be transposed into national legislation. The French ordonnance No. 2015-1024 of 20 August 2015 transposed the BRRD into French law and amended the French Code monétaire et financier for this purpose. The French ordonnance has been ratified by law no. 2016-1691 dated 9 December 2016 (Loi n°2016-1691 du 9 décembre 2016 relative à la transparence, à la lutte contre la corruption et à la modernisation de la vie économique) which also incorporates provisions which clarify the implementation of the BRRD.

The stated aim of the BRRD and Regulation (EU) No. 806/2014 of the European Parliament and of the Council of the European Union of 15 July 2014 (the "**SRM Regulation**") is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions, investment firms, certain financial institutions and certain holding companies (each a relevant entity). The regime provided for by the BRRD is, among other things, stated to be needed to provide the authority designated by each EU Member State (the "**Resolution Authority**") with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing relevant entity so as to ensure the continuity of the relevant entity's critical financial and economic functions while minimising the impact of a relevant entity's failure on the economy and financial system (including taxpayers' exposure to losses).

Under the SRM Regulation a centralised power of resolution is established and entrusted to the Single Resolution Board (the "**SRB**") and to the national resolution authorities.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing relevant entity under resolution in accordance with a set order of priority (the "**Bail-in Tool**").

The conditions for resolution under the French Code monétaire et financier implementing the BRRD are deemed to be met when: (i) the Resolution Authority or the relevant supervisory authority determines that the relevant entity is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimising reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the relevant entity under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure where the conditions for resolution are met, write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the relevant entity or its group will no longer be viable unless such write down or conversion power is exercised or when the relevant entity requires extraordinary public financial support (except when extraordinary public financial support is provided in the form defined in Article L. 613-48 III, 3° of the French Code monétaire et financier).

The Bail-in Tool or the exercise of write-down/conversion powers by the Resolution Authority with respect to capital instruments (including subordinated debt instruments) could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolutions measures, including the Bail-in Tool. In addition, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Tool could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such power.

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

Before taking a resolution measure or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

Since 1 January 2016, French credit institutions (such as the Issuer and the Guarantor) have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article L. 613-44 of the French Code monétaire et financier. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at avoiding institutions to structure their liabilities in a manner that impedes the effectiveness of the Bail-in Tool. From January 2019, G-SIBs (global systemically important banks) such as the Issuer and the Guarantor will also have to comply with the total loss absorbing capacity (TLAC) requirements.

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

The application of any resolution measure under the French BRRD implementing provisions or any suggestion of such application with respect to the Issuer, the Guarantor or the Group could materially adversely affect the rights of Certificate Holders, the price or value of an investment in the Certificates and/or the ability of the Issuer or the Guarantor to satisfy its obligations under the Certificates, and as a result investors may lose their entire investment.

Moreover, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Tool or the exercise of write-down/conversion powers by the Resolution Authority independently of a resolution measure with respect to capital instruments (including subordinated debt instruments) or in combination with a resolution measure when it determines that the institution or its group will no longer be viable could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such powers.

Implementation of BRRD in Luxembourg

The BRRD was implemented by the Luxembourg act dated 18 December 2015 (the "**BRR Act 2015**"). Under the BRR Act 2015, the competent authority is the CSSF and the resolution authority is the CSSF acting as Resolution Council (le Conseil de *résolution*).

The BRR Act 2015 provides for certain resolution measures, including the power to impose in certain circumstances a suspension of activities. Any suspension of activities can, to the extent determined by the CSSF, result in the partial or complete suspension of the performance of agreements entered into by a Luxembourg incorporated credit institution or investment firm. The BRR Act 2015 also grants the power to the Resolution Council to take a number of resolution measures including (i) a forced sale of a Luxembourg incorporated credit institution or investment firm (sale of business), (ii) the establishment of a bridge institution or, (iii) the forced transfer of all or part of the assets, rights or obligations of a Luxembourg incorporated credit institution or investment firm (asset separation) and (iv) the application of the general bail-in tool. The powers set out in the BRR Act 2015 will impact how credit institutions, investment firms or relevant financial institutions (such as SG Issuer) established in Luxembourg, are managed as well as, in certain circumstances, the rights of creditors.

If the general bail-in tool and the statutory write-down and conversion power become applicable to SG Issuer, the Certificates may be subject to write-down or conversion into equity (ordinary shares or other instrument of ownership) on any application of the bail-in tool, which may result in such Certificates' holders losing some or all of their investment (notably, the amount of the outstanding may be reduced, including to zero). Subject to certain conditions, the terms of the obligations owed under the Certificates may also be varied by the Resolution Council (e.g. as to maturity, interest and interest payment dates). The exercise of any power under the BRR Act 2015 or any suggestion of such exercise could materially adversely affect the rights of the holders of the Certificates, the price or value of their investment in any Certificates and/or the ability of SG Issuer to satisfy its obligations under any Certificate.

Regulation (EU) no. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of significant credit institutions and financial groups, in the framework of a Single Resolution Mechanism and a

Single Resolution Fund, established a centralised power of resolution and entrusted to a Single Resolution Board and to the national resolution authorities of participating EU Member States (including Luxembourg and the CSSF through the Resolution Council). Since 1 January 2015, the Single Resolution Board works in close cooperation with the Resolution Council, in particular in relation to the elaboration of resolution planning, and has assumed full resolution powers since 1 January 2016.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document, the Base Listing Document and the Addendum.

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	A further 4,500,000 European Style Cash Settled Long Certificates relating to the Index The Certificates shall be consolidated and form a single series with an existing issue of 4,000,000 European Style Cash Settled Long Certificates relating to the Hang Seng Index Net Total Return Index issued by the Issuer and listed on the SGX-ST, in which dealings commenced on 26 February 2019.
Index:	Hang Seng Index Net Total Return Index (RIC: .HSIDVN)
Reference Level[3]:	79,809.54
Index Sponsor:	Hang Seng Indexes Company Limited
Calculation Agent:	Société Générale
PR Index:	Hang Seng Index as published on Thomson Reuters page .HSI or any successor page
Strike Level:	Zero
Daily Leverage:	7x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 2.50
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	4.20%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.

[3] These figures are calculated as at, and based on information available to the Issuer on 25 February 2019. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 25 February 2019.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Strategy.

Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Index.
Launch Date:	9 May 2019
Closing Date:	14 May 2019
Expected Listing Date:	15 May 2019
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 18 February 2022
Expiry Date:	25 February 2022 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	24 February 2022 or if such day is not an Index Business Day, the immediately preceding Index Business Day. The "**Index Business Day**" means a day on which the value of the Index is published by the Index Sponsor or, as the case may be, the successor Index Sponsor
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

Closing Level multiplied by the Notional Amount per Certificate

Please refer to the "Information relating to the European Style Cash Settled Long Certificates" section on pages 38 to 47 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.

Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 1 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: "**t**" refers to "**Observation Date**" which means each Index Business Day from (and including) the Index Business Day immediately preceding 26 February 2019 to the Valuation Date; and ACT (t-1;t) means the number of calendar days between the Index Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded). Please refer to the "Information relating to the European Style Cash Settled Long Certificates" section on pages 38 to 47 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.
Closing Level:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: $\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$
Initial Reference Level:	1,000
Final Reference Level:	The closing level of the Leverage Strategy (as described below) on the Valuation Date The calculation of the closing level of the Leverage Strategy is set out in the "Specific Definitions relating to the Leverage Strategy" section on pages 21 to 24 below.
Initial Exchange Rate[3]:	0.1721
Final Exchange Rate:	The rate for the conversion of Hong Kong Dollar to Singapore Dollar as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.
Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Index during extreme market conditions. If the PR Index falls by 10% or more ("**Air Bag Trigger Level**") during the trading day (which represents approximately 70% loss after a 7 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism

reduces the impact on the Leverage Strategy if the Index falls further, but will also maintain a reduced exposure to the Index in the event the Index starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.

The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.

Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 22 to 24 below and the "Description of Air Bag Mechanism" section on pages 44 to 45 of this document for further information of the Air Bag Mechanism.

Index Currency:	Hong Kong Dollar
Settlement Currency:	Singapore Dollar
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited ("**SGX-ST**")
Relevant Stock Exchange for the Index:	The Stock Exchange of Hong Kong Limited ("**HKEX**")
Business Day and Exchange Business Day:	A "**Business Day**" is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore. An "**Exchange Business Day**" is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

	Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing level of the Index on the previous trading day, the Air Bag Trigger Level for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 7 times daily leveraged exposure to the Index.

At the end of each trading day of the Index, the exposure of the Leverage Strategy to the Index is reset within the Leverage Strategy in order to retain a daily leverage of 7 times the performance of the Index (excluding costs) regardless of the performance of the Index on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Index during extreme market conditions, as further described below.

Leverage Strategy Formula

$\mathbf{LSL_t}$	means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t). Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae: On Observation Date(1): $\mathrm{LSL_1} = 1000$ On each subsequent Observation Date(t): $\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{t-1}} \times \left(1 + \mathrm{LR_{t-1,t}} - \mathrm{FC_{t-1,t}} - \mathrm{RC_{t-1,t}}\right), 0\right]$
$\mathbf{LR_{t-1,t}}$	means the Leveraged Return of the Index between Observation Date(t-1) and Observation Date(t) closing levels, calculated as follows : $\mathrm{LR_{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{NTR_t}}{\mathrm{NTR_{t-1}}} - 1\right)$
$\mathbf{FC_{t-1,t}}$	means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows : $\mathrm{FC_{t-1,t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{t-1}} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$
$\mathbf{RC_{t-1,t}}$	means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows : $\mathrm{RC_{t-1,t}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left\lvert\frac{\mathrm{NTR_t}}{\mathrm{NTR_{t-1}}} - 1\right\rvert\right) \times \mathrm{TC}$
TC	means the Transaction Costs applicable (including Stamp Duty) that are equal to : 0.10%
Leverage	7
$\mathbf{NTR_t}$	means, in respect of each Observation Date(t), the Closing Price of the Index as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.

Rate_t means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:

$$\text{Rate}_t = \text{CashRate}_t + \%\text{SpreadLevel}_t$$

CashRate_t means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page.

$\%\text{SpreadLevel}_t$ means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page.

Provided that if such difference is negative, $\%\textbf{SpreadLevel}_t$ should be 0%.

ACT(t-1,t) ACT (t-1;t) means the number of calendar days between the Index Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

DayCountBasisRate 365

Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)

Extraordinary Strategy Adjustment for Performance Reasons If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date,** noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date (LSL_{IRD}) should be computed as follows :

$$\text{LSL}_{\text{IRD}} = \text{Max}\left[\text{ILSL}_{\text{IR(n)}} \times \left(1 + \text{ILR}_{\text{IR(n),IR(C)}} - \text{IRC}_{\text{IR(n),IR(C)}}\right), 0\right]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$\text{LSL}_{\text{IRD}} = \text{Max}\left[\text{ILSL}_{\text{IR(n)}}, 0\right]$$

$\text{ILSL}_{\text{IR(k)}}$ means, in respect of IR(k), the Intraday Leverage Strategy Level in accordance with the following provisions :

(1) for k = 1 :

$$\text{ILSL}_{\text{IR(1)}} = \text{Max}\left[\text{LSL}_{\text{IRD-1}} \times \left(1 + \text{ILR}_{\text{IR(0),IR(1)}} - \text{FC}_{\text{IRD-1,IRD}} - \text{IRC}_{\text{IR(0),IR(1)}}\right), 0\right]$$

(2) for k > 1 :

$$\text{ILSL}_{\text{IR(k)}} = \text{Max}\left[\text{ILSL}_{\text{IR(k-1)}} \times \left(1 + \text{ILR}_{\text{IR(k-1),IR(k)}} - \text{IRC}_{\text{IR(k-1),IR(k)}}\right), 0\right]$$

$\mathbf{ILR_{IR(k-1),IR(k)}}$	means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows : $\text{ILR}_{\text{IR(k-1),IR(k)}} = \text{Leverage} \times \left(\frac{\text{INTR}_{\text{IR(k)}}}{\text{INTR}_{\text{IR(k-1)}}} - 1\right)$
$\mathbf{IRC_{IR(k-1),IR(k)}}$	means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows : $\text{IRC}_{\text{IR(k-1),IR(k)}} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left\|\frac{\text{INTR}_{\text{IR(k)}}}{\text{INTR}_{\text{IR(k-1)}}} - 1\right\|\right) \times \text{TC}$
$\mathbf{INTR_{IR(k)}}$	means the Intraday Reference Price in respect of IR(k) computed as follows : (1) for k=0 $\text{INTR}_{\text{IR(0)}} = \text{NTR}_{\text{IRD-1}}$ (2) for k=1 to n $\text{INTR}_{\text{IR(k)}} = \text{NTR}_{\text{IRD-1}} \times \frac{\text{IPR}_{\text{IR(k)}}}{\text{PR}_{\text{IRD-1}} - \text{Div}_{\text{IRD}}}$ Where Div_{IRD} represents the dividend on the Intraday Restrike Date, computed as follows : $\text{Div}_{\text{IRD}} = \text{PR}_{\text{IRD-1}} - \frac{\text{NTR}_{\text{IRD-1}} \times \text{PR}_{\text{IRD}}}{\text{NTR}_{\text{IRD}}}$ (3) with respect to IR(C) $\text{INTR}_{\text{IR(C)}} = \text{NTR}_{\text{IRD}}$
$\mathbf{IPR_{IR(k)}}$	means, in respect of IR(k), the lowest price of the PR Index during the respective Intraday Restrike Observation Period, subject to the adjustments and provisions of the Conditions.
$\mathbf{PR_{IRD}}$	means, in respect of an Intraday Restrike Date, the Closing Price of the PR Index as of such Intraday Restrike Date, subject to the adjustments and provisions of the Conditions.
IR(k)	For k=0, means the scheduled close for the Relevant Stock Exchange for the Index (or any successor thereto) on the Observation Day immediately preceding the relevant Intraday Restrike Date; For k=1 to n, means the k^{th} Intraday Restrike Event on the relevant Intraday Restrike Date.
IR(C)	means the scheduled close for the Relevant Stock Exchange for the Index (or any successor thereto) on the relevant Intraday Restrike Date.
n	means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.
Intraday Restrike Event	means in respect of an Observation Date(t), the decrease at any Calculation Time of the PR Index level by 10% or more compared with the relevant PR Index Reference Level as of such Calculation Time.

PR Index Reference Level	means in respect of Observation Date(t) : (1) provided no Intraday Restrike Event has previously occurred on such Observation Date(t), the closing price of the PR Index on the immediately preceding Observation Date, subject to the adjustments and provisions of the Conditions; or (2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, $\mathbf{IPR_{IR(k)}}$.
Calculation Time	means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.
TimeReferenceOpening	means the scheduled opening time for the Relevant Stock Exchange for the Index (or any successor thereto).
TimeReferenceClosing	means the scheduled closing time for the Relevant Stock Exchange for the Index (or any successor thereto).
Intraday Restrike Event Observation Period	means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing. Where, during such period, the Calculation Agent determines that (1) the level of the PR Index is not disseminated by the Index Sponsor or, the Index Calculation Agent, as the case may be or (2) the Relevant Stock Exchange for the Index is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the level of the PR Index is calculated and disseminated by the Index Sponsor or, the Index Calculation Agent, as the case may be and (2) the Relevant Stock Exchange for the Index is open for continuous trading.
Intraday Restrike Event Time	means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES

1. Form, Status and Guarantee, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 10) are issued subject to and with the benefit of:-

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 21 June 2018, made by SG Issuer (the "**Issuer**") and Société Générale (the "**Guarantor**"); and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

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

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

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

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

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

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

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

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

(iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and

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

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

(c) Transfer. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

(e) *Bail-In*. By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) or the Regulator (as defined below), which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or another person;

(C) the cancellation of the Certificates; and/or

(D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

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

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

"**Bail-In Power**" means any power existing from time to time under any laws, regulations, rules or requirements in effect in France, relating to the transposition of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time, the "**BRRD**"), including without limitation pursuant to French decree-law No. 2015-1024 dated 20 August 2015 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (as amended from time to time, the "**20 August 2015 Decree Law**"), Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended from time to time, the "**Single Resolution Mechanism Regulation**"), or otherwise arising under French law, and in each case the instructions, rules and standards created thereunder, pursuant to which the obligations of a Regulated Entity (or an affiliate of such Regulated Entity) can be reduced (in part or in whole), cancelled, suspended, transferred, varied or otherwise modified in any way, or securities of a Regulated Entity (or an affiliate of such Regulated Entity) can be converted into shares, other securities, or other obligations of such Regulated Entity or any other person, whether in connection with the implementation of a bail-in tool following placement in resolution or otherwise.

"**Regulated Entity**" means any entity referred to in Section I of Article L.613-34 of the French *Code monétaire et financier* as modified by the 20 August 2015 Decree Law, which includes certain credit institutions, investment firms, and certain of their parent or holding companies established in France.

"**Relevant Resolution Authority**" means the *Autorité de contrôle prudentiel et de résolution* (the ACPR), the Single Resolution Board established pursuant to the Single Resolution Mechanism Regulation, and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Power from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the Single Resolution Mechanism Regulation).

"**Regulator**" means the European Central Bank and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer.

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

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

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Issuer, nor the exercise of any Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

If the Relevant Resolution Authority or the Regulator exercises the Bail-in Power with respect to less than the total Amounts Due, unless otherwise instructed by the Issuer or the Relevant Resolution Authority or the Regulator, any cancellation, write-off or conversion made in respect of the Certificates pursuant to the Bail-in Power will be made on a pro-rata basis.

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

2. Certificate Rights and Exercise Expenses

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

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

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

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

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

3. Expiry Date

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

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

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

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

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

(i) that fifth Index Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level on the basis of its good faith estimate of the Final Reference Level that would have prevailed on that fifth Index Business Day but for the Market Disruption Event.

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

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

(B) the suspension or limitation of the trading of securities/commodities (1) on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") or the Relevant Stock Exchange or (2) generally; or

(C) the suspension or limitation of the trading of (1) options or futures relating to the Underlying Reference Index or the PR Index, as the case may be, on any options or futures exchanges or (2) options or futures generally on any options and/or futures exchanges on which options relating to the Underlying Reference Index or the PR Index, as the case may be, are traded; or

(D) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

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

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore and an "**Index Business Day**" shall be a day on which the Leveraged Index or the Index, as the case may be, is published by the Index Sponsor or, as the case may be, the Successor Index Sponsor (as defined below) and where the Leveraged Index or the Index closes at the normal trading hours.

5. Warrant Agent

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

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

6. Adjustments to the Leveraged Index/Underlying Reference Index/Index/PR Index

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

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

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

(ii) on the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and publish the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be,

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

(c) *Notice of Determinations*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any determinations by publication in accordance with Condition 9.

7. Purchases

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

8. Meetings of Certificate Holders; Modification

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

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

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

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

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

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

9. Notices

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

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

10. Further Issues

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

11. Early Termination

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

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

For the purposes of this Condition:

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

Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

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

(b) *Early Termination for not being able to find a successor to the Index Sponsor or a successor to the Leveraged Index or the Index, as the case may be.* If (i) the Index Sponsor is not able to calculate and announce the Leveraged Index or the Index, as the case may be, and the Issuer is not able to find an acceptable successor to the Index Sponsor or (ii) the Leveraged Index or the Index, as the case may be, becomes unavailable and the Issuer is not able to find a successor to the Leveraged Index or the Index, the Issuer may at its sole discretion and without obligation terminate the Certificates in accordance with Condition 11(d).

(c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 11(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.

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

12. Governing Law

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

13. Prescription

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

14. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document, the Base Listing Document and the Addendum. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Index:	Hang Seng Index Net Total Return Index
The Certificates:	European Style Cash Settled Long Certificates relating to the Index
Number:	A further 4,500,000 Certificates
	The Certificates shall be consolidated and form a single series with an existing issue of 4,000,000 European Style Cash Settled Long Certificates relating to the Hang Seng Index Net Total Return Index issued by the Issuer and listed on the SGX-ST, in which dealings commenced on 26 February 2019.
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 21 June 2018 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to:
	Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

Exercise and Trading Currency:	Singapore Dollar
Board Lot:	100 Certificates
Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 15 May 2019.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is a qualified in its entirety by reference to the detailed information appearing elsewhere in this document, the Base Listing Document and the Addendum.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES

What are European Style Cash Settled Long Certificates?

European style cash settled long certificates (the "**Certificates**") are structured products relating to the Hang Seng Index Net Total Return Index (the "**Index**") and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

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

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the level of the Index will increase and are seeking short-term leveraged exposure to the Index.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment** 1 – Management Fee x ACT (t-1;t) / 360 x **Daily Gap Premium Adjustment** 1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

		t[7]=0		t=1		t=2		t=i
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance[8] x Daily Fees	x	Leverage Strategy daily performance x Daily Fees	x …	Leverage Strategy Daily performance x Daily Fees

		t=0		**Product of the daily Leverage Strategy Performance**		**Product of the Daily Fees (Hedging Fee Factor)**
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance x Leverage Strategy daily performance	x	Daily Fees x Daily Fees

		t=0				
Final Value of Certificates	=	Notional Amount	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

[7] "t" refers to "**Observation Date**" which means each Index Business Day from (and including) the Index Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Index:	Hang Seng Index Net Total Return Index
Expected Listing Date:	01/12/2016
Expiry Date:	16/12/2016
Initial Reference Level:	1,000
Initial Exchange Rate:	1
Final Reference Level:	1,200
Final Exchange Rate:	1
Issue Price:	2.50 SGD
Notional Amount per Certificate:	2.50 SGD
Management Fee (p.a.):	0.40%
Gap Premium (p.a.):	4.20%
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Index Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

On Next Calendar Day (assuming it is an Index Business Day):

$$\mathrm{HFF}\ (1)\ =\ \mathrm{HFF}\ (0)\ \times \left(1 - \mathrm{Management\ Fee}\ \times \frac{\mathrm{ACT}\ (\mathrm{t}-1;\mathrm{t})}{360}\right) \times \left(1 - \mathrm{Gap\ Premium}\ \times \frac{\mathrm{ACT}\ (\mathrm{t}-1;\mathrm{t})}{360}\right)$$

$$\mathrm{HFF}\ (1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 4.20\% \times \frac{1}{360}\right)$$

$$\mathrm{HFF}\ (1) = 100\% \times 99.9989\% \times 99.9883\% \approx 99.9872\%$$

Assuming 2^{nd} Index Business Day falls 3 Calendar Days after 1^{st} Index Business Day:

$$\text{HFF}(2) = \text{HFF}(1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1;t)}{360}\right)$$

$$\text{HFF}(2) = 99.9872\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 4.20\% \times \frac{3}{360}\right)$$

$$\text{HFF}(2) = 99.9872\% \times 99.9967\% \times 99.9650\% \approx 99.9489\%$$

The same principle applies to the following Index Business Days:

$$\text{HFF}(n) = \text{HFF}(n-1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1;t)}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.8085% as illustrated below:

Date	HFF
01/12/2016	100.0000%
02/12/2016	99.9872%
05/12/2016	99.9489%
06/12/2016	99.9361%
07/12/2016	99.9234%
08/12/2016	99.9106%
09/12/2016	99.8978%
12/12/2016	99.8595%
13/12/2016	99.8468%
14/12/2016	99.8340%
15/12/2016	99.8213%
16/12/2016	99.8085%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

= [(1200 x 1) / (1000 x 1) – 0] x 99.8085%

= 119.77%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.77% x 2.50 SGD

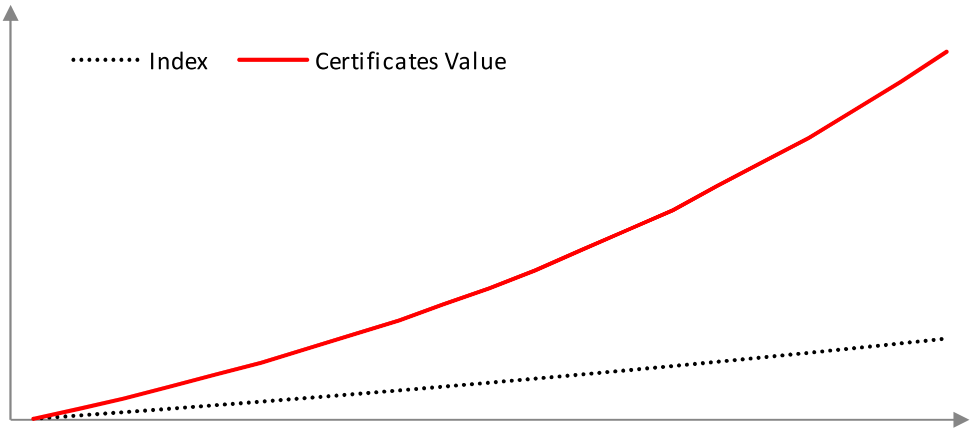
= 2.994 SGD

Illustration on how returns and losses can occur under different scenarios

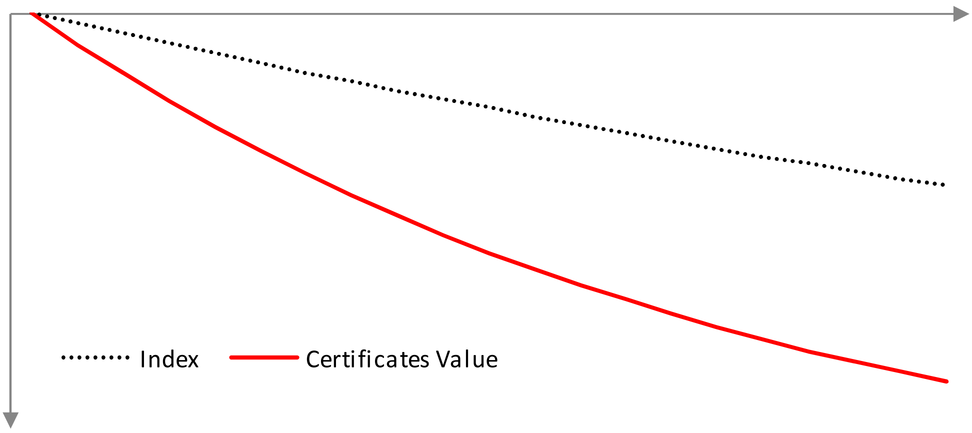
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Index performance on the value of the Certificates and do not take into account the possible influence of fees or any other market parameters.

1. Illustrative examples

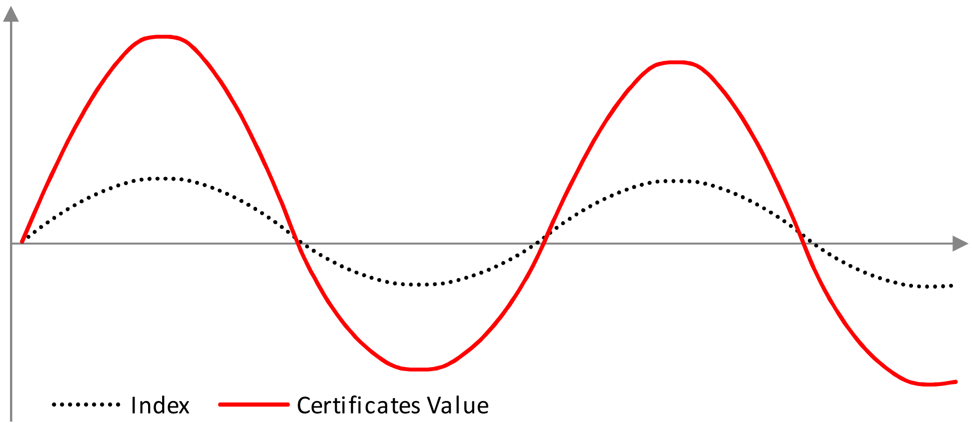
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Index						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		14.0%	14.0%	14.0%	14.0%	14.0%
Price at end of day	2.5	2.85	3.25	3.70	4.22	4.81
Accumulated Return		14.00%	29.96%	48.15%	68.90%	92.54%

Scenario 2 – Downward Trend

Index						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-14.0%	-14.0%	-14.0%	-14.0%	-14.0%
Price at end of day	2.5	2.15	1.85	1.59	1.37	1.18
Accumulated Return		-14.00%	-26.04%	-36.39%	-45.30%	-52.96%

Scenario 3 – Volatile Market

Index						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		14.0%	-14.0%	14.0%	-14.0%	14.0%
Price at end of day	2.5	2.85	2.45	2.79	2.40	2.74
Accumulated Return		14.00%	-1.96%	11.77%	-3.88%	9.57%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Index during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period: during 15 minutes after the Air Bag trigger, the level of the Index is observed and its minimum level is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum level of the Index during the Observation Period as the New Observed Level. The New Observed Level replaces the last closing level of the Index in order to compute the performance of the Leverage Strategy, 30 minutes after the Air Bag trigger.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. Investors cannot sell or purchase any Certificates during this period.

Air Bag Mechanism timeline

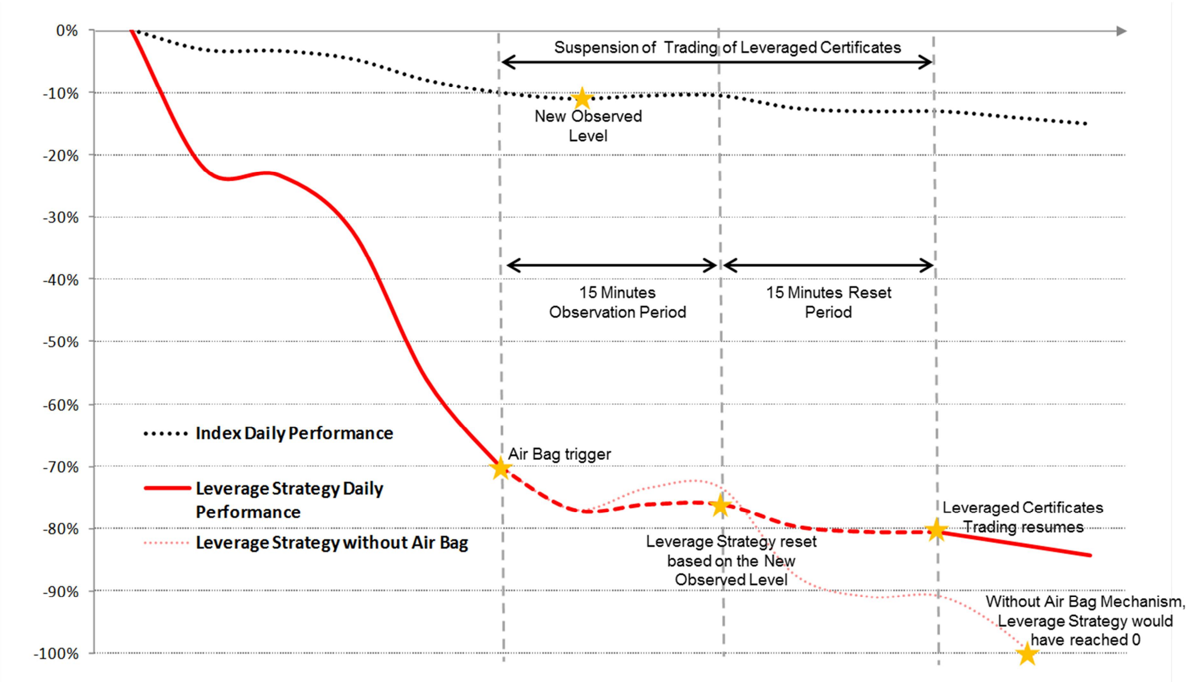
<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="5">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>
<tr><td>45 minutes before Market Close</td><td rowspan="6">Next trading day at Market Open</td></tr>
<tr><td>30 to 45 minutes before Market Close</td></tr>
<tr><td>30 minutes before Market Close</td></tr>
<tr><td>15 to 30 minutes before Market Close</td></tr>
<tr><td>15 minutes before Market Close</td><td rowspan="2">From Air Bag Trigger to Market Close</td></tr>
<tr><td>Less than 15 minutes before Market Close</td></tr>
</table>

With **Market Close** defined as:

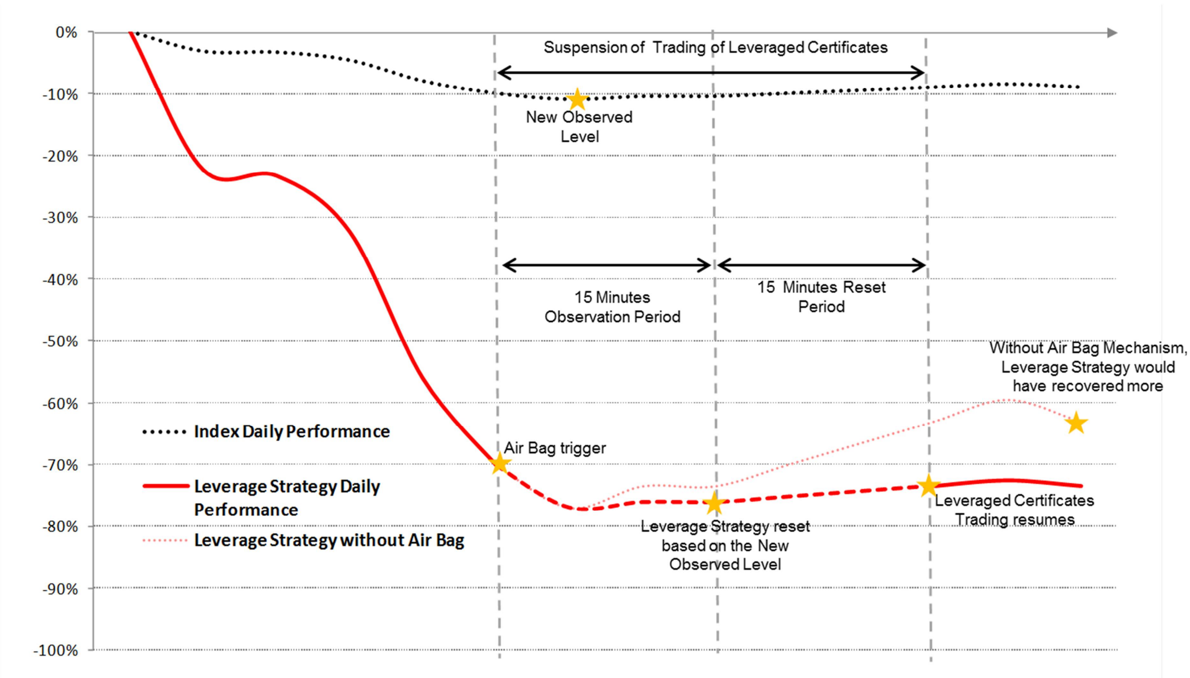
- Index closing time with respect to the Observation Period
- The sooner between Index closing time and SGX closing time with respect to the Resumption of Trading

Illustrative examples of the Air Bag Mechanism

Scenario 1 – Downward Trend after Air Bag trigger



Scenario 2 – Upward Trend after Air Bag trigger

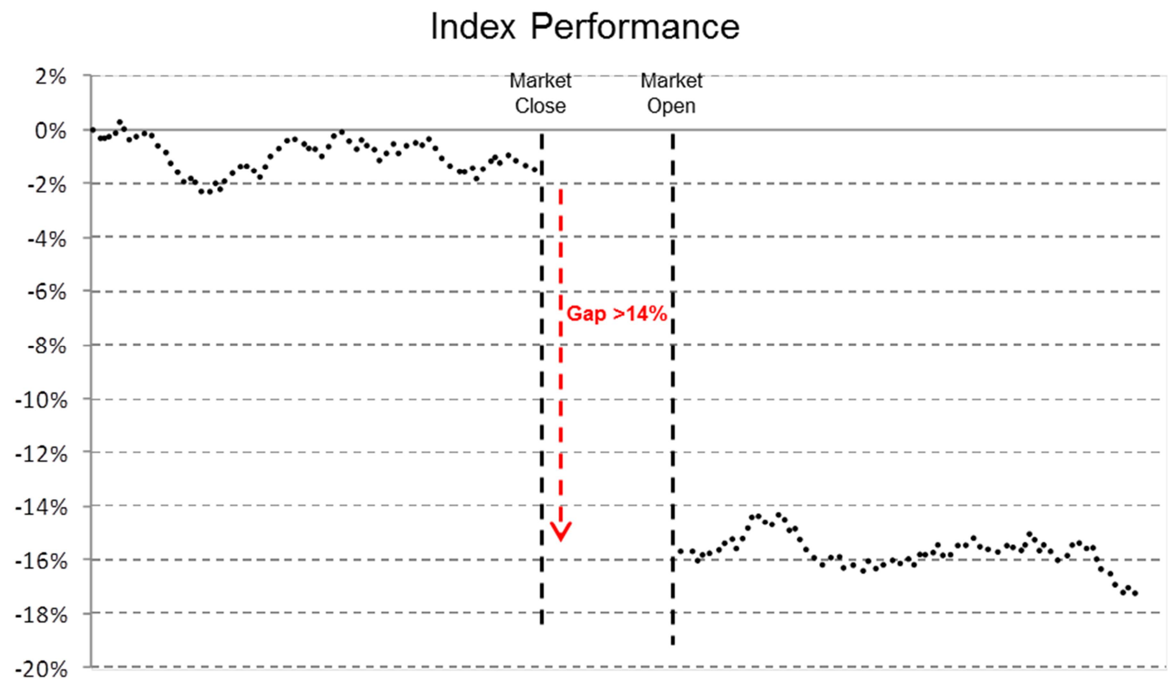


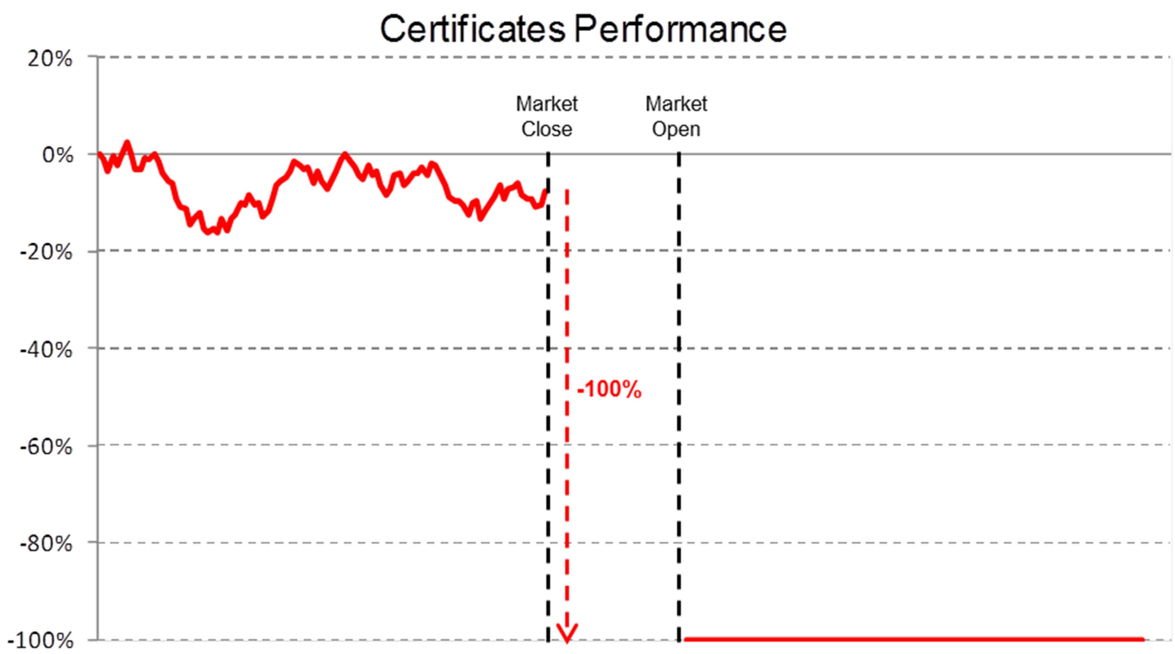
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

<u>*Scenario 1 – Overnight fall of the Index*</u>

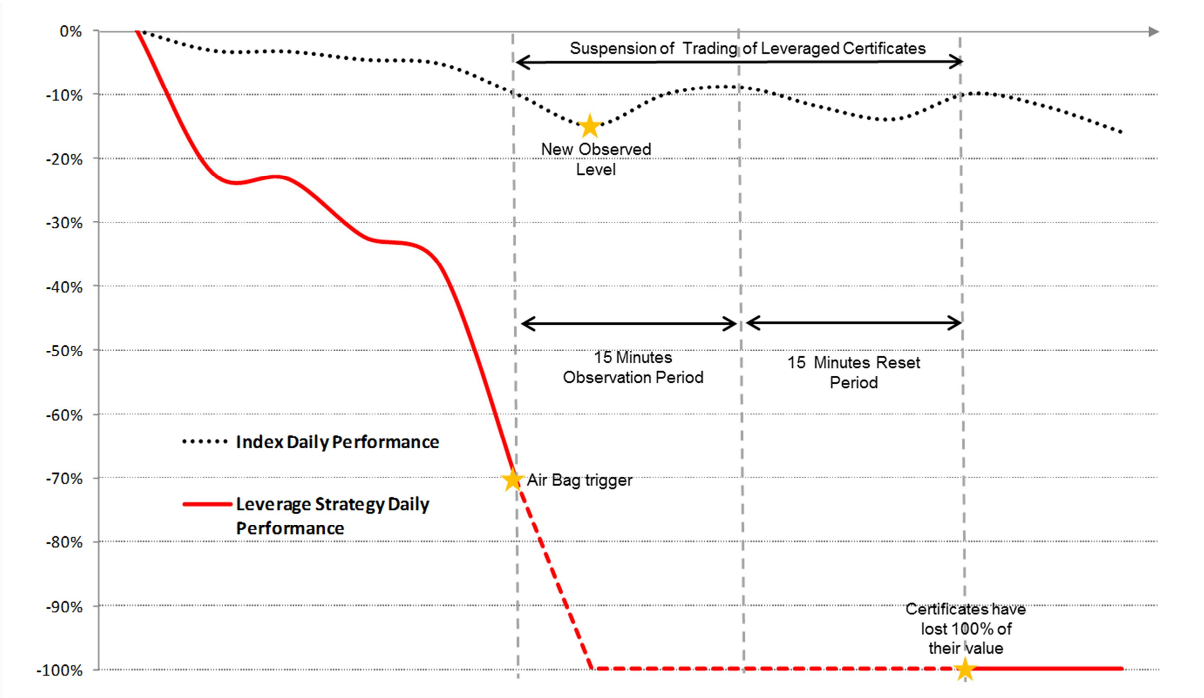
On any business day, the opening level of the Index may be higher or lower than the closing level on the previous day. The difference between the previous closing level and the opening level of the Index is termed a "gap". If the opening level of the Index is approximately 14% or more below the previous day closing level, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.





Scenario 2 – Sharp intraday fall of the Index

Although the Air Bag Mechanism is designed to reduce the exposure to the Index during extreme market conditions, the Certificate can lose 100% of its value in the event the level of the Index falls by approximately 14% or more compared to the previous closing level of the Index or the previous observed level in case of an air bag previously on the same day within the 15 minute Observation Period. The Certificates would lose their entire value in such event.



INFORMATION RELATING TO THE INDEX

All information contained in this document regarding the Index is derived from publicly available information which appears on the web-site of Hang Seng Indexes Company Limited at www.hsi.com.hk. The Issuer has not independently verified any of such information.

Description of the Index

The Hang Seng Index Net Total Return Index includes the largest and most liquid stocks listed on the Main Board of the Stock Exchange of Hong Kong.

Stocks are freefloat-adjusted for investability representation. A 10% capping is applied to avoid single stock domination.

Cash dividend payments are included in the calculations of the Index. Bonus shares, non-cash distributions or share splits/consolidations which do not involve any cash payments will not affect the Index.

The formula of the Index is based on the assumption that cash dividends are available on the ex-dividend day and are re-invested back into the Index portfolio at the start of the day.

The after-tax net dividends are used as the dividend payment for the calculation of the Index.

Disclaimer of the Index Sponsor

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INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	10 ticks or S$0.20 whichever is greater
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST), the DMM will not provide the bid price. In such an instance, the DMM will provide the offer price only;

(iii) before the Relevant Stock Exchange for the Index has opened and after the Relevant Stock Exchange for the Index has closed on any trading day and trading in the securities constituting the Index has ceased for such trading day;

(iv) when trading in the Index is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Index is not negotiated/traded for any reason;

(v) where the Certificates are suspended from trading for any reason including, but without limitation, as a result of trading in the securities or derivatives relating to or constituting the Index being suspended, trading of options or futures relating to the Index on any options or futures exchanges being suspended, or options or futures generally on any options and/or futures exchanges on which options relating to the Index are traded being suspended, or if the Index for whatever reason is not calculated;

(vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in securities or derivatives relating to or constituting the Index, options or futures relating to the Index on any options or futures exchanges or options or futures generally on any options and/or futures exchanges on which options relating to the Index are traded;

(vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

(x) if the stock market experiences exceptional price movement and volatility;

(xi) when it is a public holiday in Singapore and/or Hong Kong and/or the SGX-ST and/or the HKEX are not open for dealings; and

(xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER

The information set out in Appendix I of this document relates to the latest description of the Issuer.

The information set out in Appendix II of this document is a reproduction of the annual financial statements of the Issuer as at and for the year ended 31 December 2018 and its auditor's report.

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix III of this document relates to the latest description of the Guarantor.

The information set out in Appendix IV of this document is a reproduction of the press release dated 3 May 2019 containing the Guarantor's consolidated financial results for the first quarter ended 31 March 2019.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 86 of the Base Listing Document, and the Addendum.

1. Save as disclosed in this document and the Base Listing Document (as amended and supplemented by the Addendum), neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.

2. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the third Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.

3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

4. Save as disclosed in the Base Listing Document, the Addendum and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2018 or the Guarantor since 31 March 2019, in the context of the issuance of Certificates hereunder.

5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

   None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the report, included herein, in the form and context in which it is included. Their report was not prepared exclusively for incorporation into this document.

   The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

(a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the latest financial reports (including the notes thereto) of the Guarantor;

(d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;

(e) the Base Listing Document;

(f) the Addendum;

(g) this document; and

(h) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that Ordinance.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree that, it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by the Base Listing Document to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the Prospectus Directive); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates.

United Kingdom

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that:

(a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of Financial Services and Markets Act, as amended (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

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

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term "**United States**" includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term "**U.S. person**" means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "CEA") or any rules thereunder of the CFTC, guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not "Non-United States persons", shall be considered a U.S. person).

APPENDIX I

DESCRIPTION OF THE ISSUER

1. Incorporation, Duration, Seat and Purpose

SG Issuer was incorporated on 16 November 2006 for an unlimited duration as a limited liability company under the laws of Luxembourg. SG Issuer is a 100 percent. subsidiary of the Société Générale Bank & Trust S.A. and a fully consolidated company. SG Issuer has no subsidiaries.

SG Issuer's registered address is located at 16, Boulevard Royal, L-2449, Luxembourg. SG Issuer is registered in the Luxembourg trade and companies register under No. B 121.363. SG Issuer has not established a place of business in Singapore.

SG Issuer's purpose and object pursuant to SG Issuer's Articles of Association, is to invest in particular financial instruments, or any other debt securities, acknowledgements of debts or capital securities and to issue debt securities, bonds, certificates, warrants and other debt securities or acknowledgements of debt or financial securities.

2. Share Capital

SG Issuer's issued capital as at 28 February 2019 is EUR 2,000,240 divided into 50,006 ordinary shares of EUR 40.00 each, all issued and fully paid up.

3. Indebtedness

As at the date of this document SG Issuer has no hire purchase commitments, guarantees or other material contingent liabilities.

Under a debt instruments issuance programme, SG Issuer (together with the Guarantor, SGA Société Générale Acceptance N.V. and SG Option Europe) may issue medium term notes. As at 28 February 2019, debt instruments amounting to EUR 183,600,332,090.27 (non-audited) were issued under the aforementioned programme. The medium term notes issued by SG Issuer, SGA Société Générale Acceptance N.V. and SG Option Europe under the Debt Instruments Issuance Programme are unconditionally and irrevocably guaranteed by the Guarantor.

4. Management and Supervision

Pursuant to SG Issuer's Articles of Association, SG Issuer is managed by an executive board under the supervision of a supervisory board. The members of the executive board as at 31 December 2018 are Yves Cacclin, Laurent Weil, Alexandre Galliche, Thierry Bodson, Estelle Stephen-Jaspard, Noel Alison and Amaury de Beler (individually a "**Director**" and collectively the "**Executive Board**"). Laurent Weil, Alexandre Galliche, Yves Cacclin and Thierry Bodson currently hold full-time management positions within the Société Générale Group.

The business address of Laurent Weil, Noel Alison and Estelle Stephen-Jaspard as at 31 December 2018 is Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France. The business address of Alexandre Galliche, Yves Cacclin, Thierry Bodson and Amaury de Beler is 11, avenue Emile Reuter, L-2420 Luxembourg.

5. General Meetings of Shareholders

The annual general meeting of shareholders is held on the penultimate Thursday of March or, if it is not a bank working day in Luxembourg, the following day.

Shareholders are entitled to one vote per share. Resolutions proposed at ordinary annual general meetings of shareholders require a simple majority of the votes cast. Resolutions proposed at extraordinary meetings of shareholders require a two third of the votes cast when the resolution deals with either a modification of the Issuer's Articles of Association or the Issuer's dissolution.

Each time all of the shareholders are present or represented and if they declare being informed of the agenda of the shareholders meeting, the shareholders meeting can be held without notification.

6. Financial Information

SG Issuer publishes both unaudited condensed interim financial information and report and audited annual financial statements following the end of each financial year. SG Issuer's financial year runs from 1 January to 31 December. SG Issuer does not publish consolidated statement.

For the six-month period ended 30 June 2018, the condensed interim financial information was published in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and reviewed, without qualification. For the financial year ended on 31 December 2017 and 31 December 2018, the accounts were published in accordance with international financial reporting standards as adopted by the European Union (IFRS) and audited, without qualification.

SG Issuer's financial liabilities at fair value through profit or loss increased from EUR 47.9 billion on 31 December 2017 to EUR 49.2 billion on 31 December 2018. The EUR 1.3 billion increase can be detailed as follows:

- Increase in EUR 1.0 billion for notes issued under the euro medium term note programme activity; and

- Decrease in EUR 0.4 billion for the warrants.

The nominal of warrants activity in the related off-balance sheet is approximately EUR 124.5 billion as of 31 December 2018.

Please also refer to the section headed "Supplemental General Information" on pages 54 to 55 of this document for further details about SG Issuer's financial position since last financial year-end.

Save as disclosed in this document, no person has, or is entitled to be given, an option to subscribe for SG Issuer's shares or debentures.

SG Issuer's Deed of Incorporation provides that SG Issuer's directors may exercise all SG Issuer's powers to borrow money for the purposes of the company without limit and upon such terms as they think fit.

APPENDIX II

REPRODUCTION OF THE ANNUAL FINANCIAL STATEMENTS OF THE ISSUER AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018 AND ITS AUDITOR'S REPORT

The information set out below is a reproduction of the annual financial statements of the Issuer as at and for the year ended 31 December 2018 and its auditor's report.

SG Issuer
Société Anonyme

Financial statements, Report of the Executive Board and Corporate Governance Statement, and Report of the réviseur d'entreprises agréé

As at and for the year ended 31 December 2018

16, boulevard Royal
L-2449 Luxembourg
R.C.S. Luxembourg: B121.363

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Functional and presentation currency

Except otherwise indicated, the amounts presented in the financial statements are expressed in thousands of euros (KEUR). The value "0" indicates the presence of a number, which is rounded to zero, while ”-" represents the value nil.

Executive Board Members

For the year ended 31 December 2018

Chairman:

Mr Yves CACCLIN
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Directors:

Mr Amaury de BELER
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Alexandre GALLICHE
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Thierry BODSON
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Noël ALISON
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris- La Défense 7, France

Mr Arnaud SERRES (until 25/06/2018)
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mrs Estelle STEPHEN JASPARD (since 25/06/2018)
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mrs Sophie ROBATCHE-CLAIVE (until 25/10/2018)
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mr Laurent WEIL (since 25/10/2018)
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Supervisory Board Members

For the year ended 31 December 2018

<u>Chairman:</u>

Mrs Véronique DE LA BACHELERIE (until 25/06/2018)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Arnaud JACQUEMIN (since 25/09/2018)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

<u>Members:</u>

Mr Olivier FREITAS
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Didier LALLEMAND
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mr Vincent ROBILLARD
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mr Alban ROMANET (until 25/06/2018)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Gregory CLAUDY (since 01/08/2018)
Independent Director
225A, rue du Burgknapp, B-6717 Heinstert, Belgium

Audit Committee Members

<u>**Chairman:**</u>

Mr Gregory CLAUDY
Independent Director
225A, rue du Burgknapp, B-6717 Heinstert, Belgium

<u>**Members:**</u>

Mr Didier LALLEMAND
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mr Olivier FREITAS
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Management and administration

For the year ended 31 December 2018

Issuer
SG Issuer
16, Bd Royal, L-2449 Luxembourg

Guarantor (if applicable, as specified in the Final Terms)
Société Générale
29, boulevard Haussmann, F-75009 Paris, France

Arranger and Dealer
Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense, France

Security Trustee and Security Agent Trustee
BNY Mellon Corporate Trustee Services Limited
One Canada Square, London E14 5AL

Collateral Custodian
BNY Mellon (Luxembourg) S.A.
2-4, rue Eugène Ruppert, L-2453 Luxembourg

Collateral Monitoring Agent
BNY Mellon London Branch
One Canada Square London E14 5AL

Custodian Agent, Issuing and Paying Agent, Registrar, Exchange Agent and Transfer Agent
Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Paying Agents
Société Générale
29, boulevard Haussmann, F-75009 Paris, France
&
Société Générale, New York Branch
1221, avenue of the Americas, New York NY 10020, United States of America

Warrant Agent
Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Legal advisers and Réviseur d'entreprises agréé

For the year ended 31 December 2018

Legal advisers
To the Arranger as to English, French and U.S. laws
Allen & Overy LLP
52, avenue Hoche, F-75008 Paris, France

To the Trustee as to English Law
Allen & Overy LLP
1 Bishops Square, London E1 6AD, United Kingdom

To the Arranger as to Luxembourg Law
Allen & Overy Luxembourg
33, avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg

Réviseur d'entreprises agréé (Independent Auditor)
Ernst & Young S.A.
35E, Avenue John F. Kennedy, L-1855 Luxembourg

Report of the Executive Board and Corporate Governance Statement

For the year ended 31 December 2018

The Directors of the Company (each a « Director », collectively the « Executive Board ») present the financial statements and the Report of the Executive Board and Corporate Governance Statement of the Company for the year ended 31 December 2018.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The corporate objects of SG Issuer are to issue Notes and Warrants with all types of underlyings including, without restriction, shares, index, interest rate, dividend, credit risk, foreign exchange, commodities, funds, warrants, etc., allowing investors to access to the full pricing capabilities of Société Générale, which proposes an extensive range of investment strategies linked to these various asset classes.

Notes and Warrants issued by the Company can be sold in either Private Placements or Public Offerings.

Notes are mainly debt securities, bonds, certificates. Issuing proceeds raised by the sale of the Notes will be transferred to SG Paris through a fully funded swap, which will perfectly hedge SGIS for the full issue Size.

Warrants are financial products like turbos, inline warrants, daily leverage certificates, etc., which aim to replicate the same financial exposure as buying (call) or selling (put) an asset such as a share or an index, at a predetermined price (strike price) on a predetermined date (expiry) and to offer different pay-off or exposures to investors.
Warrants are sold by SG Issuer mainly to clients in France, Belgium, Luxembourg, UK, Sweden, Finland, Norway, Spain, Hong-Kong, the Netherlands, Italy and Singapore.

Payments in respect of the Notes and Warrants issued by the Company are unconditionally and irrevocably guaranteed by Société Générale.

On request of investors, the Company can issue collateralised Notes or Warrants (“Secured Notes” or “Secured Warrants”) in order to propose an additional layer of protection to investors in case of default of Société Générale.

Notes and Warrants issuances are governed by the Base Prospectus prepared by Société Générale as arranger. The main programmes for Notes are the two Debt Instruments Issuance Programmes, for which the last updates have been approved by the CSSF on 20 June 2018 or the “Programme d'Emission de Titres de Créance” approved by the CSSF on 27 June 2018. Similarly, the main programmes for Warrants are the Issuance Programme approved by the CSSF on 4 July 2018 and the Warrants and Turbo Warrants Issuance Programme approved by the CSSF on 16 July 2018. Two programmes are hosted by SG Frankfurt, Dual Language DIIP dated 24 August 2018 and Dual Language Daily Leveraged Products dated 26 October 2018.
The Hong Kong warrants Programme was last updated on 3 April 2018 and the Singapore warrants Programme was last updated on 21 June 2018.

The state of business of the Company at the closing of the financial year is adequately presented in the financial statements, published herewith. The increase in total assets and liabilities (before impact of the off-setting) is due to the development of the activity of issuing financial instruments.

During the year ended 31 December 2018, 14 678 Notes were issued (among which 228 Secured Notes) and 9 708 Warrants were issued[1]. The profit for the financial year amounts to KEUR 187.

The Company did not exercise any research and development activity, does not have any branch, and did not acquire any own shares.

2. RISKS AND UNCERTAINTIES

The risks associated with the investment in the Notes or Warrants depend on several factors. Such factors will vary depending on the characteristics of the Notes or Warrants issued, in particular depending on the underlying type, the maturity, the secured / unsecured status of the Notes or Warrants, the interest rates incurred, the volatility of the underlying.

For each Note, the Company systematically hedges its position by contracting a swap with Société Générale, with strictly identical characteristics. Also, for each Warrant, the Company systematically hedges its position by contracting an option with Société Générale, with strictly identical characteristics.

The legal documentation and the derivative instruments have been put in place in order to make sure that the assets match the liabilities at any time. Therefore, no market risk is supported by the Company. The risk management in relation to the Notes and Warrants is also described in Note 20 hereafter.

3. FUTURE DEVELOPMENTS

In the context of the Brexit, the issuer is currently filing an additional debt issuance program (the “DIIP UK”) dedicated to the issuance of notes distributed in the United Kingdom. More globally, the Executive Board expects a further increase in the Notes and Warrants issued.

4. SUBSEQUENT EVENTS

There was no subsequent event which could have a significant impact on the financial statements of the Company as at and for the year ended 31 December 2018.

[1] The number of issued Notes and Warrants does not take into account the issuances which have been issued and cancelled during the same financial year-end.

5. CORPORATE GOVERNANCE STATEMENT

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

In compliance with its status, the Company is governed by an Executive Board and supervised by a dedicated Supervisory Board.

5.1 Executive Board

The Executive Board supervises and controls the management and operations of the Company and is responsible for the Company system of risk management and internal control.

The Executive Board meetings are held several times during the year when necessary.

The Board has quorum when more than half of its members are present. An opinion supported by more than half of the members present becomes a decision.

Key tasks of the Executive Board:

- Ensures that the supervision of accounting is organized and monitored appropriately
- Reviews and approves the Company's financial statements and condensed interim financial information
- Supervises and controls operative management

5.2 Supervisory Board

The Supervisory Board ensures permanently and by all means suited the control of the management of the Company carried out by the Executive Board. However, this supervision has to be translated in no way by an intervention in the management of the Company. The Supervisory Board can mandate advisory committees comprised of members of the Supervisory Board and/or of other non-members to lead different missions. The Supervisory Board can confer these advisory committees of the power or mandates permanently or temporary. These advisory committees cannot have the effect of restricting the powers of the Executive Board.

5.3 Audit Committee

The mission of the Audit Committee is to monitor the issues related to the preparation and control of accounting and financial information, to monitor the independence of the statutory auditors, as well as to monitor the efficiency of the internal control, measurement, supervision and risk control systems related to the accounting and financial processes. If needed, it gives recommendations and its opinion to the Supervisory Board.
The first Audit Committee of the Company took place on 25 September 2018, announced its composition and revised the Condensed interim financial information as of 30 June 2018. At least one member of the committee must be independent, which is the case of the Chairman of the Company's Audit Committee. The next audit committee will take place before the approval of the annual accounts 2018.

5.4 Internal Audit

The Internal Audit of both SGBT (Luxembourg) and Société Générale Group support the Company's Executive Board in overseeing the Company's activities and securing its operations by carrying out internal audits and providing consultative assistance. The objective of Internal Audit is to add value by making recommendations designed to improve the Company's functioning. Internal Audit is an independent function and its activities are based on international professional internal audit standards and rules of ethics.
The central task of Internal Audit is to audit the functioning of SG Issuer on a regular basis and evaluate its internal controls, risk management, and administrative function. The areas to be audited are determined by the projected financial and operational risks concerned. Internal Audit can also carry out special assignments at the request of management.
Internal Audit does not have any direct authority over the activities it reviews.

5.5 Controls of conformity/compliance

First level of controls is related to the execution of the procedures, guidelines and instructions established to ensure the proper and efficient functioning of the Company. They are executed by the involved teams in charge of the production.

The Chief Financial Officer of the Company ensures the coordination of the periodic accounting closing with all the teams involved while performing a second level control of conformity.

5.6 New Products Committee

All the new activities and business of the Company are analyzed and authorized by a dedicated New Products Committee (NPC). All involved departments within Société Générale are represented (operations, finance, risk, accounting standards, etc…) to assess the impact for the Company.

5.7 Service level agreements

The Company and several of its service providers are subsidiaries of the Société Générale Group and therefore benefit from the Group's internal control systems.

Service Level Agreements ("SLAs") were signed by the Company with SGBT and with Société Générale. The SLAs govern the relations between the entities as well as their respective obligations. The services supplied by SGBT and Société Générale are listed in the appendices of the agreements (mainly General services, legal services, business continuity management services and financial services from SGBT and operational services – Middle Office and Back Office – from Société Générale).

Luxembourg, 29 April 2019

For the Executive Board

Yves CACCLIN
Chairman of the Executive Board

Alexandre GALLICHE
Member of the Executive Board

Thierry BODSON
Member of the Executive Board

Global Statement for the financial statements

For the year ended 31 December 2018

To the best of our knowledge, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and the Report of the Executive Board (management report) includes a fair presentation of the development and performance of the business and the position of the Company, together with a description of the main risks and uncertainties that it faces.

Luxembourg, 29 April 2019

Executive Board Member

For the Executive Board

Yves CACCLIN
Chairman of the Executive Board

Alexandre GALLICHE
Member of the Executive Board

Thierry BODSON
Member of the Executive Board

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working world

Ernst & Young
Société anonyme

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

Tel: +352 42 124 1

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B.P. 780
L-2017 Luxembourg

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

Report of the réviseur d'entreprises agréé

To the sole Shareholder of
SG Issuer S.A.
16, boulevard Royal
L-2449 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SG Issuer S.A. (the "Company"), which comprise the Statement of Financial Position as at 31 December 2018, the Statement of Profit and Loss and Other Comprehensive Income, the Statement of changes in equity and the Statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

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

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Key audit matters

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

Hedging of financial instruments issued and valuation of financial instruments

Description

The activity of the Company consists in issuing Notes and Warrants, which are subscribed by investors. These financial instruments are fully hedged with mirror transactions concluded with Société Générale Paris replicating the financial instruments issued by the Company (see Notes 5 and 8).

We have considered the hedging of financial instruments issued and the valuation of financial instruments to be a key audit matter considering the financial risk which could result from inadequate hedging of the financial instruments issued by the Company.

How the matter was addressed in our audit

All the financial instruments issued by the Company are covered by mirror transactions concluded with Société Générale Paris.

We have tested the controls implemented by the Company in relation with the issuance of financial instruments and the conclusion of mirror transactions with Société Générale to hedge the market risks, the controls on the stock of financial instruments, as well as the controls implemented in relation with the valuation of the financial instruments.

We have verified the intercompany reconciliation process between the Company and Société Générale, and the intercompany reconciliations performed as at 31 December 2018.

For a sample of financial instruments issued by the Company as at 31 December 2018, we ensured that the Company has contracted the corresponding financial instruments with Société Générale to hedge the market risks.

We have performed an independent valuation of a sample of financial instruments as at 31 December 2018, which was composed of key items and other items selected randomly.

Also, we have inquired the Company about the existence of operational errors during the year and, if applicable, the related financial impact.

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working world

Other information

The Executive Board is responsible for the other information. The other information comprises the information included in the report of the Executive Board and Corporate Governance Statement but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

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

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

Responsibilities of the Executive Board and of those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

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

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

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

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

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

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

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Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 26 April 2018 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

The report of the Executive Board is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the report of the Executive Board, is the responsibility of the Executive Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Other matters

The corporate governance statement includes the information required by article 68ter paragraph (1) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Charles Dequaire

Luxembourg, 29 April 2019

Statement of Profit and Loss and Other Comprehensive Income
For the year ended 31 December 2018
(Expressed in thousands of EUR)

	Note	2018	2017
Interest income	12	1 682	1 059
Net gains on financial instruments at fair value through profit or loss	13	66 619	91 294
Reversal of impairments		1	-
Total revenues		68 302	92 353
Interest expenses	12	(33 035)	(64 279)
Personnel expenses	14	(320)	(344)
Other operating expenses	15	(34 696)	(27 625)
Total expenses		(68 051)	(92 248)
Profit before tax		251	105
Income tax	16	(64)	(27)
Profit for the financial year		187	78
Total comprehensive income for the financial year		187	78

Statement of Financial Position
As at 31 December 2018
(Expressed in thousands of EUR)

	Note	31.12.2018	31.12.2017
Cash and cash equivalents	4	79 584	114 889
Financial assets at fair value through profit or loss			
- Designated at fair value through profit or loss	5		44 051 537
- Mandatorily measured at fair value through profit or loss	5	45 062 134	
- Trading derivatives	5	4 168 362	3 806 822
Loans and receivables	6	52 570	53 661
Total assets		49 362 650	48 026 909
Financial liabilities at amortised cost	7	96 284	110 734
Financial liabilities at fair value through profit or loss			
- Designated at fair value through profit or loss	8	45 053 728	44 048 143
- Trading derivatives	8	4 170 486	3 818 679
Other liabilities	9	13 039	43 668
Tax liabilities	16	64	27
Total liabilities		49 333 601	48 021 251
Share capital	10	2 000	2 000
Share premium	10	25 000	-
Legal reserve	11	200	200
Other reserves	11	1 662	3 380
Profit for the financial year		187	78
Total equity		29 049	5 658
Total equity and liabilities		49 362 650	48 026 909

Impacts of the first time application (“FTA”) of IFRS 9 are disclosed in Note 3.1.2.

Statement of Changes in Equity
For the year ended 31 December 2018
(Expressed in thousands of EUR)

	Share capital	**Share premium**	*Legal reserve*	*Other unavailable reserves*	*Other available reserves*	**Total reserves**	**Profit for the financial year**	**Total equity**
As at 31 December 2016	**2 000**	-	*200*	*3 382*	*2 275*	**5 857**	**373**	**8 230**
Transfer to available reserves	-	-	-	*(1 718)*	*1 718*	-	-	-
Allocation of the result of the previous year before dividend distribution	-	-	-	-	*373*	**373**	(373)	-
Dividend to the sole shareholder	-	-	-	-	*(2 649)*	***(2 649)***	-	(2 649)
Capital increase/Allocation to the share premium account	0	67 533	-	-	-	-	-	67 533
Reimbursement of the share premium	-	(67 533)	-	-	-	-	-	(67 533)
Profit for the financial year 2017	-	-	-	-	-	-	78	78
As at 31 December 2017	**2 000**	**-**	*200*	*1 664*	*1 716**	**3 580***	**78**	**5 658***
Allocation of the result of the previous year before dividend distribution	-	-	-	-	*78*	**78**	**(78)**	**-**
Transfer to available reserves	-	-	-	*(1 664)*	*1 664*	**-**	**-**	**-**
Dividend to the sole shareholder	-	-	-	-	*(1 794)*	**(1 794)**	**-**	**(1 794)**
IFRS 9 FTA impact (Note 3.1.2)	-	-	-	-	*(2)*	**(2)**	**-**	**(2)**
Capital increase/Allocation to the share premium account (Note 10)	0	62 725	-	-	-	**-**	**-**	**62 725**
Reimbursement of the share premium (Note 10)	-	(37 725)	-	-	-	**-**	**-**	**(37 725)**
Profit for the financial year 2018	-	-	-	-	-	**-**	**187**	**187**
As at 31 December 2018	**2 000**	**25 000**	*200*	-	*1 662*	**1 862**	**187**	**29 049**

** Difference due to roundings.*

The accompanying Notes are an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2018
(Expressed in thousands of EUR)

	Note	2018	2017
OPERATING ACTIVITIES			
Profit for the financial year		187	78
Adjustments for:			
Net (Increase) / decrease in financial assets		(1 371 046)	5 305 660
Net Increase / (decrease) in financial liabilities		1 405 667	(5 241 449)
(Increase)/decrease in other assets		-	3 151
Increase/(decrease) in tax liabilities and other liabilities		(30 592)	28 487
Other (IFRS 9 impact)		(2)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		4 214	95 927
FINANCING ACTIVITIES			
Payment of capital surplus*	10	(37 725)	(67 533)
Dividend paid		(1 794)	(2 649)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		(39 519)	(70 182)
Cash and cash equivalents at the beginning of the year	4	114 889	89 144
Net increase/(decrease) in cash and cash equivalents		(35 305)	25 745
Cash and cash equivalents at the end of the year		79 584	114 889
Cash flows from interest and dividends			
Interest paid		38 566	69 078
Interest received		1 682	1 279
Dividend received		-	-

* KEUR 37 725 represent the share premium reimbursed by the Company to the sole shareholder (see Note 10).

Notes to the financial statements
As at 31 December 2018

1. Corporate information

SG Issuer (hereafter the "Company" or “SGIS”) is a Luxembourg Company incorporated on 16 November 2006 as a public limited-liability Company (S.A.) for an unlimited period.

Since April 2013, the Company’s corporate objects are to issue debt securities, bonds, certificates, Warrants and any other debt securities or acknowledgements of debts or financial securities, whether or not accompanied by guarantees, with any type of underlying security, including, without limitation, Company stock, any other capital security or security other than capital, index, currency, exchange rate, interest rate, dividend, credit risk, fund unit, investment Company stock, term deposit, life assurance contract, loan, merchandise, term contract, option, Warrants, allocated or unallocated precious metals, unit of account, basket or any other factor or any other type of underlying securities and any combination of the latter.

To that effect, the Company may purchase, hold, dispose of, lend, loan or resell, by any means, including in particular the use of trusts, in trust or repurchase, any type of assets whatever their names and forms and whether or not accompanied by guarantees, in particular financial instruments (financial securities - stocks, fund units, bonds, certificates, Warrants - or financial contracts - swaps, options or other) or any other debt securities, acknowledgements of debts or capital securities, receive or issue monetary loans (including loans convertible into shares of the Company) - within the group of companies to which the Company belongs - and to supply guarantees in any form (actual guarantees such as pledges, securities, mortgages or other - personal guarantees or any other form of guarantee) for their own account, for the account of the group of companies to which the Company belongs or on behalf of third parties.

The Company’s financial year begins on 1 January and ends on 31 December each year.

The Company’s capital is fully owned by Société Générale Bank & Trust S.A. (hereafter “SGBT”), a bank incorporated under Luxembourg law.

The accounts of the Company are included in the consolidated accounts of SGBT, which is the smallest body of undertakings of which the Company forms a part as a subsidiary undertaking, and whose head-office is located at 11, avenue Emile Reuter, L-2420 Luxembourg.
The accounts of the Company are included in the consolidated accounts of Société Générale (hereafter ”SG” or the “ultimate parent Company”), which is the largest body of undertakings of which the Company forms a part as a subsidiary undertaking, and whose head-office is located at 29,boulevard Haussmann, 75009 Paris, France.

2. Basis of preparation

2.1. Statement of compliance

The financial statements of the Company as at and for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations adopted by the International Accounting Standards Board ("IASB").

2. Basis of preparation (continued)

2.1. Statement of compliance (continued)

The financial statements were authorised for issue by the Supervisory Board on 29 April 2019.

2.2. Basis of measurement of financial assets and financial liabilities

Financial assets and financial liabilities linked to the issuance activity of the Company are measured at fair value through profit or loss. All other financial assets and financial liabilities are measured at amortised cost.

2.3. Functional and presentation currency

The financial statements are prepared in Euro ("EUR"), which is the Company's functional currency and the currency of its share capital. Unless stated otherwise, the amounts in the financial statements are expressed in thousands of EUR (KEUR).

2.4. Use of estimates and judgements

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of figures recorded in the statement of profit and loss, on the unrealised or deferred gains and losses, on the valuation of assets and liabilities in the statement of financial position, and on information disclosed in the notes to the financial statements.

In order to make these assumptions and estimates, the management uses information available at the date of preparation of the financial statements and can exercise its judgment. By nature, valuations based on estimates include risks and uncertainties relating to their occurrence in the future. Consequently, actual future results may differ from these estimates and may then have a significant impact on the financial statements.

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

The use of estimates and judgment mainly concerns the following topics:

- Fair value in the statement of financial position of financial instruments not quoted in an active market which are classified as Financial assets and liabilities at fair value through profit or loss (see Notes 5 and 8);
- the amount of impairment and provisions for credit risk related to financial assets measured at amortised cost (see Note 6).

For the application of IFRS 9, the Company has expanded the use of estimates and judgement in analyzing the contractual cash flow characteristics of financial assets, assessing the increase in credit risk observed since the initial recognition of financial assets, and measuring the amount of expected credit losses on these same financial assets (See 3.4.2.8).

Notes to the financial statements
As at 31 December 2018
– continued –

2.5. Segmental information

No dedicated management reporting information is presented for SGIS to a chief decision maker; only the annual financial statements are presented to the Executive Board of SGIS in analysing the performance of the Company. The company has only one geographical area related to its revenue, which is France (Société Générale S.A.).

3. Significant accounting policies

3.1 Changes in accounting policies

3.1.1 New accounting standards applied by the Company as at 1 January 2018

IFRS 9 "Financial Instruments" (see Notes 3.1.1.1.)
IFRS 15 "Revenue from Contracts with Customers" and subsequent clarifications (Note 3.1.1.2.)
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions" (Note 3.1.1.3)
Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (Note 3.1.1.3)
Annual improvements (2014-2016) (Note 3.1.1.3)
Amendments to IAS 40 "Transfers of Investment Property" (Note 3.1.1.3)
IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (Note 3.1.1.3)
Amendments to IFRS 9 "Prepayment Features with Negative Compensation" (see Note 3.1.1.3)

3.1.1.1 IFRS 9 "FINANCIAL INSTRUMENTS" AND SUBSEQUENT AMENDMENTS

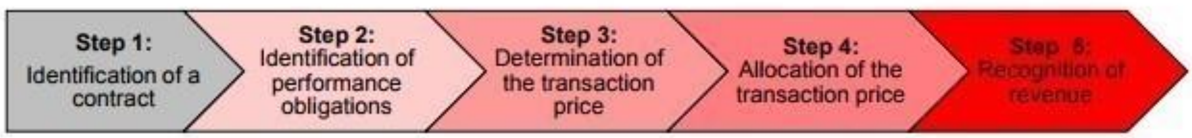
The impacts of the first-time application of IFRS 9 are presented in Note 3.1.2 "First-time application of IFRS 9".

3.1.1.2 IFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS" AND SUBSEQUENT CLARIFICATIONS

This standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and their interpretations and sets out the new requirements for recognising revenues earned from all types of contracts entered into with customers, with the exception of leases, insurance contracts, contracts in financial instruments and guarantees.

The recognition of revenues in the statement of profit and loss shall depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To apply this core principle, IFRS 15 provides a five-step model from the identification of the contract with the customer until the recognition of the related revenue when the performance obligation is fulfilled:



The Company has performed a review of the accounting treatments applied in prior periods for the recognition of revenues generated by contracts with customers and has assessed that they comply with the treatments provided by IFRS 15.

3.1.1.3 Other amendments

The application of the following amendments had no significant impact on the Company's net income and equity.

Amendments to IFRS 2 "Classification and Measurement of Share-Based Payment Transactions"

Issued by IASB on 20 June 2016

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Annual improvements (2014-2016)

As part of the annual Improvements to International Financial Reporting Standards, the IASB has issued an amendment to IAS 28 "Investments in Associates and Joint Ventures". The amendment to IAS 28 clarifies the measurement of investments in associates or joint ventures held by a venture capital organisation or other qualifying entity.

Amendments to IAS 40 "Transfers of Investment Property"

Issued by IASB on 8 December 2016

These amendments reinforce the principle according to which the entity shall transfer property into or out of the investment property category. Such a transfer shall occur if and only if property meets, or ceases to meet, the definition of investment property and if there is evidence of a change in management's intentions regarding the use of the property.

IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

Issued by IASB on 8 December 2016

This interpretation clarifies the accounting for foreign currency transactions (payments or prepayments).

The transaction shall provide a consideration that is denominated or priced in a foreign currency. Before this transaction, a prepayment asset or a deferred income liability shall be recognised and considered as a nonmonetary item. The date of the transaction, for determining the exchange rate, is the date of initial recognition of the non-monetary asset or liability, except when there are multiple payments or receipts in advance, in which case the date of transaction will be established for each payment or receipt.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

3.1.2 First time application of IFRS 9 "Financial instruments"

First time application of IFRS 9

IFRS 9 replaces IAS 39, defining a new set of rules for measuring and classifying financial assets and liabilities, establishing a new methodology for the credit impairment of financial assets and for determining loss allowances for loan and guarantee commitments, and introducing changes in the treatment of hedging transactions, with the exception of macro-hedging transactions which will be covered by a separate standard currently under review by the IASB. As from 1 January 2018, the Company applies IFRS 9 as adopted by the European Union. The Company did not early apply the provisions of IFRS 9 to previous reporting periods. Consequently, the accounting principles applicable to financial instruments have been amended and the disclosures presented in the notes have been supplemented, in accordance with the amendments to IFRS 7 at the time IFRS 9 was adopted.

The impairment as of 1 January 2018 (First Time Application) amounts to KEUR 2 and has been recorded directly in Equity (deduction of reserves).

As a result of the application of IFRS 9, the Fully Funded Swaps have been reclassified to financial assets mandatorily measured at Fair Value through Profit and Loss ("FVTPL") as these instruments are debt instruments that do not pass de SPPI test.

Notes to the financial statements

As at 31 December 2018

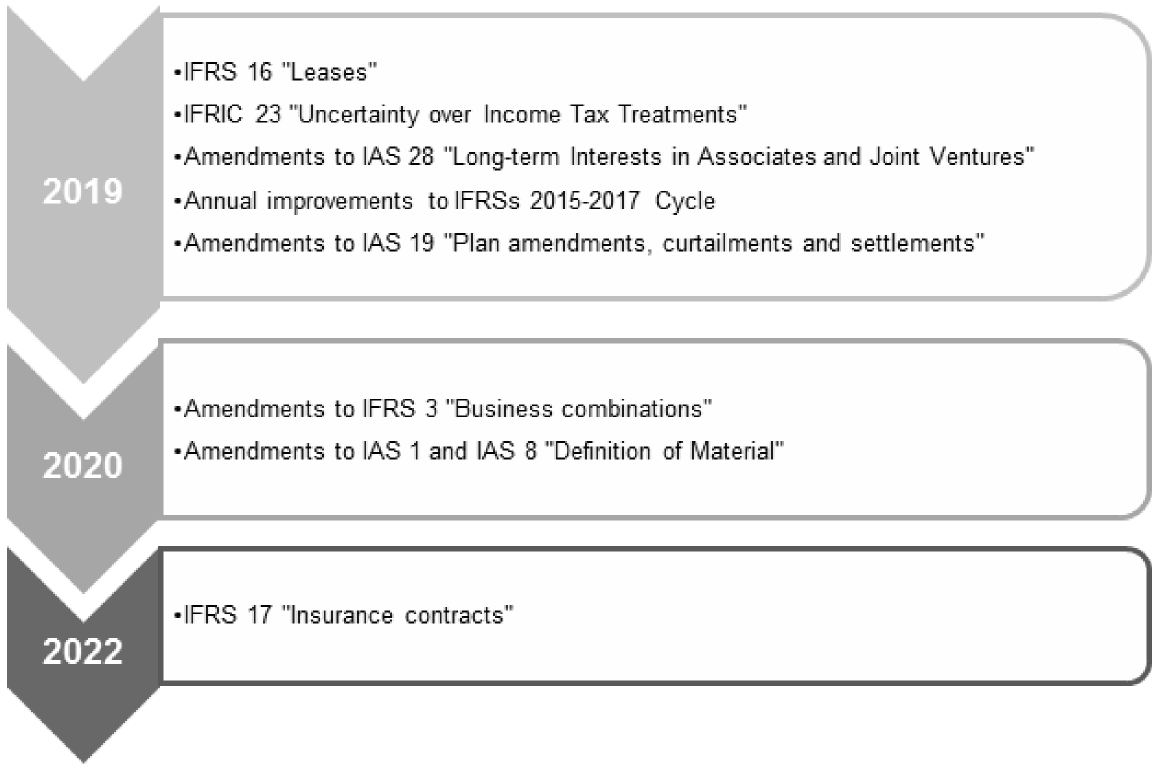
– continued –

		Value adjustments			
	Balance as at 31.12.2017	Reclassification impact	Credit risk adjustments	Impact on deferred tax	**Balance as at 01.01.2018**
	IAS 39				**IFRS 9**
EUR '000					
Cash and cash equivalents	114 889	-	-	-	114 889
Financial assets at fair value through profit or loss					
- Mandatorily at fair value through profit or loss	-	44 051 537	-	-	44 051 537
- Designated at fair value through profit or loss	44 051 537	- 44 051 537	-	-	-
- Trading derivatives	3 806 822	-	-	-	3 806 822
Loans and receivables	53 661	-	(3)	-	53 658
Total assets	**48 026 909**	**-**	**(3)**	**-**	**48 026 906**
Financial liabilities at amortised cost	110 734	-	-	-	110 734
Financial liabilities at fair value through profit or loss					
- Designated at fair value through profit or loss	44 048 143	-	-	-	44 048 143
- Classified as Trading derivatives	3 818 679	-	-	-	3 818 679
Other liabilities	43 668	-	-	-	43 668
Tax liabilities	27	-	-	(1)	26
Total liabilities	**48 021 251**	**-**	**-**	**(1)**	**48 021 250**
Share capital	2 000	-	-	-	2 000
Legal reserve	200	-	-	-	200
Other reserves	3 380	-	(3)	1	3 378
Profit for the financial year	78	-	-	-	78
Total equity	**5 658**	**-**	**(3)**	**1**	**5 656**

3.1.3 Accounting standards, amendments or interpretations to be applied by the Company in the future

IASB publishes accounting standards, amendments and interpretations, some of which have not been adopted by the European Union as at 31 December 2018. They are required to be applied from annual periods beginning on 1 January 2019 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Company as at 31 December 2018.

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



3.1.3.1 IFRS 16 "Leases"

This new standard will supersede the existing standard, IAS 17 and modify accounting requirements for leases, and more specifically in relation to the lessees' financial statements, with very few impacts for the lessors.

For all lease agreements, lessee will be required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. In its statement of profit and loss, the lessee will separately recognise the depreciation of the right-of-use assets and the interest expense on lease liabilities.

The Company expects no material effect from this standard.

3.1.3.2 IFRIC 23 “Uncertainty over Income Tax Treatments”

Issued by IASB on 7 June 2017

Adopted by the European Union on 23 October 2018
This interpretation provides clarifications about the measurement and accounting treatment of income tax when there is uncertainty over income tax treatments. The approach to be used should be the one that provides the best predictions of the resolution of the uncertainty.

The process for identifying, analysing and monitoring tax uncertainties has been reviewed. The Company expects no material effect of this interpretation on equity.

3.1.3.3 Amendments to IAS 28 “Long-Term Interests in associates and joint ventures”

Issued by IASB on 12 October 2017
The amendments clarify that IFRS 9 “Financial Instruments” shall be applied to financial instruments that form part of the net investment in an associate or a joint venture but to which the equity method is not applied.

The Company does not expect any material impact from these amendments.

3.1.3.4 Annual improvements (2015-2017)

Issued by IASB on 12 December 2017
As part of the annual Improvements to International Financial Reporting Standards, the IASB has issued amendments to IFRS 3 “Business Combinations”, IFRS 11 “Joint Arrangements”, IAS 12 “Income Taxes” and IAS 23 “Borrowing Costs”.

The Company does not expect any material impact from these amendments.

3.1.3.5 Amendments to IAS 19 “Plan Amendments, Curtailment or Settlement”

Published by IASB on 7 February 2018
These amendments clarify how pension expenses are determined in the event of amendment, curtailment or settlement of defined benefit pension plans. In these cases, IAS 19 currently calls for the net cost of the defined benefit asset or liability to be remeasured.

The amendments require the entity to use the updated assumptions from this remeasurement to determine past service cost and net interest.

The Company does not expect any material impact from these amendments.

3.1.3.6 Amendments to IFRS 3 “Business Combinations”

Published by the IASB on 22 October 2018
The amendments are intended to provide clearer application guidance 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.

The Company does not expect any material impact from these amendments.

3.1.3.7 Amendments to IAS 1 and IAS 8 “Definition of Material”

Published by the IASB on 31 October 2018
These amendments are intended to clarify the definition of ‘material’ in order to facilitate the exercise of judgement by the preparers of financial statements, particularly when selecting the information to be presented in the Notes.

3.1.3.8 IFRS 17 "Insurance Contracts"

Issued by IASB on 18 May 2017
This new standard will replace IFRS 4 "Insurance Contracts" that was issued in 2004 and which currently allows entities to use national requirements for the accounting of insurance contracts.

IFRS 17 provides new rules for the recognition, measurement, presentation and disclosure of insurance contracts that belong to its application scope (insurance contracts issued, reinsurance contracts held and investment contracts issued with discretionary participation features). The underwriting reserves currently recognised among liabilities in the statement of financial position will be replaced by a current value measurement of insurance contracts.

The Company expects no material effect from this standard.

3.2 Foreign currency transactions

Transactions in foreign currencies are initially recorded in EUR at the exchange rate ruling at the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rates ruling at the reporting date. Foreign exchange differences arising on translation and realized exchange gains and losses are recognised in the statement of comprehensive income in the caption Net gains on financial instruments at fair value through profit or loss and Interest Expenses.

The most important foreign currency positions for the Company are USD, JPY, GBP, HKD and CHF. The following foreign exchange rates were used:

	USD	**JPY**	**GBP**	**HKD**	**CHF**
31.12.2018	1.1450	125.8500	0.8945	8.9675	1.1269
31.12.2017	1.1993	135.0100	0.8872	9.3720	1.1702

3.3 Cash and cash equivalents

Cash and cash equivalents comprise only cash repayable on demand.

3.4 Financial instruments

The financial instruments represent the contractual rights or obligations to receive or to pay cash or other financial assets.

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

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

3.4.1 Accounting principles applied up to 31 December 2017 to financial instruments

The accounting principles presented hereafter are those applied to financial instruments up to 31 December 2017 in accordance with IAS 39.

3.4.1.1 Classification of financial instruments

When initially recognized, financial instruments are presented in the statement of financial position under categories that determine their accounting treatment and their subsequent valuation method. This classification depends on the type of financial instrument and the purpose of the transaction.

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

- Financial assets at fair value through profit or loss: these are financial assets held for trading purposes, which by default include derivative financial assets not qualifying as hedging instruments and non-derivative financial assets designated by the Company upon initial recognition to be carried at fair value through profit or loss in accordance with the fair value option;
- Loans and receivables: these include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes, not held for sale from the time they are originated or acquired, and not designated upon initial recognition to be carried at fair value through profit or loss (in accordance with the fair value option). They are measured at amortised cost, and impairment, determined on an individual or a collective basis, may be recorded if appropriate;

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

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

3.4.1.2 Reclassification of financial assets

After their initial recognition, financial assets may not be later reclassified as Financial assets at fair value through profit or loss.

Financial derivatives and financial assets measured using the fair value option may not be reclassified out of Financial assets at fair value through profit or loss.

These reclassified financial assets are transferred to their new category at their fair value at the date of reclassification and are subsequently measured according to the rules that apply to the new category.

3.4.1.3 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation methods used by the Company to establish the fair value of financial instruments are detailed in Note 3.4.2.5.

3.4.1.4 Initial recognition

Purchases and sales of financial assets recorded under Financial assets at fair value through profit or loss are recognised in the statement of financial position at the delivery-settlement date. Changes in fair value between the trade and settlement dates are recorded in the statement of profit and loss. Loans and receivables are recorded in the statement of financial position on the date they are paid or at the maturity date for invoiced services.

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

3.4.1.5 Offsetting a financial assets and a financial liability

First time application of IFRS 9 did not change the accounting principles applicable to offsetting of financial instruments. Those principles are presented in Note 3.4.2.9.

3.4.1.6 Derecognition of financial assets and liabilities

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

The Company also derecognises financial assets over which it has retained the contractual rights to the associated cash flows but is contractually obligated to pass these same cash flows through to a third party ("pass-through agreement") and for which it has transferred substantially all the risks and rewards.

Where the Company has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Company derecognises it and, where necessary, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the asset's transfer. If the Company has retained control of the asset, it continues to recognise it in the statement of financial position to the extent of its continuing involvement in that asset.

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

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

A financial liability may also be derecognised in the event of a substantial amendment to its contractual conditions or where an exchange is made with the lender for an instrument whose contractual conditions are substantially different.

3.4.1.7 Derivative financial instruments

First time application of IFRS 9 did not change the accounting principles applicable to derivative financial instruments. Those principles are presented in Note 3.4.2.4.2.

3.4.1.8 Financial assets and liabilities at fair value through profit or loss

These are financial assets held for trading purposes, which by default include derivative financial assets not qualifying as hedging instruments and non-derivative financial assets designated by the Company upon initial recognition to be carried at fair value through profit or loss in accordance with the fair value option.

In addition to financial assets and liabilities held for trading purposes, the item Financial assets and liabilities at fair value through profit or loss also include non-derivative financial assets and liabilities designated by the Company upon initial recognition to be carried at fair value through profit or loss in accordance with the fair value option. Changes in the fair value of these items are recognised through profit or loss under Net gains and losses on financial instruments at fair value through profit or loss.

This option is only applied in the following cases:

- when it eliminates or significantly reduces discrepancies in the accounting treatment of certain financial assets and liabilities;
- when it applies to a hybrid instrument containing one or more embedded derivatives that would otherwise be subject to a separate recognition;
- when a group of financial assets and/or liabilities is managed and its performance is measured on a fair value basis.

3.4.1.9 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

Subsequent to initial measurement, loans and receivables are measured at amortized cost using the effective interest rate method, less appropriate impairments. Impairments represent the Company’s estimate of losses arising from the failure or inability of third parties to make payments when due.

3.4.1.10 Financial liabilities at amortised cost

The first time application of IFRS 9 did not change the accounting principles applicable to financial liabilities at amortised cost. Those principles are presented in Note 3.4.2.7.

3.4.1.11 Recognition of interest income and expense

Interest income and expense are recognized in the statement of profit and loss under Interest and similar income and Interest and similar expense for all financial instruments measured at amortized cost using the effective interest rate method (loans and receivables, debts, held-to-maturity financial assets).

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

When a financial asset or group of similar financial assets has been impaired following an impairment of value, subsequent interest income is recorded on the basis of the effective interest rate used to discount the future cash flows when measuring the loss of value.

3.4.1.12 Impairments

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not be considered otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a Security. In addition for an investment in an equity security, a significant or prolonged decline in its value below its cost is objective evidence of impairment.

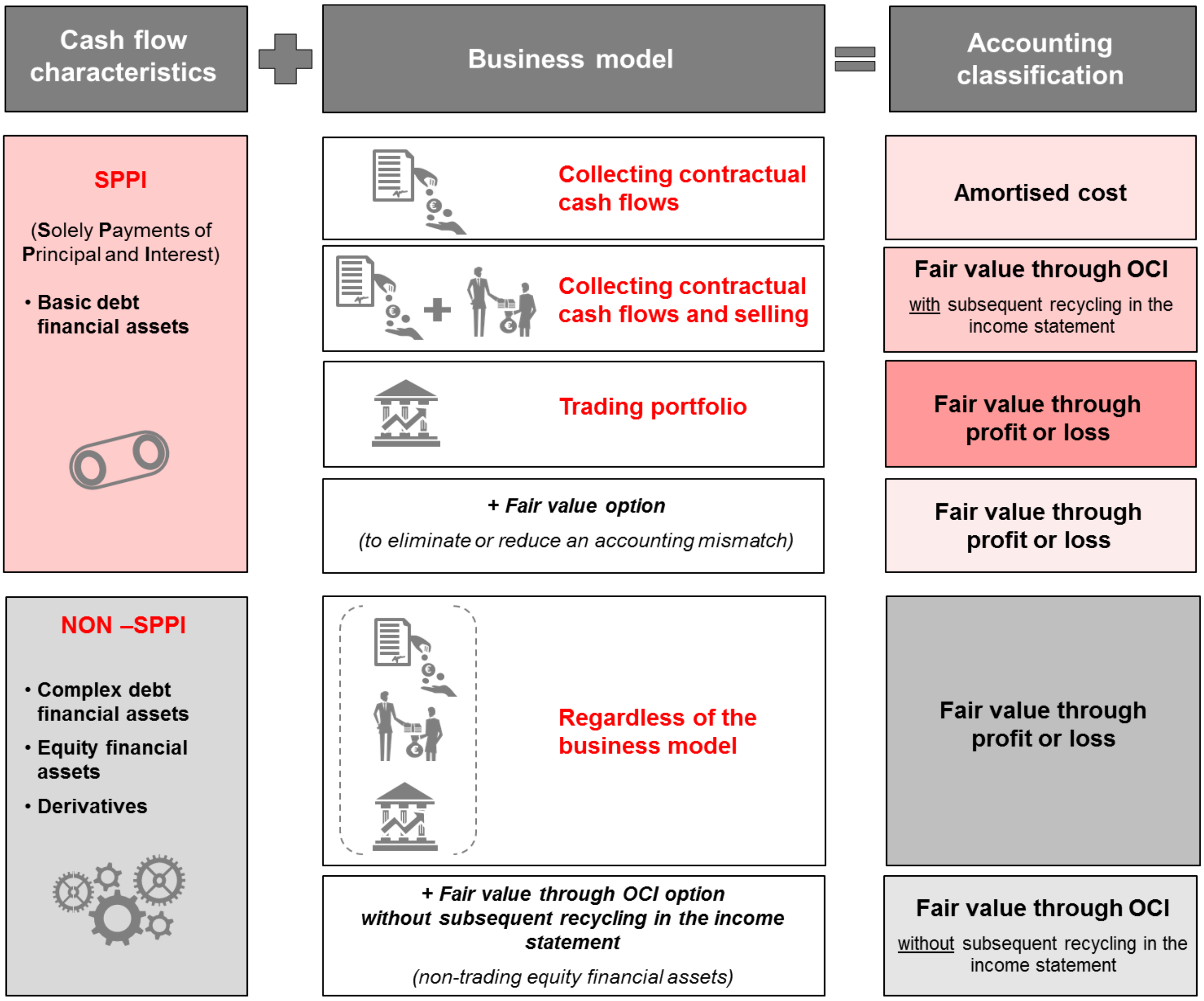
The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

3.4.2 Classification and measurement of financial instruments under IFRS 9 (from 1 January 2018)

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

The diagram overleaf depicts how financial assets are classified under IFRS 9 depending on the cash flow characteristics and the business model.



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

3.4.2.1 Classification of financial instruments

3.4.2.1.1 Analysis of contractual cash flow characteristics

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

Contractual inflows that represent solely payments of principal and interest (SPPI) are consistent with a basic lending arrangement.

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

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

3.4.2.1.2 Analysis of the business model characteristics

The business model represents how the financial instruments are managed in order to generate cash flows and income.

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

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

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

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

3.4.2.1.2.1 Business model "Collecting Contractual Cash flow" (Hold to collect "HTC")

Under this model, financial assets are managed to realise cash flows by collecting contractual payments over the life of the instrument.

To achieve the objective of this business model, it is not necessary for the entity to hold all the instruments until maturity. Selling assets remains consistent with a business model whose objective is to collect contractual cash flows in the following cases:

- the financial asset is sold following an increase in the asset's credit risk; or
- the sale of the financial asset occurs close to its maturity and the proceeds from the sale are similar to the amount to be collected from the remaining contractual cash flows.

Other sales can be consistent with the objective of collecting contractual cash flows, as well, provided they are infrequent (even if significant in value) or insignificant in value, both individually and in aggregate terms (even if frequent). Such other sales include sales made to manage credit concentration risk (without an increase in the asset's credit risk). The Company has set up procedures for reporting and analysing all significant projected sales of financial assets held for collecting contractual cash flows, as well as a periodic review of sales that have occurred.

3.4.2.1.2.2 Business model "Collecting Contractual Cash flow and sale" (Hold to collect and sell "HTCS")

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

3.4.2.1.2.3 Business model "Trading activities"

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

By default, derivative financial instruments are classified into the trading portfolio, unless they qualify as hedging instruments (see Note 3.4.2.4.2).

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

Financial assets held for trading are:

- acquired with the intention of selling them in the short term; or
- held for market-making purposes; or
- acquired for the purposes of the specialised management of a trading portfolio, including derivative financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

3.4.2.1.2.4 Application to the Company

The portfolios of financial assets were reviewed to determine, based on the characteristics of their contractual cash flows and on how they are managed (business models), their accounting treatment under IFRS 9. Another objective of this review was to identify the most significant impacts on the information systems.

For the debt instruments held, SGIS has defined its business model as "held to collect" for the Fully Funded Swaps, for Cash and cash equivalents and for Loans and receivables. These assets are acquired in order to collect the contractual cash-flows attached to the assets. No sale has been made in the past years and no sale is anticipated in the future.

The Fully Funded Swaps are economically assimilated to loans with embedded derivatives (the swap embedded in the FFS). This type of financial assets comply with the IFRS definition of debt instruments (fixed maturity, coupon calculated as a rate, no right nor interest/control in an entity). As these financial assets of SGIS contain embedded derivatives that modify the cash flows of the entire contract, the contract does not pass the SPPI test and these financial assets are mandatorily measured at Fair Value through Profit and Loss ("FVTPL").

Cash and cash equivalents and Loans and receivables are SPPI compliant and are thus measured at amortised cost. Cash and cash equivalents and Loans and receivables are subject to impairment under IFRS 9 and are presented net of impairment.

The Options held, covering the Warrants issued, are Trading derivatives and thus measured at FVTPL.

3.4.2.1.3 Fair value option

A non-SPPI financial asset that is not held for trading purposes can be designated, at initial recognition, at fair value through profit or loss if such designation eliminates or significantly reduces discrepancies in the accounting treatment of certain financial assets and liabilities (accounting mismatch). As at 31 December 2018, no financial assets are designated at fair value through profit or loss.

3.4.2.1.4 Reclassification of financial assets

Reclassification of financial assets is only required in the exceptional event that the Company changes the business model used to manage these assets. For the year ending 31 December 2018, no reclassification of financial assets occurred.

3.4.2.1.5 Classification of financial liabilities

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

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

3.4.2.2 Measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation methods used by the Company to establish the fair value of financial instruments are detailed in Note 3.4.2.5.

3.4.2.2.1 Initial recognition

Financial assets are recognised on statement of financial position:

- At the settlement/delivery date for securities;
- At the trade date for derivatives;
- At the disbursement date for loans.

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

3.4.2.2.2 Measurement

For instruments measured at fair value, changes in fair value between the trade date and the settlement-delivery date are recorded under profit or loss or under other comprehensive income, depending on the accounting classification of the financial assets in question. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Company.

3.4.2.2.3 Derecognition

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

The Company also derecognises financial assets over which it has retained the contractual rights to the associated cash flows but is contractually obligated to pass these same cash flows through to a third party ("pass-through agreement") and for which it has transferred substantially all the risks and rewards.

Where the Company has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Company derecognises it and, where necessary, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the asset's transfer. If the Company has retained control of the asset, it continues to recognise it in the statement of financial position to the extent of its continuing involvement in that asset.

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

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

A financial liability may also be derecognized in the event of a substantial amendment to its contractual conditions or where an exchange is made with the lender for an instrument whose contractual conditions are substantially different.

3.4.2.3 Financial assets and liabilities at fair value through profit or loss

3.4.2.3.1 Trading portfolio

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

The trading portfolio includes all the financial assets held for trading purposes regardless of the characteristics of their contractual cash flows. Only non-SPPI financial assets that are not held for trading are classified amongst Financial assets measured mandatorily at fair value through profit or loss (see section 3.4.2.4.2 below).

3.4.2.3.2 Financial instruments mandatorily at fair value through profit or loss

Financial assets measured mandatorily at fair value through profit or loss include financial instruments that are not held for trading purposes and do not pass the SPPI test (non-basic or non-SPPI instruments).

These assets are recorded at fair value in the statement of financial position under Financial assets at fair value through profit or loss and changes in the fair value of these instruments are recorded in the statement of profit and loss under Net gains or losses on financial instruments at fair value through profit or loss.

3.4.2.3.3 Financial instruments designated at fair value through profit or loss (fair value option)

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

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

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

The Company has designated at fair value through profit or loss the Notes issued because mirror transactions (Fully Funded Swaps or "FFS") that hare used to hedges Notes issued are measured mandatorily at fair value through profit and loss.

Changes in the fair value of these instruments (including interest) are recorded in the statement of profit and loss under Net gains or losses on financial instruments at fair value through profit or loss. The Company does not record the share of the changes in fair value that is due to changes in the Company's own credit risk as this would create an accounting mismatch with the mirrored assets.

The Company issues both secured and unsecured Notes. The Notes are subscribed by the investors through Société Générale Group as a lead manager during the issuance period and as a market maker for a secondary market.
Fully Funded Swaps are financial instruments contracted with Société Générale Group to hedge the Company's exposure to market risk arising from its activities, by replicating each of the Notes issued.

The Company provides the funds received from Note holders to the swap counterparty (Société Générale Group). The swap counterparty agrees to exchange the reimbursement amount, including the return, of the issued Notes.

These financial assets and liabilities are measured at fair value through profit or loss and are recognised in the statement of financial position under "Financial assets/Financial liabilities at fair value through profit or loss".

The impact of the application of IFRS 13 on the Company's financial information (Credit Value Adjustment (CVA) / Debt Value Adjustment (DVA) recognition) have been recorded on a net basis in the statement of financial position, i.e. there is no impact in terms of cash or income (except the margin – Bid/Ask – between the sale of the Note and the purchase of the Fully Funded Swap).

Furthermore, in case of derecognition of a financial liability at fair value through profit or loss using the fair value option before its contractual maturity, gains and losses, if any, related to the Company's own credit risk are booked under Unrealised or deferred gains and losses and then reclassified under Retained earnings at the beginning of the subsequent financial year.

3.4.2.4 Financial derivatives

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

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

Derivatives instruments may also be used to manage and hedge its own risks. In which case, they are qualified as hedging derivatives. Hedging transactions can concern individual items or transactions (micro-hedging relationships) or portfolios of financial assets and liabilities that can generate a structural interest-rate risk (macro-hedging relationships). The Company does not use derivatives instruments for hedging purposes.

Contrary to other financial instruments, derivative instruments are always measured at fair value in the statement of financial position, regardless their purpose. The fair value adjustments of trading derivatives are directly recognised in the statement of profit and loss.

Derivatives are financial instruments meeting the following three criteria:

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

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

3.4.2.4.1 Embedded derivatives

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

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

Where the host contract is a financial liability and is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract if:

- at acquisition, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Once separated, the derivative is recognised at fair value in the statement of financial position under *Financial assets* or *Financial liabilities at fair value through profit or loss* under the aforementioned conditions. The host contract is classified as a financial liability and measured in accordance with its accounting category.

3.4.2.4.2 Trading derivatives

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

These assets and liabilities respectively include:
- Options purchased in order to hedge the issued warrants;
- Warrants issued by the Company.

The notional amounts of the Warrants issued together with the hedging options purchased are reported Off Balance-Sheet.

The Company reports the premium paid on the derivatives bought and the premium received on the derivatives sold in the statement of financial position under “Financial assets or liabilities at fair value through profit or loss - Held for Trading”.
Subsequent to initial measurement, the Options and the Warrants are measured at fair value through profit or loss.

3.4.2.5 Fair value of Financial instruments measured at fair value

The financial assets and liabilities recognised in the Company statement of financial position are measured either at fair value or at amortised cost. In the latter case, the fair value of the instruments is disclosed in the notes (see Note 3.4.2.5.1).

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

But many financial instruments are not listed or are only negotiable on illiquid markets or over-the-counter markets (which is the case for many derivative instruments).

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

3.4.2.5.1 Definition of fair value

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

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

3.4.2.5.2 Fair value hierarchy

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

For information purposes, in the notes to the financial statements, the fair value of financial instruments is classified using a fair value hierarchy that reflects the significance of the inputs used according to the following levels:

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

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

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

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

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

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

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

These are instruments measured using a financial model based on observable market inputs. Prices published by an external source derived from the valuation of similar instruments are considered as data derived from prices.

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

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

Level 3 instruments carried at fair value on the statement of financial position are predominantly instruments for which the sales margin is not immediately recognized in profit or loss.

Accordingly, Level 3 financial instruments include derivatives with longer maturities than those usually traded and/or with specifically-tailored return profiles. Similarly, debt measured at fair value is classified as Level 3 where the valuation of the associated embedded derivatives is also based on unobservable inputs.

The main L3 complex derivatives are:

- Equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e.g. extrapolation from observable data, historical analysis). Hybrid equity instruments (i.e. having at least one non-equity underlying instrument) are also classified as L3 insofar as correlations between the different underlyings are generally unobservable;
- Interest rate derivatives: long-term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, or between interest rates and exchange rates, for example for quanto products (in which the instrument is settled in a currency different from the currency of the underlying); they are liable to be classified as L3 because the valuation inputs are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (e.g. exchange rate correlations are deemed unobservable for the USD/JPY);

- Credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation (“N to default” products in which the buyer of the hedge is compensated as of the Nth default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility;
- Commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (i.e. options on commodity swaps or instruments based on baskets of underlyings).

For the years ended 2018 and 2017, the impact of IFRS 13 is fully embedded in the valuation models.

Different calculation methods can exist regarding the CVA-DVA / OCA (Own Credit Adjustment) impact calculation: derived from the yield discounting methodology, other from the Monte-Carlo EPE/ENE (Expected Positive / Negative Exposure).
The methodology applied to SGIS (the same as the SG Group) is the yield discounting methodology.

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

- For unsecured Notes

The fair value for both the Unsecured Notes (liabilities) and the Fully Funded Swap (FFS) (assets) are calculated by discounting the expected future cash flows with the risk free curve. To take the credit adjustment into account, the risk free curve is adjusted with Société Générale (SG) Group’s credit spread curve. A dedicated process has been implemented using SG Group and SGIS operational teams’ input. This process is fully functional, constantly monitored as of today.

- For secured and Repack Notes

Secured Notes are Notes which are collateralized with assets deposited on segregated or pooled accounts with external custodian (BNY Mellon) and pledged in favor of the Note holders.
Repack Notes are Notes which allow investors to calibrate the funding yield of their structure by selecting a bond (the “Reference Bond”) issued by a third-party issuer (the “Reference Bond Issuer”).
The collateral assets are composed of eligible securities.
Should SG defaults, the pledge on the assets is to be enforced; the Notes holders are exposed to credit risk of the collateral (external securities). Therefore, as SG and SGIS are mere risk pass-through, the credit risk premium (external bonds issuers) shall not be adjusted with SG credit spread. Thus, no additional credit adjustment is needed for the Secured Notes.
The fair value of the Secured Notes and the Repack Notes and the associated FFS is computed, for each accounting period by discounting the expected future cash flows by a composite Repo rate curve.

- For Warrants

For financial instruments recognised at fair value in the statement of financial position, fair value is determined primarily on the basis of the prices quoted in an active market. These prices can be adjusted if none are available on the statement of financial position date or if the clearing value does not reflect transaction prices.
However, due especially to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Company does not have quoted prices in the markets.

Deferred margin related to main unobservable inputs

The company does not apply deferred margin related to its main unobservable inputs as margin on Notes and Warrants issued are offset by a similar margin on Fully Funded Swaps and Options purchased.

3.4.2.6 Loans and receivables at amortised cost

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

Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, and their accrued or earned income is recorded in the statement of profit and loss under Interest and similar income. Furthermore, as these financial assets are subject to impairment for credit risk, changes in expected credit losses are recorded in profit or loss under *Impairments* or *Reversal of impairments* with a corresponding impairment of amortised cost under statement of financial position assets. The applicable impairment rules are described in Note 3.4.2.8.1.

3.4.2.7 Debt at amortised cost

Financial liabilities at amortised cost include non-derivative instruments that are not measured at fair value through profit or loss.

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

The Company recognizes in this caption overdrafts and the convertible bonds with profit participation feature which displays the following future cashflows:

- One fixed rate coupon
- One profit based coupon

3.4.2.8 Impairment and provisions

Some financial assets involve credit risk which exposes the Company to a potential loss if the counterparties were to be unable to respect their financial commitments. The Company is remunerated for bearing this risk by a portion of the contractual interest that it receives on those assets; this is known as the credit margin.

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

For loans and receivables measured at amortised cost or fair value through other comprehensive income, the expected credit loss, as assessed by the Company, is recognised in profit or loss together with interest income. On the statement of financial position, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairments are written-back in case of a subsequent decrease of credit risk. No impairment is recognised on cash and cash equivalents. The Company does not have loan commitments or financial guarantees contracts.

3.4.2.8.1 Impairment and provisions for credit risk

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

Observed deterioration in credit risk since initial recognition of the financial asset →

Credit risk category	**Stage 1** Performing assets	**Stage 2** Under-performing or downgraded assets	**Stage 3** Credit-impaired or defaulted assets
Transfer criteria	Initial recognition of the instrument in stage 1 ⇨ *Maintained if the credit risk has not increased significantly*	Credit risk on the instrument has increased significantly since initial recognition / 30 days past due	Evidence that the instrument has become credit-impaired / 90 days past due
Measurement of credit risk	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Interest income recognition basis	Gross carrying amount of the asset before impairment	Gross carrying amount of the asset before impairment	Net carrying amount of the asset after impairment

Exposures classified in Stage 1

At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are underperforming/credit-impaired on acquisition.

Exposures classified in Stage 2

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

- *The counterparty's credit rating*

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

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

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

This magnitude is assessed from contract to contract, from the date of their initial recognition to the statement of financial position date.

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

- *The existence of payments more than 30 days past due*

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

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

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

Exposures classified in Stage 3

To identify Stage 3 exposures (doubtful outstandings), the Company determines whether or not there is objective evidence of impairment (default event):

- a significant deterioration in the counterparty's financial situation creates a strong probability that it will not be able to meet all of its commitments and thus represents a risk of loss for the Company;
- concessions are granted to the clauses of the loan agreement, in light of the borrower's financial difficulties, that would not have been granted in other circumstances;
- payments more than 90 days past due (with the exception of restructured loans during the probation period, which are deemed subject to impairment as of the first missed payment), whether or not a collection procedure is instigated;
- or, even in the absence of missed payments, the existence of probable credit risk or litigious proceedings (bankruptcy, court-ordered settlement or compulsory liquidation).

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

In the case of a return to Stage 2, the contracts are kept in Stage 2 from six months to two years according to the nature of the risk portfolio to which they belong.

Measurement of depreciation and provision

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

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

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

3.4.2.8.2 Impairments / Reversal of impairments

Impairments / Reversal of impairments includes net reversals of impairment and loss allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

3.4.2.9 Offsetting financial assets and financial liabilities

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

The financial instruments issued by the Company are subscribed by the investors through Société Générale as a lead manager during the issuance period and as a market maker for a secondary market. The instruments which are unsold are held by Société Générale.

In December 2014, the Company added a new cash netting clause in the legal framework with Société Générale. Personne Morale and acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (the Fully Funded Swaps) and the liabilities (the Notes) are settled (and intended to be settled) simultaneously.

In application of IAS 32 - Offsetting a financial asset and a financial liability, the Company proceeds to the accounting netting of the non-sold amounts.

The treatment is applied based on IAS 32 paragraph 42: "A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

(a) currently has a legally enforceable right to set off the recognized amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously."

As at 31 December 2018, the impact of the offsetting (decrease in the balance sheet) is KEUR 40 786 626 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2017: KEUR 23 631 494) and KEUR 5 281 042 for the non-sold Warrants and the corresponding Options (31 December 2017: KEUR 6 945 467) (see Note 5 and Note 9).

3.5 <u>Shareholders' equity</u>

Equity are the resources contributed to the Company by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings).

The statement "Changes in Shareholders' Equity" presents the various changes that affect the components of equity over the reporting period.

3.6 Interest income and expenses

Interest is recognized as expense or income over the life of the financing service granted or received, proportionally to the principal amount outstanding.
Interest income and expense are recorded in the statement of profit and loss under Interest and similar income and Interest and similar expense for all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income) and for all financial instruments mandatorily measured at fair value through profit and loss on the amount of the income and expenses representative of the effective interest rate.

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

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is measured at the effective interest rate applied to the net carrying amount of the financial asset with an offsetting entry equal to the outstanding financial asset before impairment.

3.7 Other operating expenses

The Company records operating expenses according to the type of services to which they refer.

Other operating expenses mainly include lease payments, building maintenance and other costs, travel and business expenses, outsourcing and advisory fees and marketing and advertising expenses. Detail is provided in Note 15.

3.8 Income tax

Income tax includes current taxes and deferred taxes:

- current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period.
- deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

3.8.1 Current tax

Current tax is based on the taxable profit and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under Income tax in the statement of profit and loss.

3.8.2 Deferred tax

Deferred taxes are recognized whenever the Company identifies a temporary difference between the accounting base and tax base for assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured considering rules established by Luxembourg tax authority.

The amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value.

Deferred tax assets can result from deductible temporary differences or from tax loss carry forwards. These deferred tax assets are recorded only if the entity concerned is likely to recover these assets within a set time. Temporary differences or tax loss carry forwards can also be used against future taxable profit. Tax loss carry forward review taking into account the tax system applicable and a realistic projection of tax income or expense, based on their business development outlook: any previously unrecognized deferred tax assets are recorded in the statement of financial position to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered; however, the carrying value of deferred tax assets already recognized in the statement of financial position is reduced where a risk of total or partial non-recovery occurs.

Deferred tax were adjusted further to the fiscal law reform on December 2016. The rate of deferred tax applied as of 31 December 2018 is 26.01%, which has not changed since 31 December 2017. The deferred tax rate includes the corporate tax and the municipal tax.

3.9 Other commitments linked to secured notes

In relation to each Series of Secured Notes, in order to secure its obligations in respect of such Notes, the Company enters into a pledge agreement which will be governed by the Luxembourg act dated 5 August 2005 on financial collateral arrangements, as amended. Under each Pledge Agreement, the Company will grant first ranking security over the Collateral Assets contained in one or more accounts held by the Company with The BNY Mellon (Luxembourg) S.A. (or such other custodian or account bank as is specified in the applicable Final Terms, pursuant to the terms of a custodian agreement between, inter alia, the Company and the collateral custodian).

The security granted under each Pledge Agreement will be granted either in favour of:

- (i) in the case of English Law Notes, BNY Mellon Corporate Trustee Services Limited or such other security trustee as is specified in the applicable Final Terms as security trustee on behalf of itself and the relevant Noteholders and the other relevant Secured Parties (as defined in the Additional Terms and Conditions for Secured Notes) or,
- (ii) in the case of French Law Notes, directly in favour of the relevant Noteholders and the other relevant Secured Parties as represented by BNY Mellon Corporate Trustee Services Limited or such other security agent as is specified in the applicable Final Terms as security agent.

Following the occurrence of a Secured Note Acceleration Event (as defined in the Additional Terms and Conditions for Secured Notes), all Noteholders whose Notes have become immediately due and payable will first be entitled to claim for any outstanding amounts due to them under the terms of the Guarantee. If neither the Issuer nor the Guarantor (pursuant to the terms of the Guarantee) has paid all amounts due to Noteholders within a period of 3 Collateral Business Days following the occurrence of a Secured Note Acceleration Event, Noteholders may send a notice in writing to the Security Trustee (in the case of English Law Notes) or the Security Agent (in the case of French Law Notes) requesting that the relevant Pledge Agreement be enforced in accordance with the terms of the Base Prospectus.

The Company borrows the securities to be pledged from Société Générale Group. In accordance with IFRS, the securities borrowed are not recognized in the statement of financial position.
The pledged securities are accounted as an off balance-sheet commitment "Securities pledged". The committed amount is re-measured at each closing to reflect the value of the securities pledged.

4. Cash and cash equivalents

Cash and cash equivalents amount to KEUR 79 584 as at 31 December 2018 (31 December 2017: KEUR 114 889) and are mainly composed of cash held with Société Générale Bank & Trust S.A. and Société Générale S.A..
As at 31 December 2018 and 2017, this caption only contains cash that is repayable on demand.

5. Financial assets at fair value through profit or loss

	31.12.2018 EUR' 000	31.12.2017 EUR' 000
Financial assets at fair value through profit or loss		
- Designated at fair value through profit or loss		44 051 537
- Mandatorily at fair value through profit or loss (Fully Funded Swaps)	45 062 134	
- Trading derivatives (Options)	4 168 362	3 806 822
Total	**49 230 496**	**47 858 359**

As at 31 December 2018, financial assets mandatorily at fair value through profit or loss (Fully Funded Swaps) amount to KEUR 45 062 134 (31 December 2017: KEUR 0) and replicate all the Notes issued by the Company (see Note 3.2 and Note 8). These FFS amounted to KEUR 44 051 537° as at 31 December 2017 and were designated at fair value through profit or loss. Differences between Fully Funded Swaps and Notes arise due to late settlements.

Due to the implementation of IFRS 9, the Fully Funded Swaps have been reclassified from Designated at fair value through profit or loss (IAS 39) to Mandatorily at fair value through profit or loss (IFRS 9).

As at 31 December 2018, Trading derivatives (Options) amount to KEUR 4 168 362 (31 December 2017: KEUR 3 806 822) and replicate all the Warrants issued by the Company (see Note 8). Differences between Options and Warrants arise due to late settlements.

As indicated in Note 3.4.2.9, as at 31 December 2018, the impact of the offsetting of financial assets and financial liabilities (decrease in the statement of financial position) is KEUR 40 786 626 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2017: KEUR 23 631 494) and KEUR 5 281 042 for the non-sold Warrants and the corresponding Options (31 December 2017: KEUR 6 945 467).

5. Financial assets at fair value through profit or loss (continued)

The movements in financial assets at fair value through profit or loss were as follows:

	Designated at fair value through profit or loss	Trading derivatives	Total
As at 31 December 2016	**44 030 973**	**9 133 362**	**53 164 335**
Acquisition	67 965 225	61 583 229	129 548 454
Cancelled / Liquidation / Maturity / Disposal	(62 800 870)	(61 466 251)	(124 267 121)
Change in fair value	567 557	2 001 705	2 569 262
Exchange difference	(3 481 366)	(499 756)	(3 981 122)
Offsetting of Assets and Liabilities (Change)	(2 229 982)	(6 945 467)	(9 175 449)
As at 31 December 2017	**44 051 537**	**3 806 822**	**47 858 359**

	Mandatorily measured at fair value through profit or loss	Trading derivatives	Total
As at 1 January 2018	**44 051 537**	**3 806 822**	**47 858 359**
Acquisition	61 735 479	33 911 397	95 646 876
Cancelled / Liquidation / Maturity / Disposal	(33 489 422)	(32 708 620)	(66 198 042)
Change in fair value	(12 067 577)	(2 686 752)	(14 754 329)
Exchange difference	1 987 248	181 090	2 168 338
Offsetting of Assets and Liabilities (Change)	(17 155 131)	1 664 425	(15 490 706)
As at 31 December 2018	**45 062 134**	**4 168 362**	**49 230 496**

6. Loans and receivables

As at 31 December 2018 and 2017, loans and receivables only consist in deposits with SGBT, which represent the reinvestment of the Company's share capital, reserves and other available funds (term deposits).

The amount of expected credit loss calculated on loans and receivables in accordance with IFRS 9 is KEUR 2 as at 31 December 2018 (1 January 2018: KEUR 3).

7. Financial liabilities at amortised cost

As at 31 December 2018 and 2017, financial liabilities at amortised cost are mainly composed of a convertible bond of KEUR 48 000, issued by the Company and fully subscribed by SGBT, with maturity in 2022. Conversion may occur each year.

On this convertible bond, the Company pays to SGBT both variable interests calculated on Euribor 3M plus a margin (additional spread of 2.05% / total rate of 1.741% as at 31 December 2018) and activity related interests. Activity related interests mean an amount equal to 100% of the activity related profit generated by the Company.

The convertible bond maturity shall be automatically extended by successive periods of one year, unless either the Issuer or the Holder has exercised its right to terminate the bond on the scheduled maturity date. The conversion option belongs to the Holder.

7. Financial liabilities at amortised cost (continued)

As at 31 December 2018 and 2017, the value of the equity component is estimated to be nil.

As at 31 December 2018, the Company also has amounts due to banks related to the Company's bank current accounts for KEUR 16 673 (2017: Nil).

8. Financial liabilities at fair value through profit or loss

	31.12.2018 EUR' 000	31.12.2017 EUR' 000
Financial liabilities at fair value through profit or loss		
- Designated at fair value through profit or loss (Notes)	45 053 728	44 048 143
- Trading derivatives (Warrants)	4 170 486	3 818 679
Total	49 224 214	47 866 822

As at 31 December 2018, the Company issued secured and unsecured Notes for a total amount of KEUR 45 053 728 (31 December 2017: KEUR 44 048 143):

- 29 736 unsecured Notes were issued (stock) for a total amount of KEUR 41 584 165 (31 December 2017: 23 135 unsecured Notes were issued (stock) for a total amount of KEUR 37 973 579);
- 871 secured Notes were issued (stock) for a total amount of KEUR 3 469 563 (31 December 2017: 861 secured Notes were issued (stock) for a total amount of KEUR 6 074 564).

In addition to the guarantee on first demand granted by Société Générale on unsecured and secured Notes, subscribers of the secured Notes issued by the Company benefit from additional collateral assets securing the payment due under the Notes terms, structured in form of a pledge governed by Luxembourg Law. This pledge may only be enforced following a default of the Company or Société Générale in its role of Guarantor.
Pledged collateral assets are deposited on an account held in the name of the Company with an authorised custodian not belonging to the Société Générale Group and are pledged in favour of the Notes holders.
As at 31 December 2018, securities deposited at BNY MELLON as collateral for secured issuances amount to

KEUR 3 609 288 (31 December 2017: KEUR 5 369 022).

As at 31 December 2018, the Company also issued Warrants for a total amount of KEUR 4 170 486 (31 December 2017: KEUR 3 818 679). Refer to Note 19 for further details on Off-balance sheet items related to the Warrants activity.

As indicated in Note 3.4.2.9, as at 31 December 2018, the impact of the offsetting (decrease in the statement of financial position) is KEUR 40 786 626 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2017: KEUR 23 631 494) and KEUR 5 281 042 for the non-sold Warrants and the corresponding Options (31 December 2017: KEUR 6 945 467) (see Note 5).

The movements in financial liabilities at fair value through profit or loss were as follows:

	Designated at fair value through profit or loss	Trading derivatives	Total
As at 31 December 2016	44 023 013	9 147 992	53 171 005
Acquisition	67 965 225	61 583 229	129 548 454
Cancelled / Liquidation / Maturity / Disposal	(62 800 870)	(61 466 251)	(124 267 121)
Change in fair value	572 123	1 998 932	2 571 055
Exchange difference	(3 481 366)	(499 756)	(3 981 122)
Offsetting of Assets and Liabilities (Change)	(2 229 982)	(6 945 467)	(9 175 449)
As at 31 December 2017	44 048 143	3 818 679	47 866 822

8. Financial liabilities at fair value through profit or loss (continued)

	Designated at fair value through profit or loss	Trading derivatives	Total
As at 1 January 2018	44 048 143	3 818 679	47 866 822
Acquisition	62 374 839	33 934 907	96 309 746
Cancelled / Liquidation / Maturity / Disposal	(33 989 259)	(33 348 931)	(67 338 190)
Change in fair value	(12 231 930)	(2 310 924)	(14 542 854)
Exchange difference	2 007 066	412 330	2 419 396
Offsetting of Assets and Liabilities (Change)	(17 155 131)	1 664 425	(15 490 706)
As at 31 December 2018	45 053 728	4 170 486	49 224 214

Liquidity analysis is included in Note 20.

9. Other liabilities

	31.12.2018 EUR' 000	31.12.2017 EUR' 000
Operating charges payable	7 138	2 058
Other settlement accounts	5 901	41 610
Total	13 039	43 668

10. Share capital and share premium

As at 31 December 2017, the subscribed and fully paid share capital, 100% held by Société Générale Bank & Trust S.A., was EUR 2 000 160, divided into 50 004 shares with nominal value of EUR 40 each.

By resolution adopted on 12 January 2018, the Executive Board decided to increase the capital of the Company from EUR 2 000 160 to EUR 2 000 200 by the issue of a new share with a nominal value of EUR 40, subscribed by the sole shareholder. This new share includes a share premium amounting to KEUR 62 725. As per proposition of the Executive Board, the sole shareholder of the Company approved on 15 November 2018 the decision to reimburse KEUR 37 725 of the share premium.

As at 31 December 2018, the subscribed and fully paid share capital, 100% held by Société Générale Bank & Trust S.A., is EUR 2 000 200, divided into 50 005 shares with a nominal value of EUR 40 each.

The Company manages its capital to ensure it will be able to continue as a going concern. The capital may be increased, subject to the approval or the Sole Shareholder, if the Company's activity evolves, incurring specific additional risks.

11. Reserves

Legal reserve
In accordance with the Luxembourg law, the Company is required to allocate a minimum of 5% of its annual net profit to a Legal reserve until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.
As at 31 December 2018, the legal reserve amounts to KEUR 200 (31 December 2017: KEUR 200).

Other reserves
Since 2013, the Company is fiscally integrated in the parent company. SGBT constitutes the Net Wealth Tax reserve for the Company. As a consequence, no additional Net Wealth Tax reserve has been constituted by the Company since 2013.
During the year 2018, the Net Wealth Tax reserve of the year 2012 amounting KEUR 1 664 became available after a period of five years, and has been released (transfer from unavailable reserves to available reserves).

12. Interest income and expenses

	2018 EUR' 000	2017 EUR' 000
Interest income on cash and cash equivalents	541	-
Interest income on loans and receivables	1 141	1 059
Total interest income	1 682	1 059
Interest expenses on financial liabilities at amortised cost	(32 435)	(63 561)
Interest expenses on financial liabilities at fair value through P&L	(600)	(718)
Total interest expenses	(33 035)	(64 279)
Net interest margin	(31 353)	(63 220)

13. Net gains on financial instruments at fair value through profit or loss

	2018 EUR' 000	2017 EUR' 000
Net gain on financial instruments mandatorily at fair value through profit or loss	61 016	86 439
Net gain on trading instruments	5 676	5 044
Net change in fair value	(73)	(189)
Total	66 619	91 294

14. Personnel expenses

	2018 EUR' 000	2017 EUR' 000
Wages and salaries	(243)	(292)
Social charges and associated costs	(60)	(52)
Recharge of personnel expenses from related parties	(17)	-
Total	(320)	(344)

The Company had 3 full-time equivalent during the year ended 31 December 2018 (2017: 3).

The annual cost of pension is calculated and invoiced by SGBT, the parent company, based on SGBT's group total cost of pensions and according to the number of the Company's full time equivalent employees.

15. Other operating expenses

	2018 EUR' 000	2017 EUR' 000
Issues fees	(27 425)	(25 169)
Other operating charges	(7 271)	(2 456)
Total	(34 696)	(27 625)

Issues fees mainly consist of Listing fees, Collateral monitoring agent fees, Maintenance of registers fees, trading fees.
Other operating charges are mainly composed of operating costs related to the Company (including audit fees) as well as activities outsourced to Société Générale S.A. and Société Générale Bank & Trust S.A..

15. Other operating expenses (continued)

Remuneration of the Réviseur d'entreprises agréé

The fees paid by the Company to its Réviseur d'entreprises agréé were as follows:

	2018 EUR' 000	2017 EUR' 000
Statutory audit of the financial statements and review of the semi-annual financial statements	281	253

16. Taxation

The Company is liable for all taxes applicable to Luxembourg commercial companies.

Since 2007, the Company is part of a tax integration group led by SGBT, as authorised by the article 164 bis LIR and has concluded a Tax Sharing Agreement (the "Agreement") with SGBT. Under the Agreement, the Company pays to SGBT, with respect to each financial year, an amount equal to the tax which would be levied on the profits of the Company in the absence of any tax consolidation with the Parent.

For the year ended 31 December 2018, the theoretical tax rate is 26.01% (2017: 27.08%) while the actual tax rate of the Company is the one from the tax integration Group to which it belongs, as explained above.

Refer to Note 11 for further information on Net Wealth Tax.

17. Related parties

During the year, the Company entered into transactions with related parties. Those transactions along with related balances as at 31 December 2018 and 2017 are presented below. Related parties are considered to be a party that has the ability to control the Company or exercise significant influence over the Company in making financial or operational decisions. The Company has a related party relationship with its direct parent company (SGBT), its ultimate parent company (SG) and with its Executive Board Members, Supervisory Board Members and Executive Officers.

The issued Notes are sold to Société Générale as market maker, such Notes being expected to be subscribed in fine by third party investors, either for their own account or via distribution network. Moreover, all Notes are guaranteed by Société Générale.

Also, the Company borrows securities from Société Générale, which serve as collateral for the secured Notes issued by the Company.

Notes to the financial statements
As at 31 December 2018
– continued –

17. Related parties (continued)

As at 31 December 2018 **EUR' 000**	**Société Générale (Ultimate Parent Company)**	**SGBT (Parent Company)**
Cash and cash equivalents	73 336	1 008
Financial assets at fair value through profit or loss		
- Mandatorily at fair value through profit or loss	45 062 134	-
- Trading derivatives	4 168 362	-
Loans and receivables	-	52 570
Total assets	**49 303 832**	**53 578**
Financial liabilities at amortised cost	-	79 611
Financial liabilities at fair value through profit or loss		
- Designated at fair value through profit or loss	-*	-
- Trading derivatives	-*	-
Other liabilities	12 913	-
Tax liabilities	-	64
Total liabilities	**12 913**	**79 675**
Interest income	1 604	78
Net gains on financial instruments at fair value through profit or loss	66 692	-
Total revenue	**68 296**	**78**
Interest expenses	(600)	(32 435)
Personnel expenses	-	(320)
Other operating charges	(4 559)	(28 022)
Total expenses	**(5 159)**	**(60 777)**
Total comprehensive income for the year	**63 137**	**(60 699)**
Financial commitments	**2 790 111**	**-**
Financial commitments-collateral to be returned	**3 609 288**	**-**

*The financial liabilities at fair value through profit or loss appearing on the statement of financial position are the financial instruments issued by the Company and subscribed by investors, who are not related parties.

Notes to the financial statements

As at 31 December 2018

– continued –

17. Related parties (continued)

As at 31 December 2017 EUR' 000	Société Générale (Ultimate Parent Company)	SGBT (Parent Company)
Cash and cash equivalents	99 505	4 366
Financial assets at fair value through profit or loss		
- Designated at fair value through profit or loss	44 051 537	-
- Trading derivatives	3 806 822	-
Loans and receivables		53 661
Other assets	-	-
Total assets	**47 957 864**	**58 027**
Financial liabilities at amortised cost	-	110 734
Financial liabilities at fair value through profit or loss		
- Designated at fair value through profit or loss	-*	-
- Trading derivatives	-*	-
Other liabilities	43 668	-
Tax liabilities	-	27
Total liabilities	**43 668**	**110 761**
Interest income	1 042	17
Net gains on financial instruments at fair value through profit or loss	91 483	-
Total revenue	**92 525**	**17**
Interest expenses	(718)	(63 561)
Personnel expenses	-	(344)
Other operating charges	(1 029)	(25 575)
Total expenses	**(1 747)**	**(89 480)**
Total comprehensive income for the year	**90 778**	**(89 463)**
Financial commitments	**1 967 092**	**-**
financial commitments-collateral to be returned	**5 369 022**	**-**

*****The financial liabilities at fair value through profit or loss appearing on the statement of financial position are the financial instruments issued by the Company and subscribed by investors, who are not related parties.

18. Remuneration, advances and loans granted to members of the administrative or supervisory body

The independent director of the company, appointed 25th of June 2018, earned a remuneration of EUR 7 000 for his services related to the year ended 31st December 2018.

As at 31 December 2018 and 2017, no other payment, advance or loans were given to members of the administrative or supervisory body.

19. Off-Balance Sheet

As at 31 December 2018, financial instruments to be issued (commitment taken before 31 December 2018 with value date after 31 December 2018) amounted to KEUR 2 790 111 (31 December 2017: KEUR 1 967 092)

All the financial instruments issued by the Company benefit from a guarantee provided by Société Générale, meaning that payments in respect of the financial instruments are unconditionally and irrevocably guaranteed by Société Générale (the Guarantor).

In addition to the guarantee on first demand granted by Société Générale on unsecured and secured Notes, subscribers of the secured Notes issued by the Company benefit from additional collateral assets securing the payment due under the Notes terms, structured in form of a pledge governed by Luxembourg Law. This pledge may only be enforced following a default of the Company or Société Générale in its role of Guarantor.
Pledged collateral assets are deposited on an account held in the name of the Company with an authorised custodian not belonging to the Société Générale Group and are pledged in favour of the Notes holders.
As at 31 December 2018, securities deposited at BNY MELLON as collateral for secured issuances amount to KEUR 3 609 288 (31 December 2017: KEUR 5 369 022).

All the warrants issued are fully hedged by concluding identically equipped OTC options with Société Générale.

19. Off-Balance Sheet (continued)

The warrants issued as at 31 December 2018 and 2017 break down as follows:

Warrant Type	Category of Underlying	Type of Underlying	Option Type	31/12/2018 Quantity	31/12/2018 Notional (000 EUR)	31/12/2018 Fair Value (000 EUR)	31/12/2017 Quantity	31/12/2017 Notional (000 EUR)	31/12/2017 Fair Value (000 EUR)
Basket warrant	Basket	Index	Call	2	15 581	14 584	-	-	-
		Equity	Call	4	3 144	4 350	-	-	-
Commodity Future Warrant	Future	Mutual Fund	Put	4	7 138	6	-	-	-
		Commodity Future	Call	76	381 303	11 361	124	3 929 490	113 677
			Put	148	439 664	119 532	49	116 224	4 950
Commodity Warrant	Commodity	Mutual Fund	Call	63	161 967	40 489	68	152 538	14 835
			Put	80	240 430	27 319	57	116 801	8 458
		Precious metals	Call	12	24 767	3 657	-	-	-
			Put	14	34 545	2 235	-	-	-
Currency Warrant	Currency	Currency	Call	201	159 308	36 455	176	5 749 702	161 010
			Put	253	176 373	65 947	125	2 326 562	12 462
Equity Warrant	Equity	American Depositary Receipt	Call	21	25 218	1	7	14 641	166
			Put	18	17 817	0	5	8 547	212
		Ordinary Share	Call	4 654	26 923 067	596 199	5 348	35 182 893	1 462 682
			Put	3 487	11 659 558	790 924	3 055	10 967 356	593 243
		Other Certificate	Call	1	300	0	-	-	-
			Put	8	4 894	459	-	-	-
		Other Receipt	Call	2	2 442	0	13	31 697	10
			Put	2	1 252	0	8	9 082	12
		Own Share	Call	92	193 993	3 526	75	168 342	15 630
			Put	82	112 290	28 196	68	139 146	25 386
		Preference	Call	23	35 672	331	18	65 500	520
			Put	29	41 791	888	18	60 975	281
REIT	REIT	REIT	Call	42	148 254	908	67	180 994	9 177
			Put	35	35 074	3 453	41	87 367	3 814

Notes to the financial statements
As at 31 December 2018
– continued –

Index Warrant	Index	Index	Call	1 354	51 887 633	1 066 292	1 616	38 031 494	1 040 113
			Put	1 451	30 468 115	1 333 566	774	16 914 221	337 459
Fund Warrant	Fund	Mutual Fund	Call	196	1 171 799	19 733	179	1 282 982	14 451
			Put	10	137 095	75	4	35 083	130
Total Call				**6 743**	**81 134 448**	**1 797 886**	**7 691**	**84 790 273**	**2 832 271**
Total Put				**5 621**	**43 376 036**	**2 372 600**	**4 204**	**30 781 364**	**986 407**
Total Warrants				**12 364**	**124 510 484**	**4 170 486**	**11 895**	**115 571 637**	**3 818 678**

20. Risk Management

The Company and several of its service providers are subsidiaries of the Société Générale Group and therefore benefit from Société Générale internal control systems.

For any further information on the risks relating to the Group, investors and/or Noteholders should refer to the "Risk and Capital Adequacy" section of the Registration Document (http://www.societegenerale.com).

Market risk

Market risk is the risk that changes in market prices, such as interest rates, securities prices, and foreign exchange rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company issues Notes and Warrants. The Notes are systematically hedged with Fully Funded Swaps concluded with Société Générale, with strictly identical characteristics. In the same way, the Warrants issued are hedged with Options concluded with Société Générale, with strictly identical characteristics.

The risks associated with the investment in the Notes and Warrants depend on several factors. Such factors will vary depending on the characteristics of the Notes and Warrants issued, in particular depending on the underlying, the maturity of the Notes, the secured / unsecured status of the Notes, the interest rates incurred, the volatility of the underlying, etc.

The main risks in relation to investments in Notes and Warrants issued by the Company are described in the Base Prospectus under the section "Risk Factor".

Because of its structure (perfect match between the assets and the liabilities), the impact of an immediate change of a market parameter would have no consequence on the net profit of the Company.

The Company is also exposed to structural interest rate risk, namely through the following transactions: reinvestment of available equity by participating interests or loans to the Company's treasury (SGBT) with hedged interest rate risk. The structural interest rate risk is monitored via the sensitivity of the economic value of the positions measured through modified duration.

Modified duration is calculated based on the change in the net present value of positions subsequent to a 1% change in the rate curve. Exposure monitoring is based on the determination of modified duration over the short (up to one year), medium (one to five years) and long (more than five years) term.

20. Risk Management (continued)

Credit risk

Credit risk is the risk that a third party will not be able to meet its contractual obligation.

The Company only contracts financial instruments with its parent companies, SGBT and Société Générale. Therefore, the credit risk of the Company is limited to the credit risk on SGBT and Société Générale. Should this situation evolve, specific limits would be proposed to limit the credit risk incurred.
As at 31 December 2018 and 2017, no financial assets were past due or impaired.

All the Notes and Warrants issued by the Company benefit from a guarantee provided by Société Générale, meaning that payments in respect of the instruments issued by the Company are unconditionally and irrevocably guaranteed by Société Générale (the Guarantor).

As at 31 December 2018, the rating of Société Générale is A from Standard & Poor’s and A1 from Moody’s.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the value of the assets and liabilities of the Company. Due to the financial instruments contracted by the Company with Société Générale to hedge the financial instruments issued, the Company is not significantly exposed to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet the payment obligations associated with its financial liabilities when they fall due.
The Company does not face any liquidity risk thanks to the perfect replication between the contractual obligations of i) the financial instruments issued by the Company and ii) the financial assets held for hedging by the Company.

Sensitivity of the Fair Value measurement to changes in unobservable parameters for Level 3 instruments

According to the fair value hierarchy established by IFRS 13, Level 3 (L3) comprises products valued using inputs that are not based on observable market data (referred to as unobservable inputs).
For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for Notes or the Black & Scholes formula for certain options, and using valuation parameters that reflect current market conditions as at the statement of financial position date. These valuation models are validated independently by the experts from the Market Risk Department of the Group’s Risk Division.
Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of GBIS (Global Banking and Investor Solutions), in accordance with the methodologies defined by the Market Risk Department.

The Notes and the related Fully Funded Swaps are classified as Level 3 when the valuation of the associated embedded derivatives (underlyings of the Notes) is also based on unobservable market data.

20. Risk Management (continued)

On each element of an identified list of unobservable parameters, it comes to determining the uncertainty of marking, and cross sensitivities with this uncertainty for a confidence interval of the value of the positions.

In parallel, marking the levels of each of these parameters is collected and reported in the note.

The methods for determining the level of uncertainty, as well as calculating the confidence interval from sensibilities depend on each parameter.

a. Estimates of main unobservable inputs as at 31 December 2018:

Type of underlyings	Assets In million EUR	Liabilities In million EUR	Main products	Valuation techniques used	Significant unobservable inputs	Range of unobservable inputs Min & Max
Equity / funds	16 639	16 638	Derivatives on funds, equities or baskets of stocks derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets on stocks	Equity volatilities	[6.7% ; 48.1%]
					Equity dividends	[0.0% ; 20.9%]
					Correlations	[-77.5% ; 98.0%]
					Hedge funds volatilities	[8.53% ; 20%]
					Mutual funds volatilities	[1.5% ; 42.2%]
Rates and Forex	3 404	3 404	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	[-41.1% ; 85%]
			Forex derivatives	Forex option pricing models	Forex volatilities	[1.0% ; 32.0%]
			Interest rate derivatives whose notional is indexed on the prepayment behaviour on European collateral pools	Prepayement modeling	Constant prepayment rates	[0.0% ; 45%]
			Inflation instruments and derivatives	Inflation pricing models	Correlations	[64.40% ; 88.9%]
Credit	4 490	4 489	Collateralized 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]
Commodity	41	41	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	[10.6% ; 95.8%]

Unobservable inputs add a degree of uncertainty in the valuation of Level 3 instruments.
However, by its very nature, and considering mirror transactions are concluded with Société Générale to hedge the financial liabilities issued by the Company, the Company has no market risk exposure. The impact of an immediate change in an unobservable parameter would have no consequence on the net profit or net equity of the Company.

b. Analysis per remaining maturities

As at 31 December 2018, analysis per remaining maturities is as follows:

31.12.2018 - EUR' 000	**< 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**> 5 years**	**Without fixed maturity**	**Total**
Cash and cash equivalents	79 584	-	-	-	-	79 584
Financial assets at fair value through profit or loss						
- *Mandatorily at fair value through profit or loss*	2 659 566	7 215 881	20 045 169	15 141 518	-	45 062 134
- *Trading derivatives*	682 685	1 033 560	508 253	1 943 864	-	4 168 362
Loans and receivables	189	828	50 553	1 000	-	52 570
Total assets	**3 422 024**	**8 250 269**	**20 603 975**	**17 086 382**	**-**	**49 362 650**
Financial liabilities at amortised cost	16 673	31 611	48 000	-	-	96 284
Financial liabilities at fair value through profit or loss						
- *Designated at fair value through profit or loss*	2 648 107	7 216 548	20 037 056	15 152 017	-	45 053 728
- *Trading derivatives*	684 009	1 029 500	514 100	1 942 877	-	4 170 486
Other liabilities	13 039	-	-	-	-	13 039
Tax liabilities	64	-	-	-	-	64
Total liabilities	**3 361 892**	**8 277 659**	**20 599 156**	**17 094 894**	**-**	**49 333 601**

As at 31 December 2017 analysis per remaining maturities is as follows:

31.12.2017 - EUR' 000	**< 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**> 5 years**	**Without fixed maturity**	**Total**
Cash and cash equivalents	114 889	-	-	-	-	114 889
Financial assets at fair value through profit or loss						
- *Designated at fair value through profit or loss*	1 608 901	5 921 371	19 240 396	17 280 869	-	44 051 537
- *Trading derivatives*	561 449	1 137 999	856 423	1 250 951	-	3 806 822
Loans and receivables	-	884	51 182	1 595	-	53 661
Other assets	-	-	-	-	-	-
Total assets	**2 285 239**	**7 060 254**	**20 148 001**	**18 533 415**	**-**	**48 026 909**
Financial liabilities at amortised cost	-	62 734	-	48 000	-	110 734
Financial liabilities at fair value through profit or loss						
- *Designated at fair value through profit or loss*	1 608 901	5 921 377	19 240 396	17 277 469	-	44 048 143
- *Trading derivatives*	561 449	1 137 999	856 423	1 262 808	-	3 818 679
Other liabilities	43 668	-	-	-	-	43 668
Tax liabilities	27	-	-	-	-	27
Total liabilities	**2 214 045**	**7 122 110**	**20 096 819**	**18 588 277**	**-**	**48 021 251**

20. Risk Management (continued)

c. The fair values together with the carrying amounts shown in the statement of financial position are as follows:

31.12.2018 - EUR' 000	**Carrying amount**	**Fair value**
Cash and cash equivalents	79 584	79 584
Financial assets at fair value through profit or loss		
- *Mandatorily at fair value through profit or loss*	45 062 134	45 062 134
- *Trading derivatives*	4 168 362	4 168 362
Loans and receivables *	52 570	54 993
Total assets	**49 362 650**	**49 365 072**
Financial liabilities at amortised cost *	96 284	98 451
Financial liabilities at fair value through profit or loss		
- *Designated at fair value through profit or loss*	45 053 728	45 053 728
- *Trading derivatives*	4 170 486	4 170 486
Other liabilities	13 039	13 039
Tax liabilities	64	64
Total liabilities	**49 333 601**	**49 335 768**

31.12.2017 - EUR' 000	**Carrying amount**	**Fair value**
Cash and cash equivalents	114 889	114 889
Financial assets at fair value through profit or loss		
- *Designated at fair value through profit or loss*	44 051 537	44 051 537
- *Trading derivatives*	3 806 822	3 806 822
Loans and receivables *	53 661	57 087
Total assets	**48 026 909**	**48 030 335**
Financial liabilities at amortised cost *	110 734	114 318
Financial liabilities at fair value through profit or loss		
- *Designated at fair value through profit or loss*	44 048 143	44 048 143
- *Trading derivatives*	3 818 679	3 818 679
Other liabilities	43 668	43 668
Tax liabilities	27	27
Total liabilities	**48 021 251**	**48 024 835**

* For Loans and receivables and Financial liabilities at amortised cost, the fair values are calculated by discounting the expected future cash flows under a EUR risk free curve adjusted with SG Group credit spread curve (EUR swap curve from Bloomberg and SG credit spread curve provided by Risk department Paris).
Determining fair value is dependent on many factors and can be an estimate of what value may be obtained in the open market at any point in time.

20. Risk Management (continued)

d. The fair value hierarchy of IFRS 13

As at 31 December 2018, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

31.12.2018 - EUR' 000	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
- Mandatorily at fair value through profit or loss	**-**	**20 606 194**	**24 455 940**	**45 062 134**
Commodities instruments	-	1 160 486	40 872	1 201 358
Credit derivatives/securities	-	1 509 044	4 490 176	5 999 220
Equity and index securities	-	15 226 349	15 031 332	30 257 681
Foreign exchange instruments/securities	-	793 456	779 644	1 573 100
Interest rate instruments/securities	-	1 626 581	2 624 148	4 250 729
Other financial instruments	-	290 278	1 489 768	1 780 046
- Trading derivatives	**-**	**4 050 694**	**117 668**	**4 168 362**
Equity and Index instruments	-	3 573 416	94 142	3 667 557
Other financial instruments	-	477 278	23 526	500 805
Financial liabilities at fair value through profit or loss				
- Designated at fair value through profit or loss	**-**	**20 599 491**	**24 454 237**	**45 053 728**
Commodities instruments	-	1 160 486	40 872	1 201 358
Credit derivatives/securities	-	1 508 480	4 488 869	5 997 349
Equity and index securities	-	15 221 303	15 031 014	30 252 317
Foreign exchange instruments/securities	-	792 379	779 568	1 571 947
Interest rate instruments/securities	-	1 626 565	2 624 147	4 250 712
Other financial instrument	-	290 278	1 489 767	1 780 045
- Trading derivatives	**-**	**4 052 818**	**117 668**	**4 170 486**
Equity and Index instruments	-	3 574 563	94 142	3 668 705
Other financial instruments	-	478 255	23 526	501 781

31.12.2017 - EUR' 000		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
-	***Designated at fair value through profit or loss***	**-**	**19 358 047**	**24 693 490**	**44 051 537**
	Commodities instruments	-	744 077	147 457	891 534
	Credit derivatives/securities	-	1 524 341	3 747 361	5 271 702
	Equity and index securities	-	14 729 634	17 069 248	31 798 882
	Foreign exchange instruments/securities	-	827 707	976 913	1 804 620
	Interest rate instruments/securities	-	1 391 464	1 497 472	2 888 936
	Other financial instruments	-	140 824	1 255 039	1 395 863
-	**Trading derivatives**	**-**	**3 739 487**	**67 335**	**3 806 822**
	Equity and Index Instruments	-	3 424 272	56 290	3 480 562
	Other financial instruments	-	315 215	11 045	326 260
Financial liabilities at fair value through profit or loss					
-	**Designated at fair value through profit or loss**	**-**	**19 354 653**	**24 693 490**	**44 048 143**
	Commodities instruments	-	743 946	147 457	891 403
	Credit derivatives/securities	-	1 524 073	3 747 361	5 271 434
	Equity and index securities	-	14 727 053	17 069 248	31 796 301
	Foreign exchange instruments/securities	-	827 562	976 913	1 804 475
	Interest rate instruments/securities	-	1 391 220	1 497 472	2 888 692
	Other financial instruments	-	140 799	1 255 039	1 395 838
-	**Trading derivatives**	**-**	**3 751 344**	**67 335**	**3 818 679**
	Equity and Index instruments	-	3 435 129	56 290	3 491 419
	Other financial instruments	-	316 215	11 045	327 260

The movements in level 3 financial liabilities at fair value through profit or loss were as follows:

	Level 3 (2018)		**Level 3 (2017)**	
	Financial liabilities at fair value through profit or loss		Financial liabilities at fair value through profit or loss	
EUR' 000	*Designated at fair value through P&L*	*Trading derivatives*	*Designated at fair value through P&L*	*Trading derivatives*
Balance as at 1 January	**24 693 490**	**67 335**	**22 531 600**	**93 125**
Acquisition *	28 458 083	92 966	19 985 859	41 973
Change in fair value	(7 233 436)	(29 060)	(946 823)	12 275
Reimbursements	(11 466 505)	(43 193)	(9 770 252)	(76 204)
Transfer from L2 to L3	199 934	4 171	129 107	2 314
Transfer from L3 to L2	(2 462 082)	(32 056)	(537 441)	-
Offsetting of the assets and liabilities	(7 735 247)	57 505	(6 698 560)	(6 148)
Balance as at 31 December	**24 454 237**	**117 668**	**24 693 490**	**67 335**

* This amount includes new tranches of existing notes issued.

20. Risk Management (continued)

The following table describes the variation in Level 3 by financial instruments:

Financial liabilities at fair value through profit or loss	**Balance at 01.01.2018**	Acquisitions	Change in fair value	Reimbursements	Transfers from L2 to L3	Transfers from L3 to L2	Offsetting of the assets and liabilities	**Balance 31.12.2018**
Designated at fair value through P&L	**24 693 490**	**28 458 083**	**(7 233 436)**	**(11 466 505)**	**199 934**	**(2 462 082)**	**(7 735 247)**	**24 454 237**
Equity and index instrument	17 069 248	22 352 365	(7 192 083)	(10 041 545)	151 224	(1 917 271)	(5 390 924)	15 031 014
Commodity instruments	147 457	4 437	563 157	(680 025)	-	(7 295)	13 141	40 872
Credit derivatives	3 747 361	2 548 980	(426 996)	(247 012)	40 577	(363 987)	(810 054)	4 488 869
Foreign exchange instruments	976 913	258 965	(66 035)	(471 723)	8 133	(52 072)	125 387	779 568
Interest rate instruments	1 497 472	2 490 814	(19 858)	(143 937)	-	(101 082)	(1 099 262)	2 624 147
Others financial instruments	1 255 039	802 522	(91 621)	117 737	-	(20 375)	(573 535)	1 489 767
Trading derivatives	**67 335**	**92 966**	**(29 060)**	**(43 193)**	**4 171**	**(32 056)**	**57 505**	**117 668**
Equity and index instruments	56 290	88 929	(17 709)	(60 915)	4 171	(32 056)	55 432	94 142
Other financial instruments	11 045	4 037	(11 351)	17 722	-	-	2 073	23 526

Transfers from Level 3 to Level 2

As described in Note 3.4.2.5 "Fair Value of the financial instruments", the consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable parameters.

Transfers from Level 2 to Level 3

Transfers from Level 2 to Level 3 can occur in case of a modification within a parameter (no longer linked to the deal, modification of the observability rule of the parameter, etc…).

20. Risk Management (continued)

Operational risk

Operational risk is the risk of loss or fraud caused by defects or failures in internal procedures or systems, human error or external events, including IT risk and management risk. Particular attention is paid to compliance risk, which receives enhanced monitoring.

The Company participates in the effort to strengthen the management and monitoring of operational risk led by the Société Générale Group. This effort is guided by the Operational Risk Department, which reports to the Société Générale Group Risk Department, and is relayed by different Group operational risk monitoring units responsible for implementing the policies and directives issued by the Société Générale Group and monitoring and controlling operational risks.

The monitoring arrangement mainly relies on four processes supervised by the operational risk departments: periodic risk and control self-assessment (RCSA), collecting internal data on losses due to operational errors with exhaustive real-time reporting of incidents, pattern analyses, and permanent control system.
These procedures are supplemented by a crisis management unit and a business continuity plan.

21. Subsequent events

By resolutions adopted on 15 January 2019, the Executive Board decided to increase the capital of the Company from EUR 2 000 200 to EUR 2 000 240 by the issue of one new share with a nominal value of EUR 40, subscribed by the only shareholder.
After this increase, the subscribed and fully paid share capital is EUR 2 000 240, divided into 50 006 shares with a nominal value of EUR 40 each.
Such increase resulted in an allocation of EUR 32 149 041 to the share premium account.

There were no other subsequent events, which would require an adjustment to or additional disclosure in the financial statements as at and for the year ended 31 December 2018.

APPENDIX III

DESCRIPTION OF THE GUARANTOR

1. Incorporation, Duration, Seat, Purpose and Financial Year

Société Générale was founded in France in 1864. It was then nationalized in 1945, but returned to the private sector in July 1987 as a Société Anonyme under the laws of the Republic of France. Its existence has been extended to 31 December 2047.

Société Générale, which is registered under n° 552 120 222 R.C.S. Paris, has its registered office at 29, boulevard Haussmann, 75009 Paris.

The purpose of Société Générale is to engage in banking, finance, insurance brokerage and credit operations in France and outside France with all persons, corporate entities, public and local authorities in accordance with the regulations applicable to *établissements de crédit* (credit institutions).

Société Générale may also engage on a regular basis in all transactions other than those listed above, including in particular insurance brokerage, under the conditions set by the Comité de la réglementation bancaire et financiére (French Banking and Financial Regulations Committee).

Generally, Société Générale may also carry out, on its own account, on behalf of third parties or in a joint venture, all financial, commercial, industrial or agricultural personalty and realty transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

The financial year of Société Générale runs from 1 January to 31 December.

2. Organisational Structure

Société Générale's subsidiaries included in its consolidated group as at 31 December 2018 are set out on pages 26 and 27 of the section headed "Group Management Report" in Société Générale's 2019 Registration Document.

3. Business Overview

FRENCH RETAIL BANKING

French Retail Banking offers a wide range of products and services suited to the needs of a diversified base of individual and professional customers, businesses, non-profit associations and local authorities.

Drawing on the expertise of its teams and an efficient multi-channel distribution system, including nearly 2,740 branches, the pooling of best practices, and the optimisation and digitalisation of processes, French Retail Banking combines the strengths of three complementary brands: Societe Generale, the renowned national bank; Crédit du Nord, a group of regional banks; and Boursorama Banque, a major online bank.

The Retail Banking networks are innovating to build the relationship-focused banking group of tomorrow. French Retail Banking excels in its:

- recognised customer service;

- leading position in online and mobile banking in France;
- sales momentum; and
- continual adaptation to its customers' needs and expectations.

French Retail Banking not only strives to improve customer satisfaction across all segments, but also to further develop value-added services and support businesses with their expansion in France and worldwide. It capitalises on synergies with the specialised business lines, particularly with Insurance, Private Banking and Corporate and Investment Banking. For example, French Retail Banking distributes insurance products from Sogécap and Sogessur, subsidiaries operating within the International Retail Banking and Financial Services Division.

Life insurance outstandings amounted to EUR 93.2 billion at the end of 2018, compared with EUR 92.0 billion in 2017.

The networks continue to support the economy and help their customers finance their projects, with growth in average outstanding loans from EUR 180 billion in 2017 to EUR 186 billion in 2018. At the same time, and amid rife competition for savings inflows, dynamic deposit inflows led to a loan-to-deposit ratio of 93% in 2018 stable compared to 2017.

Societe Generale network

The Societe Generale network offers solutions tailored to the needs of its individual customers and nearly 450,000 professional customers, non-profit associations and business customers trusting it with their business, drawing on three major strengths:

- 1,906 branches located mainly in urban areas where a large portion of national wealth is concentrated;
- a full and diversified range of products and services, from savings vehicles to asset management solutions, including corporate finance and payment instruments; and
- a comprehensive and innovative omnichannel system: Internet, mobile, telephone and service platforms.

With nearly 5.7 million current accounts, the individual customer base is a key component of the Societe Generale network portfolio.

Individual customer deposits amounted to EUR 91 billion in 2018, versus EUR 88 billion in 2017. Outstanding loans granted to individual customers came to EUR 78 billion in 2018, and are stable compared with 2017. Home loans accounted for 89% of this total.

With the launch of Sobrio at the start of 2018, Societe Generale has overhauled its everyday banking offering in order to simplify, streamline and secure customers' everyday banking experiences. This refined offering provides services with proven everyday utility which are immediately understandable and therefore more responsive to everyone's needs.

Societe Generale is developing a sales programme targeting high net worth customers through a partnership with Societe Generale Private Banking, which has 82 centres in France. This new programme must provide our high net worth customers with a high level of expertise, personal attention and responsiveness over time. This development involves the implementation of 750 new asset management advisers, a process which began in the final quarter of 2018 and should continue until the beginning of 2020. With annual growth of nearly 2% over the last five years, assets under management exceeded EUR 55 billion at the end of 2018.

Societe Generale has deployed its new sales programme for its 246,000 professional customers in order to better meet their specific requirements and their new expectations with a triple relationship-focused promise: more personal attention, expertise and simplicity.

Our professional customers now enjoy full support with two expert advisers available to them: one for their working life and the other for their private life. A specific system with dedicated advisers has also been rolled out for the self-employed.

Moreover, 103 areas dedicated to professionals were opened in 2018, the goal being to reach 150 by end-2019. These areas provide all the experts and services that professional customers need to manage the everyday challenges and development of their activity.

In addition, 620 self-service areas are available to customers enabling them to benefit from extended hours to deposit cheques or cash, withdraw currency, etc. There will be 950 such areas by end-2020.

In the corporate market, 2018 was marked by strong sales momentum. At end-2018, the Bank was serving more than 94,000 corporate customers (+2% compared with 2017).

As part of its commitment to support the economy, the Societe Generale network helps its customers finance their investment projects. Business customer deposits (professionals, corporates, non-profit associations and the public sector) in 2018 came to EUR 51 billion and loans at EUR 59 billion, compared with EUR 51 billion and EUR 58 billion respectively in 2017.

In the interest of developing ever closer relations with entrepreneurs, the sales programme of the Societe Generale network is specialised according to market, with the creation, by 2020, of around 30 Regional Business Centres, dedicated to business customers, public economic actors and social and institutional economic actors. Five Business Centres have already been opened in 2018.

Moreover, the Societe Generale network can rely on the Mid Cap Investment Banking (“**MCIB**”) platform. MCIB, the Corporate and Investment bank for French SMEs and mid-caps, works in partnership with Global Banking and Investor Solutions to support listed and unlisted mid-cap companies in their development (both internal and external) and transfers (disposals, capital restructuring). It offers them a broad range of integrated Corporate and Investment Banking services (advisory, bank or market financing, private equity). The MCIB team is made up of nearly 100 professionals based in Paris and in the six regional divisions of the Societe Generale network: Lille, Rennes, Strasbourg, Marseille, Lyon and Bordeaux. This platform complements the Private Banking offer specifically targeting entrepreneurs and rooted in personal attention and responsiveness.

Moreover, the “SG ENTREPRENEURS” programme combines strategic advice for business owners with complementary solutions through the expertise of Retail Banking, Corporate and Investment Banking, Private Banking and Real Estate Finance, grouped together in regional divisions. We are committed to being the preferred partner of business owners through a comprehensive package, Societe Generale Entrepreneurs, and to supporting them at key moments of their career path as entrepreneurs, both in terms of developing their business and from a private and wealth perspective.

In order to support the businesses of the new economy, Societe Generale launched a programme aimed at start-ups in 2017. This programme is structured around several aspects, including a partnership with Bpifrance in order to strengthen relations between our two networks, and the appointment of 150 advisers dedicated to start-ups nationwide. This programme was strengthened in

2018 with dedicated support from the Mid Cap Investment Banking (MCIB) platform with their expertise in raising capital.

Crédit du Nord Network

The Crédit du Nord group consists of eight regional banks - Courtois, Kolb, Laydernier, Nuger, Rhône-Alpes, Société Marseillaise de Crédit, Tarneaud and Crédit du Nord - and an investment services provider, the brokerage firm Gilbert Dupont.

The different entities of the Crédit du Nord group enjoy a great deal of autonomy in the management of their activities, which is expressed in particular by rapid decision-making and responsiveness to the demands of their customers.

The strategy of the group's banks is structured around three key elements:

- being a leading player in terms of quality Customer relations;
- developing a high level of individual and collective professionalism;
- making the most advanced services and technologies available to their customers.

The quality and strength of the results of the Crédit du Nord group are recognised by the market and confirmed by the long-term A rating attributed by Standard & Poor's and the A rating attributed by Fitch.

With a network of 836 branches, the Crédit du Nord group is on hand to serve more than 2 million individual customers, 218,000 professional customers and non-profit associations and 47,000 corporate and institutional customers.

On average in 2018, Crédit du Nord's outstanding deposits totalled EUR 43.6 billion (vs. 42.8 billion in 2017) and outstanding loans amounted to EUR 41.5 billion (vs. EUR 39.8 billion in 2017).

Boursorama

A wholly-owned subsidiary of Societe Generale, Boursorama, created in 1995, is a pioneer and leader in its three main activities in France: online banking, online brokerage and online financial information with boursorama.com, the leading portal for economic and stock market news.

With nearly 1,690,000 customers at end-2018, the acceleration of customer acquisition continues and allows Boursorama to advance by one year, its 2020 growth target of 2 million customers, which will be reached in 2019.

From the device of their choice, Boursorama customers can access a range of banking products and services that:

- is comprehensive (conventional banking products – debit card, savings accounts, mortgage loans, personal loans – and investment products such as UCITS and life insurance vehicles, including the full range of products for investing in the markets - equities, trackers, warrants, certificates, turbos, SRD – deferred settlement service-, CFDs, Forex);
- is innovative (customers can open an account online in just a few clicks, access Google Home, Wicount, exclusive money management tools available in their personal banking space, which also offers a free account consolidation and management service, including accounts held with other banks);

- offers low and transparent fees (Boursorama Banque was named “Least Expensive Bank in France” for the eleventh consecutive year (Le Monde ranking – Meilleurebanque.com – 10th January 2019);

- is available and safe (advisers available until 10 p.m., secure transactions, SMS alerts, etc.).

In 2018, Boursorama expanded its range of products and services by launching car insurance, car leasing, eco-responsible credit and mobile payment solutions (Apple Pay, Samsung Pay and Google Pay). The boursorama.com portal also offers a new design and new features to facilitate analyses and decision-making. Accordingly, individual investors and shareholders can place their orders more quickly and effectively. The application has also been overhauled to make it more user-friendly.

INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

International Retail Banking and Financial Services (IBFS) combines:

- International Retail Banking activities, divided into three Business Units: Europe, Russia and AFMO (Africa, Mediterranean Basin and Overseas France);

- three specialised businesses: Insurance, Operational Vehicle Leasing and Fleet Management, and Vendor and Equipment Finance.

Through this pillar, the Group’s ambition is to better serve all its individual and corporate customers, by adapting to changes in the economic and social environments and supporting the international growth of the Group’s customers by drawing on the strength of its network in fast-growing regions. IBFS bases its strategy on the relationship-focused universal banking model, the enhancement of its customer base through an extended range of products, and the distribution and pooling of expertise aimed at improving revenues while continually seeking to optimise risk management and the allocation of scarce resources.

With almost 73,000 employees[1] and commercial operations in 66 countries, IBFS is dedicated to offering a wide range of products and services to its clients (individuals, professionals and corporates).

Boasting a complementary range of expertise, IBFS enjoys solid and recognised positions in its different markets.

International Retail Banking

International Retail Banking combines the services of the international banking networks and consumer finance activities. These networks are forging ahead with their growth policy and currently hold leading positions in their various regions of operation, such as Europe, Russia, the Mediterranean Basin and Sub-Saharan Africa. They help finance the economies in their different regions of development. In this way, the Group will continue to support the development of its activities through these high-potential geographic regions.

EUROPE

The Group is established in **Western Europe** predominantly in consumer finance and car finance activities (in France, Germany and Italy). Outstanding loans grew by 10% in 2018 to EUR 20.1 billion, mainly due to the strong growth on car finance markets.

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[1] Headcount at end of period excluding temporary staff.

In **Czech Republic**, Komercni Banka (KB) is ranked third in terms of balance sheet size, with outstanding loans of EUR 24.6 billion, 364 branches and 8,022 employees (FTE) as of December 2018. KB, which was created in 1990 and became a subsidiary of Societe Generale in 2001, has developed its universal banking activities for individual customers and expanded its traditionally significant presence among corporate customers and municipalities. The KB group also offers a range of products intended for individual customers with ESSOX (consumer loans and car financing), Modra Pyramida (mortgage facilities), as well as a range developed in collaboration with Private Banking. In May 2018, it presented to analysts its strategic program "KB Change 2020", aimed at adapting the Bank to the evolutions of the banking sector.

In **Romania**, BRD is the leading privately-owned banking network in the country, with 723 branches, and the No. 3 bank in terms of balance sheet size, with market share of approximately 13% in deposits and 12% in loans as of June 2018. The Societe Generale Group became BRD's main shareholder in 1999. The BRD group's activity is divided into three major business lines: Retail Banking (individual and professional customers, SMEs), Corporate and Investment Banking, and Consumer Finance with BRD Finance. The bank was awarded "Best Bank in Romania" by The Banker magazine. Outstanding loans and deposits totalled respectively EUR 6.8 billion and EUR 9.7 billion.

In 2018, Societe Generale announced the sales of its majority stake in 4 of its European subsidiaries (SG Express Bank in Bulgaria, SG Albania in Albany, Eurobank in Poland, SG Srbija in Serbia).

The Group is also established in Slovenia, Moldova[2], Montenegro[2] and Macedonia[2].

RUSSIA

The Group is developing its universal banking model and has established itself as the No. 2 banking group financed with foreign capital in Russia based on balance sheet size, with outstanding loans and deposits reaching respectively EUR 9.1 billion and EUR 9.3 billion at the end of 2018. Societe Generale operates in Russia through several banking entities covering the different individual and corporate customer markets: DeltaCredit is specialised in home loans, Rusfinance Bank in car & POS loans, and Rosbank is continuing to roll out a more "everyday banking"- oriented range of products and services.

Regarding its corporate customers, the Group continues to focus on financing and investment activities (in partnership with SG CIB), targeting Russian and multi-national large corporates in particular, while gradually expanding its target client base. At the same time, operational efficiency and risk reduction continue to be a primary focus.

Furthermore, the Group operates in Russia through other consolidated entities in the Insurance activity (Societe Generale Insurance) and in corporate financial services.

AFRICA, MEDITERRANEAN BASIN AND OVERSEAS FRANCE

Societe Generale reaffirmed its commitment for Africa within the strategic plan "Transform to Grow", and its contribution the development of the banking and financial system through its operations in 19 countries. This commitment was greeted by Euromoney magazine which named Societe Generale "Best bank in Africa" at the 2018 Awards for excellence ceremony.

In the **Mediterranean Basin**, the Group is mainly present in Morocco (since 1913), Algeria (since 1999), and Tunisia (since 2002). Overall, this set-up covers 681 branches with more than 2 million

[2] In 2019, SG announced the sales of its entities.

customers. As at 31st December 2018, outstanding deposits came to EUR 9.9 billion and outstanding loans to EUR 11.0 billion.

In **Sub-Saharan Africa**, the Group intends to take advantage of the continent's strong potential for economic growth and bank account penetration by building on its presence in 16 countries, with strong local positions, notably Côte d'Ivoire (No. 1 for loans and deposits), Senegal (No. 2 for loans and deposits) and Cameroon (No. 1 for loans and No.2 for deposits). In 2018, the region experienced a considerable increase in outstanding loans to EUR 5.8 billion (+6%) and deposits to EUR 7.2 billion (+9%).

Besides the "Best bank in Africa" award, Euromoney granted Societe Generale Algérie and SGBCI (Côte d'Ivoire) the "Best bank" awards in their respective countries. Societe Generale was also granted by many other awards: "Best bank" and "Best investment bank" in Cameroon for the fourth consecutive year; "Best foreign bank", "Best investment bank" and "Best asset manager" in Morocco (EMEA Finance magazine); "Best bank" in Algeria, Benin, Côte d'Ivoire, Guinea and Cameroon, and "Best trade finance bank" in Algeria, Cameroon, Côte d'Ivoire and Tunisia (Global Finance).

To support the strategic stakes within the Group's "Transform to grow" program, the "Grow with Africa" initiative, launched in November 2018, aims to contribute collectively to the sustainable development of Africa. This initiative, which runs in partnership with local territories and actors as well as international experts, by establishing dialogue, listening and sharing innovative means and approaches, focuses on 4 areas of development: supporting the development of African SMEs, taking part in the infrastructure financing, offering services that promote people's development through financial inclusion, and developing innovative financing for renewable energies and agribusiness.

In Overseas France, the Group is established in Reunion and Mayotte, in the West Indies (Martinique, Guadeloupe), Guyana, French Polynesia and New Caledonia, where it has been present for more than 40 years. In these regions, Societe Generale offers the same services as available in mainland France for individual and corporate customers.

Insurance (Societe Generale Insurance)

Based on an integrated bank insurance model, Societe Generale Group's Insurance business covers the needs of individual, professional and corporate customers for life insurance investment solutions, personal protection and property and casualty insurance. The life and non-life insurance companies of Societe Generale Insurance offer the Group's networks, in France and abroad, a full range of insurance products and services: life insurance investment solutions, retirement savings, and personal protection, health, credit life, group life, property and casualty, and other insurance. Societe Generale Insurance is also diversifying its distribution models and developing partnership agreements with players outside the Group.

In 2018, Societe Generale Insurance forged ahead with the growth of its activities while enriching the services offered to policyholders. Furthermore, the diversification of Societe Generale Insurance's business mix picked up speed with the development of the share of unit-linked funds in life insurance investment solutions and the development of personal protection and property and casualty insurance. From the 1st of April 2017, the Group's Insurance business has integrated Antarius, the life insurance company dedicated to the Crédit du Nord networks.

At the end of 2018, Societe Generale Insurance's outstandings in life assurance investment solutions rose by + 1% to reach EUR 115 billion; the share of unit-linked outstandings amounted to 26%, stable compared with 2017. In personal protection and property and casualty insurance, revenue was up by 9% compared with 2017. In 2018, Societe Generale Insurance accelerated the digital transformation of its bank insurance model by favouring the development of innovative products to increase its clients' satisfaction. Thus, in property and casualty insurance, Societe Generale Insurance has rolled out in France, online sales with digital signature for the subscription of car insurance and property insurance policies for clients of the Societe Generale network, while in Russia, it has put forward a full online subscription programme for mortgage loan insurance distributed by DeltaCredit. In life insurance investment solutions, Societe Generale Insurance has rolled out Synoé, an innovative digitalised advisory management solution, in partnership with Societe Generale Private Banking France. Societe Generale Insurance has also continued to diversify its business model in synergy with other Group businesses such as ALD and Boursorama, but also with external partners in order to experiment with new markets and new offers.

Financial Services to Corporates

OPERATIONAL VEHICLE LEASING AND FLEET MANAGEMENT (ALD AUTOMOTIVE)

ALD Automotive offers mobility solutions centred on operational vehicle leasing and fleet management for businesses of all sizes in both local and international markets, as well as for private individuals. This activity combines the financial benefits of operational leasing with a complete range of high-quality services, including in particular maintenance, tyre management, fuel consumption, insurance and vehicle replacement.

ALD Automotive has the largest geographical coverage of any leasing company (43 countries), and manages more than 1.66 million vehicles. It has unique knowledge of emerging markets and has established partnerships with Wheels in North America, FleetPartners in Australia and New Zealand, Absa in South Africa, AutoCorp in Argentina, and Arrend Leasing in Central America. In 2018, the business holds the No. 1 position in Europe in multi-brand operational vehicle leasing and fleet management, and the second position worldwide.

A pioneer in mobility solutions, ALD Automotive is constantly innovating in order to provide the best support to its customers, fleet managers and drivers, with an offer tailored to their needs. This strategy was recognised once again in 2018: for the eleventh year in a row, ALD Automotive France won the “2019 Customer Service” award on the operational vehicle leasing market (BVA group -Viséo CI survey conducted from May to July 2018).

ALD has been listed on the Euronext Stock Market since June 2017 with the listing of 20.18% of its shares. Societe Generale remains ALD’s controlling shareholder and ALD Automotive continues to benefit from the Group’s financing capacity.

VENDOR AND EQUIPMENT FINANCE (SGEF)

Societe Generale Equipment Finance is specialised in vendor and professional equipment finance. This business is conducted through partnership agreements with vendors (professional equipment manufacturers and distributors), banking networks and also directly. Societe Generale Equipment Finance develops its expertise in three major sectors: transport, industrial equipment and high-tech.

As a leading company in Europe, SGEF operates in 22 countries and manages a portfolio of EUR 18.7 billion in outstandings. It has a broadly diverse customer base, ranging from large international companies to SMEs, to which it offers a varied range of products (financial leasing, loans, leasing, purchase of receivables, etc.) and services (insurance, truck leasing with services).

Regularly recognised by the leasing industry, Societe Generale Equipment Finance was named “European Lessor of the Year” at the Leasing Life Awards held on 15th November 2018 in Tallinn.

GLOBAL BANKING AND INVESTOR SOLUTIONS

The purpose of Global Banking and Investor Solutions (GBIS) is to provide Global Markets and Investor Services, Financing and Advisory, and Asset Management and Private Banking to a select customer base of businesses, financial institutions, investors, wealth managers and family offices, as well as private clients.

At the hub of economic flows between issuers and investors, GBIS supports its customers over the long-term, offering them a variety of services and integrated solutions tailored to their specific needs.

GBIS employs around 22,000 people located in 45 countries, and has operations[3] in more than 70 countries. It has extensive European coverage and representative offices in Central and Eastern Europe, the Middle East, Africa, the Americas and the Asia-Pacific region. GBIS experts offer their issuers (large corporates, financial institutions, sovereigns and the public sector) strategic advice on their development as well as market access to finance this development and hedge their risks. They also offer services for investors managing savings according to set risk/return targets. Whether they are asset managers, pension funds, family offices, hedge funds, sovereign funds, public agencies, private banks, insurance companies or distributors, the Bank provides comprehensive access to the equities and fixed income, credit, currencies and commodities markets along with a range of unique cross-asset solutions and advisory services, drawing on leading, research expertise. This offering is completed by a full range of investor services.

The Group's ambition is to become the leading partner bank, delivering the most relevant and value-added experience to its clients, from Europe to the rest of the world. To achieve this ambition, the Group is accelerating its platform strategy with the aim of building THE pioneering marketplace for Business-to-Business financial services, capitalising on the functionality of the SG Markets tool.

Against a backdrop of growing disintermediation, and given the new regulations, SG is continuing its repositioning process focused on enhancing distribution capacities and streamlining operations that do not generate significant synergies.

Global Markets and Investor Services

The Global Markets and Investor Services (GMIS) Division continues to develop an integrated capital markets offering for its customers combining the "Fixed Income, Currencies and Commodities", "Equities and Prime Services" and Securities Services Departments. As such, the division combines the strength of a leading financial institution offering global access to markets with the customer-oriented approach of a broker positioned as a market leader in its activities.

In 2018, Societe Generale was awarded the prestigious title of "Global Best Derivatives Bank" (Global Finance Global Bank Award 2018), "Structured Products House of the year" (Risk Awards 2019) and "Most Innovative Investment Bank for Risk Management" (The Banker Awards 2018) for the excellence of its products and services. Global Capital also named Societe Generale "Corporate Solutions Provider of the Year".

To assist its customers in today's web of increasingly interconnected financial markets, experts (financial engineers, salespeople, traders and specialist advisors) use SG Markets, a unique integrated platform to offer bespoke solutions designed to meet the specific needs and risks of each customer.

[3] In-country operations through partnerships within the Societe Generale Group.

FIXED INCOME, CURRENCIES AND COMMODITIES

Fixed income, currencies and commodities ("**FICC**") activities cover a comprehensive range of products and services ensuring the liquidity, pricing and hedging of risks related to the fixed income, credit, forex and commodity activities of SG clients.

- Fixed income, currencies and credit: teams based in London, Paris, Madrid and Milan, as well as the United States and the Asia-Pacific region, offer a wide range of flow and derivative products. Covering a variety of underlyings (forex products, private and sovereign bonds, emerging or very liquid markets, cash or derivatives), they provide their customers with high-quality research, solutions specific to asset and liability management, risk management and revenue optimisation requirements, and are also recognised on a regular basis[4]. In 2018, SG was also named "Most Innovative Investment Bank" for FICC Trading" by The Banker for the second consecutive year, and recognised as a Best FX Provider 2019 (Global Finance Awards) in several categories ("Best FX Execution Algorithms, Best Bank for FX Trading Technology, Best FX Provider in CEE, and Best FX Provider for Corporates").

- Commodities: with more than 20 years of experience, the Societe Generale Group is a major player on the energy and metals markets, and has developed an agricultural commodities offer targeting producers. Societe Generale works alongside businesses and institutional investors, providing them with hedging and investment solutions. In commodities, the Bank holds the leading position in the Risk & Energy Risk Commodity 2018 Rankings in several categories[5].

EQUITIES AND PRIME SERVICES

Thanks to its historic presence on all of the world's major primary and secondary equity markets and its longstanding tradition of innovation, Societe Generale is a leader in a comprehensive range of varied solutions covering all cash, derivative and equity research activities. The Equity Department is one of the Group's areas of excellence. For several years, its expertise has been recognised by the industry and its clients. Accordingly, Societe Generale was named "Equity Derivatives House of the Year" (Risk Awards 2018) and "Best House Equities" (Structured Retail Products – SRP).

Societe Generale announced in 2018 the acquisition of Equity Markets and Commodities (EMC) activities at Commerzbank, a European leader in the design, distribution and maintenance of the structured products and flow products markets, as well as asset management solutions. With a cutting-edge platform, Commerzbank enjoys leading franchises in diversified and complementary segments. The activities concerned are based in Frankfurt, London, Hong Kong, Paris, Luxembourg and Zurich. Commerzbank's equity brokerage and commodities hedging activities are excluded from the scope of the transaction.

The Prime Services Department was created in 2015 following the Group purchase in May 2014 of Credit Agricole's 50% stake in Newedge.

This business combines clearing activities, prime brokerage and electronic and semi-electronic execution services.

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[4] Best House Interest Rates, Best House Credit and Best House FX by SRP Europe 2017; #1 CEE Foreign exchange for Corporates by Euromoney FX Exchange 2018.

[5] #1 Best Overall Dealers (# Oil Dealers, #1 Energy Dealers, # Base Metals Dealers, # Natural Gas Dealers) and #1 Best Overall Research.

Prime Services offers a range of expertise and offers global access to a complete cross-asset service in cash and derivative instruments. The department provides its customers with a single point of access to 130 financial markets and execution venues worldwide, and a state-of-the-art Follow the Sun service making it possible to meet the needs of customers at all times. This approach was repeatedly praised by the industry in 2018, notably with the title “Highly Commended EMEA” awarded by International Securities Finance Survey 2018 as well as “Best FCM Overall” and “Best Capital Introduction Service” awarded by CTA Intelligence US Services Awards.

Moreover, Societe Generale’s research simplifies the interpretation of market trends, which are subsequently used to develop market strategies, and are regularly acknowledged[6].

SECURITIES SERVICES

Security Services (SGSS) activities offer a comprehensive range of cutting-edge services following the latest trends in the financial markets as well as regulatory changes, including the following:

- the market-leading clearing service range;
- custody and depository bank activities, covering all asset classes;
- fund administration services for managers of complex financial products;
- issuer services, comprising primarily the administration of stock option plans, employee shareholding, etc.;
- liquidity management services (cash and securities);
- transfer agent activities, providing a full range of services, from support to fund distribution.

With EUR 4,011 billion in assets under custody at end-December 2018 (versus EUR 3,904 billion at 31st December 2017), SGSS ranks second among European custodians. It also offers custodian services to more than 3,500 mutual funds and provides valuation services for more than 4,100 mutual funds totalling EUR 609 billion in assets under management in Europe.

In 2018, Societe Generale was awarded “Client clearing broker of the year” and “Transfer agent of the year” by Global Investor Awards.

Financing and Advisory

Financing and Advisory manages and develops global relations with strategic Corporate and Investment Banking Clients, mergers & acquisitions, advisory services, other corporate finance advisory services, and finance activities (structured financing, fund-raising (debt or equity), financial engineering and hedging solutions for issuers) as well as the services of Global Transaction and Payment Services.

The Coverage and Investment Banking teams offer their customers, which include businesses, financial institutions and the public sector, an integrated, comprehensive and tailored approach based on:

[6] #1 Global Strategy, #1 Multi Asset Research, #1 Index Analysis and #1 Quantitative Research in Europe by Extel.

- extensive strategic advisory services, covering mergers and acquisitions and IPO structuring, as well as the secondary offering of shares. Societe Generale holds a leading position in the equity capital and equity-related markets, and also in euro-denominated issues for corporate and financial institutions[7]. This division received several awards in 2018, notably that of "Europe Investment-Grade Corporate Bond House of the Year" at the IFR Awards 2018; "ECM Bank of the Year in France and the Benelux" by Global Finance, and "Best Financial Advisor in Spain" by Merger Market;

- access to optimised fund-raising solutions through the joint venture with the Global Finance and Retail Banking teams.

The Global Finance teams rely on global expertise and sector knowledge to provide issuers with a comprehensive offering and integrated solutions in three key areas: fund-raising, structured financing and strategic hedging of interest rate, foreign exchange, inflation and commodity risks.

The fund-raising (debt) solutions offered by the Group are made possible by its ability to offer issuers access to all of the global markets and to create innovative strategic financing and acquisition or LBO financing solutions.

The business offers its customers its world-renowned structured financing expertise in many sectors and businesses: natural resources, energy, international commerce and assets – where Societe Generale was named "Global Advisor of the Year" (PFI Awards 2018) and "Best Financing Bank in the CEE" by Euromoney.

The GTPS (Global Transaction & Payment Services) teams are aimed at economic and financial actors, in particular, domestic and international financial institutions, medium and large companies with international and multinational activities, who want support with flow (banking, commercial, corporate) and/or payments management. Operating in more than 50 countries, this business line offers a full and integrated range of solutions and services based on the expertise of the Transaction Banking business lines. It brings together five transactional banking activities:

- cash management;
- trade finance;
- correspondent banking;
- supply chain finance;
- foreign exchange services associated with payments of our activities, in partnership with Global Markets.

The expertise of the Global transaction Banking teams is regularly rewarded: in 2018, FImetrix awarded them "Distinguished Provider of Transaction Banking Services" for correspondent banking, Greenwich Associates named them "Trade Finance Leader" for large companies in France, Global Finance named them "Best International Commercial Bank in France, Western Europe and Emerging Markets" and EMEA Finance awarded them "Best Cash Management Services" and "Best Cash Management Services in EMEA" and "Best Factoring Services in EMEA and Europe".

[7] #2 All EMEA Euro Corporate Bonds, #3 All Euro Bonds par IFR.

Asset Management and Private Banking

This business unit encompasses Asset Management (Lyxor Asset Management) and Private Banking, which operates under the Societe Generale Private Banking brand.

Societe Generale Private Banking

Societe Generale Private Banking is a major player in wealth management and offers wealth management services to a domestic and international clientele, drawing on the expertise of its specialist teams in wealth engineering, investment and financing solutions, in accordance with the Tax Code of Conduct as approved by the Board of Directors.

Since January 2014 and in collaboration with the French Retail Banking Division, Societe Generale Private Banking has extensively developed its relationship banking model in France, extending its offering to all individual clients with more than EUR 500,000 in their books. These clients are able to benefit from a service combining increased proximity based on 80 regional franchises and the know-how of Private Banking's teams of experts.

Societe Generale Private Banking's offer is available in 16 countries. As part of the 2016-2020 strategic plan, "Transform to Grow", Societe Generale announced in 2018 the sale of its private banking activities in Belgium after entering into an agreement with the bank ABN AMRO.

In 2018, the success of Societe Generale Private Banking's strategy was recognised and the Bank was named "Private Banking – Best Credit Provider" (WealthBriefing Swiss Awards). It was also awarded the title of "Best Private Bank for Succession Planning" by PMW/The Banker.

At end-2018, Private Banking's outstanding assets under management totalled EUR 113 billion.

LYXOR ASSET MANAGEMENT

Lyxor Asset Management ("**Lyxor**") is a wholly-owned subsidiary of the Societe Generale Group and was founded in 1998. Lyxor is a European asset management specialist with expertise in all investment styles and has the ability to create innovative investment solutions to address the challenges of the future.

Thanks to its tradition of engineering and research, and building on an agile combination of passive, active and alternative management styles, Lyxor covers the whole liquidity spectrum and adapts to clients' needs whatever their financial constraints by offering the best combination of long-term performance and rigorous risk management.

As a financial architect and asset manager, Lyxor advises its clients on their allocation within a comprehensive investment universe, both developed internally and selected externally in an open architecture structure. Its fiduciary services and investment platforms help institutional investors meet their investment objectives while increasing their operational efficiency.

Lyxor pioneered the asset management industry with the creation of the first alternative managed accounts platform in 1998, and the European ETF market with the first ETF on the CAC 40 index in 2001. Lyxor is now positioned as the third leading European ETF provider with 9.7%[8]. The business was rewarded several times in 2018 including with the title of "Best ETF Provider" by WealthBriefing European Awards and "Leading UCITS Manager Selection" by The Hedge Fund Journal.

[8] Source: ETFGI, ranking by total assets under management at end-December 2017.

At end 2018, from ETFs to multi-management, Lyxor's assets under management and advisory totalled EUR 118 billion.

4. Board of Directors and Management

Board of Directors

The members of the Board of Directors of Société Générale as at 1 January 2019 are as follows:

Frédéric OUDÉA
(Date of birth: 3 July 1963)
Chief Executive Officer.

Lorenzo BINI SMAGHI
(Date of birth: 29 November 1956)
Chairman of the Board of Directors.
Independent Director.

William CONNELLY
(Date of birth: 3 February 1958)
Company Director.
Independent Director, Member of the Risk Committee and Member of the Nomination and Corporate Governance Committee.

Jérôme CONTAMINE
(Date of birth: 23 November 1957)
Company Director.
Independent Director, member of the Audit and Internal Control Committee.

Diane CÔTÉ
(Date of birth: 28 December 1963)
Chief Risk Officer of LSE Group.
Independent Director, member of the Audit and Internal Control Committee.

Kyra HAZOU
(Date of birth: 13 December 1956)
Company Director.
Independent Director, member of the Audit and Internal Control Committee and of the Risk Committee.

Jean-Bernard LÉVY
(Date of birth: 18 March 1955)
Chairman and Chief Executive Officer of EDF.
Independent Director, Chairman of the Compensation Committee and member of the Nomination and Corporate Governance Committee.

Gérard MESTRALLET
(Date of birth: 1 April 1949)
Independent Director, Chairman of the Nomination and Corporate Governance Committee and Member of the Compensation Committee.

Juan Maria NIN GENOVA
(Date of birth: 10 March 1953)
Company Director.
Independent Director, member of the Risk Committee and of the Compensation Committee.

Nathalie RACHOU
(Date of birth: 7 April 1957)
Company Director.
Independent Director, Chairman of the Risk Committee and member of the Nomination and Corporate Governance Committee.

Lubomira ROCHET
(Date of birth: 8 May 1977)
Chief Digital Officer of the L'Oréal Group
Independent Director

Alexandra SCHAAPVELD
(Date of birth: 5 September 1958)
Company Director.
Independent Director, Chairman of the Audit and Internal Control Committee and Member of the Risk Committee.

France HOUSSAYE
(Date of birth: 27 July 1967)
Director elected by employees.
Branch manager of Bois Guillaume, DEC of Rouen.
Member of the Compensation Committee.

David LEROUX
(Date of birth: 3 June 1978)
Director elected by employees,
In charge of General Meeting conduct for Securities Services.

Group Management Committee

The Group Management Committee of Société Générale as at 7 February 2019 is as follows:

Frédéric OUDÉA
Chief Executive Officer

Diony LEBOT
Deputy Chief Executive Officer

Philippe AYMERICH
Deputy Chief Executive Officer

Séverin CABANNES
Deputy Chief Executive Officer

Philippe HEIM
Deputy Chief Executive Officer

David ABITBOL[9]
Global Head of Societe Generale Securities Services

Philippe AMESTOY
Head of Operations and Transformation in Retail Banking activities in France

Hervé AUDREN de KERDREL
Deputy Group Head of Compliance

Pascal AUGÉ[9]
Head of Global Transaction and Payment Services

Cécile BARTENIEFF[9]
Chief Operating Officer at Global Banking and Investor Solutions

François BLOCH
Chief Executive Officer of BRD

Alain BOZZI
Head of Group Internal Control Coordination

Gilles BRIATTA[9]
Group General Secretary

Claire CALMEJANE
Group Chief Innovation Officer

Pavel ČEJKA[9]
Chief Operating Officer at International Banking and Financial Services

Antoine CREUX
Chief Security Officer

Thierry D'ARGENT[9]
Head of Coverage and Investment Banking

Bruno DELAS[9]
Chief Operating Officer of the French Networks

Marie-Christine DUCHOLET
Head of Clients for Retail Banking activities in France

Claire DUMAS
Deputy Chief Financial Officer

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[9] Head of a Business Unit or Service Unit.

Ian FISHER
Head of the Culture & Conduct Programme

Patrick FOLLÉA[9]
Head of Societe Generale Private Banking, LYXOR supervisor

Jean-Marc GIRAUD[9]
Head of Inspection and Audit Division

Carlos GONCALVES
Head of Global Technology Services

Donato GONZALEZ-SANCHEZ
Head of Corporate & Investment Banking, Private Banking, Asset Management, Securities Services and Group Country Head for Spain and Portugal

Laurent GOUTARD[9]
Head of Societe Generale Retail Banking in France

Jean-François GRÉGOIRE[9]
Head of Global Markets

Benoît GRISONI[9]
Chief Executive Officer of Boursorama

Éric GROVEN
Head of the Real Estate Division in Retail Banking activities in France

Caroline GUILLAUMIN[9]
Group Head of Human Resources and Group Head of Communication

Didier HAUGUEL[9]
Group Country Head for Russia

Édouard-Malo HENRY[9]
Group Head of Compliance

Alvaro HUETE
Deputy Head of Global Finance and Head of GLFI for the United Kingdom

Arnaud JACQUEMIN
CEO of Societe Generale Bank & Trust and Group Country Head for Luxembourg

Jochen JEHMLICH[9]
Head of the Equipment Finance businesses and CEO of GEFA Bank

Jan JUCHELKA
Chairman of the Board and CEO of Komerční Banka and Group Country Head for the Czech Republic and Slovakia

William KADOUCH-CHASSAING[9]
Chief Financial Officer

Jean-Louis KLEIN
Deputy Chief Executive Officer for Crédit du Nord

Slawomir KRUPA[9]
Chief Executive Officer for Societe Generale Americas

Christophe LEBLANC[9]
Group Head of Corporate Resources and Digital Transformation

Véronique LOCTIN
Head of Corporate Accounts for Societe Generale Retail Banking in France

Xavier LOFFICIAL
Deputy Chief Financial Officer of the Group

Michala MARCUSSEN
Group Chief Economist and Head of Economic and Sectorial Research

Anne MARION-BOUCHACOURT
Group Country Head for Switzerland et CEO of SG Zurich

Mike MASTERSON[9]
Chief Executive Officer of ALD Automotive

Laetitia MAUREL
Group Deputy Head of Communication

Alexandre MAYMAT[9]
Head of the Africa/Asia/Mediterranean Basin & Overseas region, International Banking and Financial Services

Jean-François MAZAUD
Head of Group transformation

Françoise MERCADAL-DELASALLES[9]
Chief Executive Officer of Crédit du Nord

Hikaru OGATA[9]
Chief Executive Officer of Societe Generale Asia Pacific

Pierre PALMIERI[9]
Head of Global Finance

Jean-Luc PARER
Advisor to the Deputy Chief Executive Officer

Philippe PERRET[9]
Head of the Insurance businesses

Ilya POLYAKOV
Chief Executive Officer and Chairman of Rosbank's Management Board

Sylvie PRÉA
Director of Corporate Social Responsibility

Sébastien PROTO
Head of Group Strategy

Sylvie RÉMOND[9]
Group Chief Risk Officer

Sadia RICKE
Group Country Head for the United Kingdom and Head of Coverage and Investment Banking in the United Kingdom

Grégoire SIMON-BARBOUX
Deputy Group Chief Risk Officer

Giovanni-Luca SOMA[9]
Head of the Europe region, International Banking and Financial Services Division

Guido ZOELLER
Group Country Head for Germany and Head of Societe Generale Corporate & Investment Banking activities in Germany

5. Auditors

In accordance with French law, Société Générale is required to have two statutory auditors (*commissaires aux comptes*).

As at the date of this document, the statutory auditors are:

- Ernst & Young et Autres (represented by Micha Missakian) of Tour First, TSA 14444, 92037 Paris-La Défense Cedex, France; and
- Deloitte & Associés (represented by Jean-Marc Mickeler) of 6, place de la Pyramide, 92908 Paris-La Défense Cedex, France.

6. General Meetings of Shareholders

The annual general meeting of shareholders is convened and held as provided by legal provisions in force.

Being a credit institution, Société Générale is obliged by virtue of Article 8 of French *décret* n° 84-708 of 24 July 1984 to submit its annual financial statements at the general meeting of shareholders before 31 May of each year, unless otherwise authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (French Prudential Supervisory Authority).

7. Share capital

At 31 December 2018, the registered and fully-paid capital of Société Générale are EUR 1,009,897,173.75 divided into 807,917,739 ordinary shares with a nominal value of EUR 1.25 each.

8. Risk Management Policies

Société Générale's 2019 Registration Document contains a reproduction of the description of Société Générale's risk management policies.

9. Financial Information of Société Générale

Société Générale's consolidated financial statements as at and for the year ended 31 December 2018 prepared in accordance with IFRS as endorsed by the European Union as of 31 December 2018 are included in Société Générale's 2019 Registration Document and have been audited in accordance with French auditing professional standards by Ernst & Young et Autres and Deloitte & Associés as stated in their auditors' report dated 8 March 2019 included therein.

Any interim and/or quarterly unaudited reports will be reproduced in the relevant supplemental listing document(s) or in an addendum to the Base Listing Document. All these reports are available for inspection at the address specified in "Supplemental General Information" on pages 54 to 55 of this document.

Capitalisation of Société Générale

The following table sets out Société Générale's capitalisation as at 31 December 2018 and 31 December 2017, as adjusted to give effect to the issuance of additional debt by Société Générale since such dates.

Except as set out below (see item 5), there has been no material change in Société Générale's capitalisation since 31 December 2018.

	31 December 2018	**31 December 2017**	**31 December 2016**
	(EUR millions)	**(EUR millions)**	**(EUR millions)**
Medium and long-term debt (2) (3)			
- denominated in Euros	0	0	0
- denominated in other currencies (4)	1,747	1,668	0
SUB TOTAL	**1,747**	**1,668**	**0**
Long-term subordinated debt and notes			
- denominated in Euros	6,268	6,770	6,975

- denominated in other currencies (4) (5)	7,460	7,343	7,487
SUB TOTAL	**13,728**	**14,110**	**14,461**
TOTAL	**15,475**	**15,778**	**14,461**
Shareholders' equity and undated subordinated loans and capital notes			
- Undated subordinated capital notes	9,702	8,984	11,159
- Common stock	1,010	1,010(1)	1,010
- Additional paid-in capital and retained earnings	32,312	33,118	30,643
- Net income	1,725	800	4,223
TOTAL	**43,024**	**43,912**	**47,035**
TOTAL CAPITALISATION	**58,499**	**59,690**	**61,496**

(1) At 31 December 2018, Société Générale's fully paid-up capital amounted to EUR 1,009,897,173.75 and comprised 807,917,739 shares with a nominal value of EUR 1.25.

(2) In accordance with French bank regulatory practice, the Bank debt is classified depending on its initial term to maturity as short-term (less than one year), medium-term (one to seven years) and long-term (more than seven years). Medium– and long-term debt of the bank, other than its long-term subordinated debt and undated subordinated capital notes, ranks equally with deposits.

(3) Includes only debt in the form of debt securities. In addition to debt securities, Sociéte Générale regularly sells to its customers term savings certificates, most of which mature in five years, and certificates of deposit in varying maturities. These instruments have maturities similar to medium- and long-term unsubordinated debt and rank equally with such debt and deposits.

(4) Principal amounts of debt denominated in foreign currencies have been translated to Euros at the indicatory exchange rates for such currencies released by the Banque de France on 31 December 2018 (first column) and on 31 December 2017 (second column).

Rate of conversion : (Exchange rates against EUR)	**31 December 2018**	**31 December 2017**
Exchange Rate USD :	1.1450	1.1993
Exchange Rate JPY :	125.85	135.01
Exchange Rate GBP :	0.8945	0.8872
Exchange Rate AUD :	1.6220	1.5346
Exchange Rate SGD :	1.5591	1.6024
Exchange Rate CNY :	7.8699	7.8151

(5) Since 31 December 2018, Société Générale has, inter alia:

– redeemed EUR 115,766,000Subordinated Tier 2 Notes due 2019;

Except as set forth in this section there has been no material change in the capitalisation of Société Générale since 31 December 2018.

The issue of notes has no fixed maturity dates (although they may be redeemed at Société Générale's option), and Société Générale may defer payment of interest on either issue in any year during which it does not declare a dividend. The issue of notes becomes due and payable upon Société Générale's liquidation, after all unsubordinated creditors have been paid in full.

Further Information

As a company whose shares are quoted on the Paris Stock Exchange, Société Générale is required to make periodic and/or continuous disclosure obligations under the relevant listing rules of the Paris Stock Exchange.

Financial information and/or any major developments of Société Générale including filings requested by the Paris Stock Exchange may be viewed from www.societegenerale.com/en/investors.

APPENDIX IV

REPRODUCTION OF THE PRESS RELEASE DATED 3 MAY 2019 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

The information set out below is a reproduction of the press release dated 3 May 2019 containing the Guarantor's consolidated financial results for the first quarter ended 31 March 2019.

SOCIETE GENERALE

Q1 2019 RESULTS

Press release

Paris, May 3rd 2019

Q1 19: EFFECTIVELY EXECUTING THE STRATEGIC PLAN. SUBSTANTIAL INCREASE IN CET1 AT 11.7%(2) (+55bp)

HIGHLIGHTS AND KEY FINANCIAL DATA FOR Q1 19

- **Increase in CET1 of +55 basis points at 11.7%(2)**
- **Underlying Group net income of EUR 1,010 million. Group ROTE(1) at 8.4%**
- **Revenues of EUR 6,191 million in Q1 19 (-1.6% vs. Q1 18), with a solid performance by the businesses (+0.3%),** driven in particular by **International Retail Banking & Financial Services (+6.8%* vs. Q1 18) and Financing & Advisory (+18.5% vs. Q1 18)**
- **Operating expenses under control** at EUR 4,789 million (+1.3% vs. Q1 18)
- **Still low cost of risk at 21 basis points,** with a decline in the non-performing loan ratio to 3.5%
- **Adaptation of the operational set-up in Global Banking & Investor Solutions** around the refocusing of Global Markets and the execution of the additional cost-cutting plan
- **Continued Group refocusing: finalisation of several disposals(3)** for a total impact of +20 basis points on CET1 in Q1 19 and **announcement of the disposal of SKB in Slovenia to OTP Bank** representing an estimated equivalent impact of around +7 basis points on CET1 at the closing date.

Fréderic Oudéa, the Group's Chief Executive Officer, commented*:*

"Societe Generale already benefited in Q1 2019 from the initial effects of the implementation of the measures announced at the time of the 2018 full-year results. We continued with the transformation of French Retail Banking, provided further evidence of the robust momentum in International Retail Banking & Financial Services and demonstrated Global Banking & Investor Solutions' ability to rapidly adapt, with an already tangible reduction in risk-weighted assets which, combined with the finalisation of five disposals, has resulted in a substantial increase in the level of our capital. We are continuing to steadily implement our refocusing programme, with the announcement this morning of the disposal of our SKB subsidiary in Slovenia. As a result of our determined actions, we saw a substantial increase in CET1 ratio in Q1 19, strengthening our ability to achieve the 12% CET1 ratio target as soon as possible.

Our solid results are also based on good risk management and the controlled development of our costs, which will continue with the new cost-saving measures that we have recently introduced. Moreover, our leading position in renewable energy financing (recognised in 2018) confirms our commitment to support the positive transformations of our customers and our economies with all the responsibility necessary. All these advances illustrate the robustness of our business model and our ability to implement our strategic and financial plan despite an unfavourable European environment."

*The footnote * in this document corresponds to data adjusted for changes in Group structure and at constant exchange rates.*

(1) Underlying data. See methodology note 5 for the transition from accounting data to underlying data.

(2) Taking into account the assumption of a 50% subscription rate for the option of a dividend payment in shares subject to approval by the Ordinary General Meeting on May 21st, 2019 and a pay-out ratio of 50% for Q1 19 earnings

(3) Including the stakes in La Banque Postale Financement, Self Trade Bank, Societe Generale Expressbank (Bulgaria), Societe Generale Albania and the Private Banking activities in Belgium

1. GROUP CONSOLIDATED RESULTS

In EUR m	Q1 19	Q1 18	Change	
Net banking income	**6,191**	**6,294**	***-1.6%***	***-1.9%****
Underlying net banking income(1)	*6,191*	*6,294*	*-1.6%*	*-1.9%*
Operating expenses	**(4,789)**	**(4,729)**	***+1.3%***	***+1.3%****
Underlying operating expenses(1)	*(4,345)*	*(4,223)*	*+2.9%*	*+2.9%*
Gross operating income	**1,402**	**1,565**	***-10.4%***	***-11.4%****
Underlying gross operating income(1)	*1,846*	*2,071*	*-10.8%*	*-11.6%*
Net cost of risk	**(264)**	**(208)**	***+26.9%***	***+29.5%****
Underlying net cost of risk (1)	*(264)*	*(208)*	*+26.9%*	*+29.5%*
Operating income	**1,138**	**1,357**	***-16.1%***	***-17.4%****
Underlying operating income(1)	*1,582*	*1,863*	*-15.0%*	*-16.0%*
Net profits or losses from other assets	**(51)**	**1**	***n/s***	***n/s***
Income tax	(310)	(370)	-16.2%	-16.2%*
Reported Group net income	**631**	**850**	***-25.8%***	***-27.5%****
Underlying Group net income(1)	*1,010*	*1,204*	-16.1%	-17.4%
ROE	4.2%	6.3%		
ROTE	5.5%	7.4%		
Underlying ROTE (1)	***8.4%***	***10.9%***		

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

Societe Generale's Board of Directors, which met on May 2nd 2019 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q1 2019.
The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 10.5).

Net banking income: EUR 6,191m (-1.6% vs. Q1 18)

- French Retail Banking's net banking income declined -3.2% vs. Q1 18 excluding PEL/CEL provision, in a continuing low interest rate environment.
- International Retail Banking & Financial Services' net banking income rose 4.4% (6.8%*), driven by the strong commercial momentum across all businesses and geographical regions. Accordingly, International Retail Banking revenues increased by 4.4% (8.3%*), Insurance revenues 2.2% (2.4%*) and Financial Services to Corporates' revenues 5.3% (4.6%*).
- Global Banking & Investor Solutions' net banking income increased by +1.1% (-1.8%*). Financing & Advisory revenues were 18.5% (16%*) higher, confirming the healthy commercial momentum observed for several quarters. In contrast, the revenues of Global Markets and Investor Services were down -7.2% (-10.7%*) in a still challenging market environment in Q1 19.

Operating expenses: EUR -4,789m (+1.3% vs. Q1 18)

Underlying operating expenses amounted to EUR -4,345 million after linearisation of the effect of IFRIC 21, representing an increase of +2.9% (+2.9%*) vs. Q1 18 (EUR -4,223 million).

Operating expenses were very slightly higher in French Retail Banking (+0.4%) against the backdrop of the ongoing digital transformation and the development of growth drivers. Efforts to support growth in International Retail Banking & Financial Services resulted in a positive jaws effect between revenue growth and the increase in costs (+5.1%*, +2.1%). Global Banking & Investor Solutions' costs were down -1.6%* (+0.1%) against a backdrop of rigorous cost management.

Gross operating income: EUR 1,402m (-10.4% vs. Q1 18)

Underlying gross operating income totalled EUR 1,846 million (-10.8% vs. Q1 2018).

Cost of risk[1]: EUR -264m

The net cost of risk amounted to EUR -264 million, 26.9% higher than in Q1 18 (EUR -208 million).

The Group's commercial cost of risk (expressed as a fraction of outstanding loans) amounted to 21 basis points, slightly higher than in Q1 18 (18 basis points).

- In French Retail Banking, the commercial cost of risk was lower at 20 basis points (29 basis points in Q1 18) due to a selective origination policy.
- International Retail Banking & Financial Services' cost of risk stood at 39 basis points (28 basis points in Q1 18). This still low level reflects the gradual normalisation of the cost of risk as well as a negative base effect in Q1 18 following the receipt of an insurance payout in Romania.
- Global Banking & Investor Solutions' cost of risk amounted to 10 basis points, an increase compared to the particularly low level of -7 basis points in Q1 18.

The Group expects a cost of risk of between 25 and 30 basis points in 2019.

The gross doubtful outstandings ratio stood at 3.5% at end-March 2019 (vs. 4.2% at end-March 2018). The Group's gross coverage ratio for doubtful outstandings stood at 55%[1] at end-March 2019 (it was 54% at December 31st, 2018).

Operating income: EUR 1,138m (-16.1% vs. Q1 18)

Underlying operating income came to EUR 1,582 million, down -15.0% vs. Q1 2018.

Net profits or losses from other assets: EUR -51m

Net profits or losses from other assets totalled EUR -51 million in Q1 19, including EUR -53 million corresponding to the effect of the application of IFRS 5 as part of the implementation of the Group's refocusing plan. In this respect, the Group recognised a capital loss of EUR -67 million in connection with the announced disposal of SKB in Slovenia, corresponding to goodwill amortisation. The Group also recognised an overall impact of EUR +14 million following the finalisation of the disposal of its Private Banking activities in Belgium, Societe Generale Albania, Express Bank in Bulgaria and La Banque Postale Financement.

Net income

In EURm	Q1 19	Q1 18
Reported Group net income	631	850
Underlying Group net income[2]	1,010	1,204

In %	Q1 19	Q1 18
ROTE (reported)	5.5%	7.4%
Underlying ROTE[2]	8.4%	10.9%

Earnings per share amounts to EUR 0.65 (EUR 0.93 in Q1 18).

(1) Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings.
(2) Adjusted for exceptional items and effect of the linearisation of IFRIC 21.

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 61.8 billion at March 31st, 2019 (EUR 61.0 billion at December 31st, 2018). Net asset value per share was EUR 65.39 and tangible net asset value per share was EUR 57.05, an increase of 2.3% vs. December 31st, 2018.

The **consolidated balance sheet** totalled EUR 1,364 billion at March 31st, 2019 (EUR 1,309 billion at December 31st, 2018). The net amount of customer loan outstandings at March 31st, 2019, including lease financing, was EUR 426 billion (EUR 421 billion at December 31st, 2018) – excluding assets and securities sold under repurchase agreements. At the same time, customer deposits amounted to EUR 404 billion, vs. EUR 399 billion at December 31st, 2018 (excluding assets and securities sold under repurchase agreements).

At end-March 2019, the parent company had issued EUR 13.3 billion of medium/long-term debt, having an average maturity of 4.6 years and an average spread of 67 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 0.5 billion. At March 31st, 2019, the Group had issued a total of EUR 13.8 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 139% at end-March 2019 vs. 129% at end-December 2018. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-March 2019. At end-April 2019, the Group had achieved nearly 60% of its vanilla long-term financing programme scheduled for 2019.

The Group's **risk-weighted assets** (RWA) amounted to EUR 366.1 billion at March 31st, 2019 (vs. EUR 376.0 billion at end-December 2018) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 81.7% of the total, at EUR 299.2 billion, down -1.2% vs. December 31st, 2018.

At March 31st, 2019, the Group's fully-loaded **Common Equity Tier 1** ratio stood at 11.5%(1), (11.7%(2)). The Tier 1 ratio stood at 14.3%(2) at end-March 2019 (13.7% at end-December 2018) and the total capital ratio amounted to 17.5%(2).
With a level of 25.2%(2) of RWA and 7.4%(2) of leveraged exposure at end-March 2019, the Group's TLAC ratio is already above the FSB's requirements for 2019. At March 31st, 2019, the Group was also above its MREL requirements of 8% of the TLOF(3) (which, in December 2016, represented a level of 24.36% of RWA), which were used as a reference for the SRB calibration.
The **leverage ratio** stood at 4.2% at March 31st, 2019 (4.2%(2,4) vs. 4.3% at end-December 2018).

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

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(1) The phased-in ratio, excluding the option of a dividend payment in shares and including Q1 earnings, amounts to 11.5% at end-March 2019 vs. 11.0% at end-December 2018

(2) Taking into account the option of a dividend payment in shares subject to approval by the Ordinary General Meeting on May 21st, 2019, with the assumption of a 50% subscription rate, having in particular an impact of +24bp on the CET1 ratio

(3) TLOF: Total Liabilities and Own Funds

(4) 4.3% after taking into account the decision of the General Court of the European Union on July 13th, 2018 regarding the exclusion of certain exposures related to savings passbook accounts centralised at the Caisse des Dépôts which requires the agreement of the ECB

3. FRENCH RETAIL BANKING

In EUR m	**Q1 19**	**Q1 18**	**Change**
Net banking income	1,916	2,008	*-4.6%*
Net banking income excl. PEL/CEL	*1,928*	*1,992*	*-3.2%*
Operating expenses	(1,486)	(1,480)	*+0.4%*
Gross operating income	**430**	**528**	***-18.6%***
Gross operating income excl. PEL/CEL	*442*	*512*	*-13.7%*
Net cost of risk	(94)	(134)	*-29.9%*
Operating income	**336**	**394**	***-14.7%***
Reported Group net income	**234**	**270**	***-13.3%***
RONE	**8.3%**	**9.5%**	
Underlying RONE (1)	**10.4%**	**10.8%**	

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

In line with 2018, Q1 2019 was characterised by the persistently low interest rate environment and the ongoing transformation of the French networks. Against this backdrop, French Retail Banking enjoyed a healthy commercial momentum and the financial performance remained resilient. Underlying RONE stood at 10.4% in Q1 19.

Activity and net banking income

French Retail Banking's three brands, Societe Generale, Crédit du Nord and Boursorama, pursued their commercial expansion, particularly for their growth drivers.

Boursorama gained 123,000 new clients in Q1 19 and consolidated its position as the leading online bank in France, with 1.8 million clients at end-March, an increase of +30% year-on-year.

At the same time, the Societe Generale and Crédit du Nord networks strengthened their franchises on the Group's target customers.

There was further expansion in the mass affluent and wealthy client base in Q1 19 (+3% vs. Q1 18). Net inflow for wealthy clients remained robust at EUR 1.2 billion, taking assets under management to EUR 64.9 billion (including Crédit du Nord) at end-March 2019, up 4.9% vs. Q1 18.

Bancassurance enjoyed buoyant activity: life insurance experienced net inflow of EUR 515 million. Outstandings were up +0.7% at EUR 93.7 billion, with the unit-linked share accounting for 24%.

Societe Generale continued with the rollout of regional business centres, in order to increase its proximity with Business customers. Four new units were rolled out in Q1 19, taking the number of centres to nine at end-March. 42 structured finance transactions have been completed in Q1 19.

In the case of Professional customers, Societe Generale opened a new "Pro Corner" (espace pro) in Q1 19 (nine in total at end-March). It had 118 "corners" dedicated to professionals in the branches, as at end-March 2019.

In a low interest rate environment, the Group continued with its selective origination strategy.

Housing loan production totalled EUR 4.6 billion in Q1 19 and consumer loan production came to EUR 984 million in Q1 19.
Outstanding loans to individuals totalled EUR 112.5 billion in Q1 19, up +3.0% vs. Q1 18.

Corporate investment loan production came to EUR 3.2 billion in Q1 19 and average investment loan outstandings rose +6.3% vs. Q1 18.

Overall, the commercial momentum remained robust: average loan outstandings rose +4.3% vs. Q1 18 (to EUR 192 billion) and average outstanding balance sheet deposits +3.8% (to EUR 202.8 billion), still driven by sight deposits (+8.6%). As a result, the average loan/deposit ratio stood at 94.6% in Q1 19.

French Retail Banking posted revenues (after neutralising the impact of PEL/CEL provisions) of EUR 1,928 million in Q1 19, stable vs. Q4 18 but down -3.2% vs. Q1 18 (which was the quarter with the highest revenues in 2018).
The Group expects a gradual improvement in the trend in 2019, with a decline in net banking income of between 0% and -1% in 2019.

Although still adversely affected by the low interest rate environment, there was an improvement (+1.8%) in net interest income vs. Q4 18 to EUR 983 million (-3.3% vs. Q1 18). Commissions were 2.5% lower in Q1 19, due to the sharp decline in financial commissions in a challenging stock market environment, whereas service commissions proved resilient despite the banking industry's commitment not to increase the price of its services.

Operating expenses

French Retail Banking's operating expenses totalled EUR 1,486 million in Q1 19, slightly higher (+0.4%) than in Q1 18. The digital transformation process and the development of growth drivers continued: to date, 75% of day-to-day transactions and standard offerings can be carried out or accessed online. The Group also closed 30 Societe Generale branches in Q1 19, amounting in total since end-2015, to more than 60% of its 2020 target (-500 branches).

The cost to income ratio stood at 73.2% in Q1 19 (after linearisation of the IFRIC 21 charge).

Operating income

The net cost of risk declined by 29.9% in Q1 19 vs. Q1 18, corresponding to 20bp (vs. 30bp in Q4 18) and reflecting a selective origination strategy. Operating income came to EUR 336 million in Q1 19 (EUR 394 million in Q1 18).

Contribution to Group net income

French Retail Banking's contribution to Group net income amounted to EUR 234 million in Q1 19 (EUR 270 million in Q1 18). The return on normative equity (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at a resilient level of 10.4% (vs. 10.8% in Q1 18).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EUR m	Q1 19	Q1 18	Change	
Net banking income	2,076	1,989	+4.4%	+6.8%*
Operating expenses	(1,204)	(1,179)	*+2.1%*	*+5.1%**
Gross operating income	**872**	**810**	***+7.7%***	***+9.3%****
Net cost of risk	(128)	(91)	*+40.7%*	*+46.6%**
Operating income	**744**	**719**	***+3.5%***	***+4.7%****
Net profits or losses from other assets	1	4	*-75.0%*	*-74.7%*
Reported Group net income	**464**	**429**	***+8.2%***	***+9.7%****
RONE	16.0%	15.1%		
Underlying RONE (1)	***17.6%***	***17.0%***		

(1) *Adjusted for the linearisation of IFRIC 21*

Net banking income totalled EUR 2,076 million in Q1 2019, up +4.4% vs. Q1 18, driven by an excellent commercial momentum in all regions and businesses. In line with the growth in revenues, operating expenses amounted to EUR -1,204 million (+2.1%), confirming the division's high operational efficiency, with a positive jaws effect in Q1 19. Gross operating income totalled EUR 872 million in Q1 19 (+7.7% vs. Q1 18).

The net cost of risk remained at a moderate level of EUR 128 million, up +40.7% given a base effect related primarily to the receipt of an insurance payout in Romania in Q1 18. The contribution to Group net income totalled EUR 464 million, up +8.2% vs. Q1 18.

The cost to income ratio came to 58% (59.3% in Q1 18) and underlying RONE stood at 17.6% (17% in Q1 18).

Moreover, in order to increase International Retail Banking's agility and operational efficiency, the Group wants to simplify the head office's organisational structure by rationalising and integrating the shared services dedicated to each region. Consequently, the headcount of the corporate functions dedicated to International Retail Banking would be reduced by nearly 40%.

International Retail Banking

International Retail Banking's outstanding loans rose +3.3% and outstanding deposits +3.0% including the impact of disposals finalised in Q1 19. When adjusted for changes in Group structure and at constant exchange rates, outstanding loans were up +7.5%* at EUR 92 billion at end-March 2019, with a healthy momentum in all regions especially in Russia in a very buoyant banking market. Deposit inflow was also dynamic, especially in Russia and Africa, with growth of +8.0%* year-on-year. Outstanding deposits totalled EUR 83 billion at end-March 2019.

International Retail Banking revenues were 4.4% (8.3%*) higher than in Q1 2018 at EUR 1,387 million, while operating expenses remained under control at EUR 858 million, up +1.3% (+5.7%*) vs. Q1 18. Gross operating income came to EUR 529 million, up +10% (+12.9%*) vs. Q1 18. International Retail Banking's contribution to Group net income amounted to EUR 246 million (+7.4% vs. Q1 18).

In Western Europe, the Group delivered a solid commercial performance. Outstanding loans were up +11.6% vs. end-March 2018, at EUR 20.7 billion. Car financing remained particularly buoyant in all regions. Revenues totalled EUR 216 million, up +10.2% vs. Q1 18, while operating expenses remained under control at EUR -104 million (+4%). With a stable net cost of risk, operating income was 26.2% higher. The contribution to Group net income came to EUR 59 million, up +28.3% vs. Q1 18.

In the Czech Republic, outstanding loans rose +0.9% (+2.4%*) and outstanding deposits +2.7% (+4.2%*) vs. end-March 2018. The volume effect, combined with a rise in rates, resulted in revenues increasing +5.2% (+6.4%*) vs. Q1 18 to EUR 283 million in Q1 19. At the same time, operating expenses were slightly higher (+1.8%, +2.9%*) at EUR -169 million. There was a net write-back in the net cost of risk of EUR 7 million compared with a net write-back of EUR 3 million in Q1 18. The contribution to Group net income came to EUR 61 million, up +15.1% vs. Q1 18.

In Romania, outstanding loans totalled EUR 6.4 billion at end-March 2019, down -1.6% but up +4.9% when adjusted for changes in Group structure and at constant exchange rates vs. end-March 2018. Over the same period, deposits were slightly lower (-2.1%) at EUR 9.3 billion (stable at constant exchange rates). Still driven by a backdrop of rising interest rates and a good commercial performance, net banking income climbed +7.2% (+9.1%*) vs. Q1 18. Operating expenses were 11.1% (13%*) higher given the increase in regulatory and payroll costs. There was a net write-back in the net cost of risk of EUR 5 million compared with a net write-back of EUR 33 million in Q1 18 which included insurance payouts. The BRD group posted a contribution to Group net income of EUR 24 million, down -38.5% vs. Q1 18.

In other European countries, outstanding loans and deposits were lower at current structure by respectively -20.2% and -27.7% given the disposals finalised in Q1 19. However, when adjusted for changes in Group structure and at constant exchange rates, there was a healthy commercial momentum with growth in outstanding loans of +7.0%* and deposits of +7.7%* vs. end-March 2018. Revenues declined -17.9% (+6.5%*) vs. Q1 18, while operating expenses were 27.8% (4.1%*) lower than in Q1 18. The net cost of risk remained under control, resulting in a significant decline of -66.7% (-68.4%*) vs. Q1 18. The contribution to Group net income came to EUR 37 million (+23.3%, +56.5%*).

In Russia, commercial activity was dynamic in a buoyant banking market. At end-March 2019, outstanding loans were up +18.2%* at constant exchange rates (+14.3% at current exchange rates) while outstanding deposits climbed +32.7%* (+29.9%) benefiting from the surplus liquidity in the market. Net banking income for SG Russia[(1)] came to EUR 199 million in Q1 19, up +12.5%* (+5% at current exchange rates) vs. Q1 18. Operating expenses were slightly higher (+3.2%*, -3.1% at current exchange rates). The net cost of risk amounted to EUR 29 million, an increase of EUR 13 million compared to the low level in Q1 18. SG Russia made a positive contribution to Group net income of EUR 20 million in Q1 19, up +11.4% vs. Q1 18.

In Africa and the other regions where the Group operates, commercial activity was generally healthy in both Sub-Saharan Africa and the Mediterranean Basin. Outstanding loans rose +7.8% (+6.2%*) vs. Q1 18 to EUR 21.4 billion. Outstanding deposits were significantly higher (+10.2%, +8.5%*) especially in Sub-Saharan Africa at EUR 21.6 billion. Net banking income totalled EUR 427 million, up +8.9% (+6.7%*). Operating expenses rose +11.5% (+9.3%*), in conjunction with the commercial expansion and organisational changes. The contribution to Group net income came to EUR 53 million in Q1 19, up +8.2% vs. Q1 18.

Insurance

The life insurance savings business saw outstandings increase +3.9%* in Q1 2019. The share of unit-linked products in outstandings was 27% at end-March 2019, up +0.7 points vs. Q1 18.

(1) *SG Russia encompasses the entities Rosbank, Delta Credit Bank, Rusfinance Bank, Societe Generale Insurance, ALD Automotive and their consolidated subsidiaries*

Personal Protection insurance (premiums up +8%* vs. Q1 18) maintained a good momentum. Likewise, Property/Casualty insurance continued on its healthy upward trend (premiums up +11.2%* vs. Q1 18). International activity continued to enjoy strong growth.

The Insurance business posted a good financial performance in Q1 19, with net banking income increasing +2.2% (+2.4%*) to EUR 231 million in Q1 19. Operating expenses rose 5.1% vs. Q1 18 to EUR 104 million, in conjunction with the Insurance business' commercial expansion ambitions within the Group. The cost to income ratio remained at a low level (45%). The contribution to Group net income was 3.6% higher at EUR 87 million.

Financial Services to Corporates

Financial Services to Corporates maintained a good commercial momentum in Q1 19.

Operational Vehicle Leasing and Fleet Management saw an increase in its vehicle fleet (+9% vs. Q1 18) to 1.68 million vehicles at end-March 2019, primarily through organic growth, demonstrating the effectiveness of ALD's distribution channel diversification strategy.

Equipment Finance's outstanding loans were up +4% (+5%*) in Q1 19 vs. Q1 18 at EUR 17.9 billion (excluding factoring).

Financial Services to Corporates' net banking income rose +5.3% in Q1 19 to EUR 458 million (+4.6%*), with Equipment Finance revenues benefiting from an improvement in new business margins. Operating expenses increased +3.9% (+3.0%*) vs. Q1 18 and amounted to EUR -242 million. The net cost of risk amounted to EUR 17 million, a reasonable level. The contribution to Group net income was EUR 131 million, up +12.9% vs. Q1 18.

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EUR m	Q1 19	Q1 18	Change	
Net banking income	2,239	2,215	*+1.1%*	*-1.8%**
Operating expenses	(2,026)	(2,024)	*+0.1%*	*-1.6%**
Gross operating income	**213**	**191**	***+11.5%***	***-3.8%****
Net cost of risk	**(42)**	27	*n/s*	*n/s*
Operating income	**171**	**218**	***-21.6%***	***-31.3%****
Reported Group net income	**140**	**166**	***-15.7%***	***-26.1%****
RONE	3.4%	4.5%		
Underlying RONE (1)	***8.0%***	***10.2%***		

(1) Adjusted for the linearisation of IFRIC 21

Global Banking & Investor Solutions posted net banking income of EUR 2,239 million, up +1.1% vs. Q1 18 (-1.8%*), driven by the good performance of Financing & Advisory which offset the low level of client activity in Global Markets.

Adaptation of the strategy

As announced in February 2019 at the time of the publication of the 2018 full-year results, and following the review of Global Banking & Investor Solutions' business portfolio, the Group plans to make certain strategic adjustments in order to improve the structural profitability of its activities while better meeting the expectations of its clients.

Societe Generale will focus its Global Banking model on areas of strength where it has sustainable, differentiating competitive advantages. The Bank's leading position in Europe, the depth of its Corporate client portfolio, as well as its global franchises in equity derivatives and structured financing enable it to establish a position in high added value solutions that capitalise on its expertise in financial engineering, at the heart of its DNA.

The Group will therefore increase the allocation of its resources on the most appropriate client-offering-regional mix for clients and the Bank:

- In Global Markets, the Bank wants to prioritise investment and financing solutions, drawing on its leadership position in equity derivatives and structured products. There are plans to terminate OTC commodity activity and close the proprietary trading subsidiary. The Bank also wants to reorganise and refocus its flow activities (cash and flow derivatives) particularly in the Rate, Credit, Currency and Prime Services businesses in order to make them more profitable.
- In Financing & Advisory, the Bank intends to further align its teams and its offerings in order to pursue its growth plan. Accordingly, two Business Units will be combined into a single unit incorporating client relationship activities and investment banking, as well as financing activities. This new entity will help optimise the client portfolio and the Bank's geographical presence, based on the strength of its coverage and its leadership position in structured financing.
- In Asset & Wealth Management and Securities Services, measures will also be implemented in order to better focus the use of resources on core franchises and reduce costs.
- These businesses' support functions as well as the Group's Corporate Departments will also be adapted in order to include all the adjustments and improve their operational efficiency. In particular, the dedicated Operations and IT functions plan to accelerate their digital

transformation as part of the platform strategy of the Global Banking & Investor Solutions' businesses.

These adjustments will have the following consequences on Global Banking & Investor Solutions' financial aggregates:

- A reduction in RWA of EUR 8 billion for Global Markets and EUR 2 billion for Financing & Advisory, with 75% achieved in 2019 and 25% in 2020.
- EUR 500 million of cost savings, with 20/30% achieved in 2019 and 70/80% in 2020.
- Restructuring costs of around EUR 250 million to EUR 300 million, which will be recognised in 2019.

The contribution to 2018 revenues of activities closed down and scaled back was around EUR 300 million.

Global Markets & Investor Services

Global Markets & Investor Services' revenues were down -7.2% in Q1 19 vs. Q1 18, impacted by still challenging market conditions.

At EUR 450 million, the revenues of **Fixed Income, Currencies & Commodities** were down -15.9% in Q1 19 vs. Q1 18. Rate activities were hit by low rate volatility in Europe and weak client activity. This negative impact on revenues was mitigated by the improved performance of Credit and Emerging Market activities.

Equities and Prime Services posted net banking income of EUR 624 million in Q1 19, down -5.3% vs. Q1 18, impacted by sluggish commercial activity and volatility. At the same time, structured product portfolios benefited from more stable markets.

Securities Services' assets under custody amounted to EUR 4,083 billion at end-March 2019, up +1.8% vs. end-December 2018. Over the same period, assets under administration were 3.3% higher at EUR 629 billion. Revenues rose +11.8% in Q1 19 vs. Q1 18, to EUR 199 million. They included the positive revaluation of SIX securities for EUR 34 million.

Financing & Advisory

Financing & Advisory's revenues totalled EUR 711 million in Q1 19, substantially higher (+18.5%) than in Q1 18.

Asset Financing continued to benefit from a good level of origination activity. The natural resources division enjoyed a healthy momentum in energy and large infrastructure project financing, and in the mining and metal industry sector.

Global Transaction Banking's earnings continued to rise in Q1 19 (+10%), with good commercial activity in Cash Management and Correspondent Banking despite the low interest rate environment.

Asset and Wealth Management

The net banking income of the **Asset and Wealth Management** business line totalled EUR 255 million, up +4.9% vs. Q1 18, against the backdrop of a substantial slowdown in client activity.

Private Banking's assets under management totalled EUR 113 billion at end-March 2019, stable vs. December 2018. Net banking income was up +11.4% in Q1 19 vs. Q1 18 at EUR 206 million, including the revaluation of SIX securities for EUR 32 million.

Lyxor's assets under management came to EUR 121 billion at end-March 2019, 2.5% higher than in December 2018. Revenues totalled EUR 44 million in Q1 19, down -15.4% vs. Q1 18.

Operating expenses

Global Banking & Investor Solutions' operating expenses were stable (-1.6%*) compared to Q1 18 and amounted to EUR 2,026 million.

The cost to income ratio came to 90.5% (91.4% in Q1 18).

Operating income

Gross operating income totalled EUR 213 million in Q1 19, up +11.5% (-3.8%*) vs. Q1 18.
The net cost of risk amounted to EUR -42 million (compared to a net cost of risk of EUR +27 million due to provision write-backs in Q1 18).
Global Banking & Investor Solutions' operating income totalled EUR 171 million in Q1 19, down -21.6% (-31.3%*) vs. Q1 18.

Net income

The pillar's contribution to Group net income amounted to EUR 140 million in Q1 19, a decrease of -15.7% (-26.1%*). When restated for IFRIC 21, the pillar's RONE stood at 8.0%.

6. CORPORATE CENTRE

In EUR m	Q1 19	Q1 18
Net banking income	(40)	82
Operating expenses	(73)	(46)
Gross operating income	**(113)**	**36**
Net cost of risk	0	(10)
Net profits or losses from other assets	(53)	(4)
Reported Group net income	**(207)**	**(15)**

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 -40 million in Q1 19 vs. EUR +82 million in Q1 18.

Operating expenses totalled EUR -73 million in Q1 19 vs. EUR -46 million in Q1 18.

Gross operating income amounted to EUR -113 million in Q1 19 vs. EUR +36 million in Q1 18. Gross operating income is expected to be around EUR -500 million in 2019.

Net profits or losses from other assets totalled EUR -53 million in Q1 19 and consists of the effect of the application of IFRS 5 as part of the implementation of the Group's refocusing plan. In this respect, the Group recognised a capital loss of EUR -67 million in connection with the announced disposal of SKB in Slovenia. The Group also recognised an overall impact of EUR +14 million following the finalisation of the disposal of its Private Banking activities in Belgium, Societe Generale Albania, Express Bank in Bulgaria and La Banque Postale Financement.

The Corporate Centre's contribution to Group net income was EUR -207 million in Q1 19 vs. EUR -15 million in Q1 18.

7. CONCLUSION

Q1 2019 provided further evidence of the healthy momentum in the businesses, driven primarily by the strong growth in International Retail Banking & Financial Services and Financing & Advisory. French Retail Banking proved resilient, despite the ongoing unfavourable interest rate environment, and while continuing with its transformation. Global Banking & Investor Solutions applied a rigorously disciplined approach to the management of its costs and embarked on the adaptation of its operational set-up. The initial effects are already visible, with a reduction in Global Markets' risk-weighted assets.

The refocusing programme is being carried out under favourable conditions, with the finalisation of several disposals for a total impact on the CET1 ratio of +20 basis points in Q1 2019 and the announcement of the disposal of SKB in Slovenia representing the equivalent of around +7 basis points at the time of its finalisation.

The Group also reaffirmed its intention to support a proactive and responsible energy transition policy. It was ranked 2nd in renewable energy financing in the EMEA region in 2018(1).

Overall, the performance of the businesses proved resilient in Q1 19 in an environment that remained unfavourable for European banks. Underlying Group net income amounted to EUR 1,010 million and underlying RONE stood at 8.4% in Q1 19. There was a substantial increase in the CET1 ratio at 11.7%(2), confirming that the Group is well on track to achieve its target of a CET1 ratio of 12% in 2020.

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(1) *Dealogic ranking of Financial Advisers in renewable energy financing in the EMEA region in 2018*

(2) *Taking into account the assumption of a 50% subscription rate for the option of a dividend payment in shares subject to approval by the Ordinary General Meeting on May 21st, 2019 and a pay-out ratio of 50% for Q1 19 earnings*

8. 2019/2020 FINANCIAL CALENDAR

2019/2020 Financial communication calendar

May 21st, 2019	General Meeting of Shareholders
August 1st, 2019	Second quarter and first half 2019 results
November 6th, 2019	Third quarter and nine-month 2019 results
February 6th, 2020	Fourth quarter and FY 2019 results
May 6th, 2020	First quarter 2020 results
August 3rd, 2020	Second quarter and first half 2020 results
November 5th, 2020	Third quarter and nine-month 2020 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 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	Q1 19	Q1 18	Change
French Retail Banking	234	270	-13.3%
International Retail Banking & Financial Services	464	429	+8.2%
Global Banking & Investor Solutions	140	166	-15.7%
Core Businesses	838	865	-3.1%
Corporate Centre	(207)	(15)	n/s
Group	631	850	-25.8%

CONSOLIDATED BALANCE SHEET

(ASSETS - in millions of euros)	31.03.2019	31.12.2018
Central banks	98,301	96,585
Financial assets at fair value through profit or loss	406,414	365,550
Hedging derivatives	13,998	11,899
Financial assets measured at fair value through other comprehensive income	52,361	50,026
Securities at amortised cost	12,353	12,026
Due from banks at amortised cost	66,528	60,588
Customer loans at amortised cost	436,798	447,229
Revaluation differences on portfolios hedged against interest rate risk	187	338
Investment of insurance activities	152,898	146,768
Tax assets	5,725	5,819
Other assets	72,944	67,446
Non-current assets held for sale (1)	11,116	13,502
Investments accounted for using the equity method	260	249
Tangible and intangible assets (1)	29,199	26,751
Goodwill	4,562	4,652
Total	**1,363,644**	**1,309,428**

(1) *At 1 January 2019, the first application of IFRS 16 results in the recognition of EUR 2,050 million of assets in respect of Rights of use recorded in Tangible and intangible fixed assets for EUR 2,008 million and Non-current assets held for sale for EUR 42 million.*

(LIABILITIES - in millions of euros)	31.03.2019	31.12.2018
Central banks	8,307	5,721
Financial liabilities at fair value through profit or loss	390,915	363,083
Hedging derivatives	7,515	5,993
Debt securities issued	126,949	116,339
Due to banks	96,337	94,706
Customer deposits	409,856	416,818
Revaluation differences on portfolios hedged against interest rate risk	6,181	5,257
Tax liabilities	1,209	1,157
Other liabilities (1)	87,106	76,629
Non-current liabilities held for sale (1)	8,465	10,454
Liabilities related to insurance activities contracts	135,294	129,543
Provisions	4,547	4,605
Subordinated debts	14,247	13,314
Total liabilities	**1,296,928**	**1,243,619**
SHAREHOLDERS' EQUITY		
Shareholders' equity, Group share		
Issued common stocks, equity instruments and capital reserves	29,843	29,856
Retained earnings	32,032	28,342
Net income	631	3,864
Sub-total	**62,506**	**62,062**
Unrealised or deferred capital gains and losses	(676)	(1,036)
Sub-total equity, Group share	**61,830**	**61,026**
Non-controlling interests	4,886	4,783
Total equity	66,716	**65,809**
Total	**1,363,644**	**1,309,428**

NB. Customer loans include lease financing.

(1) *At 1 January 2019, the first application of IFRS 16 results in the recognition of EUR 2,050 million of liabilities in respect of Lease liabilities recorded in Other liabilities for EUR 2,008 million and Non-current liabilities held for sale for EUR 42 million.*

10. APPENDIX 2: METHODOLOGY

1 - The Group's consolidated results as at March 31st, 2019 were examined by the Board of Directors on May 2nd, 2019.

The financial information presented in respect of Q1 2019 has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.

2 – Net banking income

The pillars' net banking income is defined on page 40 of Societe Generale's 2019 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, 2018 (pages 416 et seq. of Societe Generale's 2019 Registration Document). The term "costs" is also used to refer to Operating Expenses.
The Cost/Income Ratio is defined on page 40 of Societe Generale's 2019 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:

Q1 19 (in EUR m)	Net Banking Income	Operating Expenses	Net profit or losses from other assets	Group net income
Reported	**6,191**	**(4,789)**	**(51)**	**631**
(+) IFRIC 21 linearisation		*444*		*304*
(-) IFRS 5 effect on Group refocusing plan			(53)	(75)
Underlying	**6,191**	**(4,345)**	**2**	**1,010**

Q1 18 (in EUR m)	Net Banking Income	Operating Expenses	Net profit or losses from other assets	Group net income
Reported	**6,294**	**(4,729)**	**1**	**850**
(+) IFRIC 21 linearisation		*506*		*354*
Underlying	**6,294**	**(4,223)**	**1**	**1,204**

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 42 and 562 of Societe Generale's 2019 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)	Q1 19	Q1 18
French Retail Banking	Net Cost Of Risk	94	134
	Gross loan Outstandings	191,422	185,209
	Cost of Risk in bp	**20**	**29**
International Retail Banking & Financial Services	Net Cost Of Risk	128	91
	Gross loan Outstandings	129,861	131,630
	Cost of Risk in bp	**39**	**28**
Global Banking & Investor Solutions	Net Cost Of Risk	43	(27)
	Gross loan Outstandings	164,811	147,714
	Cost of Risk in bp	**10**	**(7)**
Corporate Centre	Net Cost Of Risk	(0)	9
	Gross loan Outstandings	9,248	7,085
	Cost of Risk in bp	**(1)**	**52**
Societe Generale Group	Net Cost Of Risk	264	208
	Gross loan Outstandings	495,341	471,637
	Cost of Risk in bp	**21**	**18**

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 42 and 43 of Societe Generale's 2019 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 43 of Societe Generale's 2019 Registration Document.
Group net income used for the ratio numerator is book Group net income adjusted for "interest, net of tax payable to holders of 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	Q1 19	Q1 18
Shareholders' equity Group share	**61,830**	**58,925**
Deeply subordinated notes	(9,473)	(8,362)
Undated subordinated notes	(283)	(263)
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	(37)	(218)
OCI excluding conversion reserves	(472)	(525)
Dividend provision	(2,025)	(2,136)
ROE equity end-of-period	**49,540**	**47,421**
Average ROTE equity	**49,434**	**47,523**
Average Goodwill	(4,701)	(5,158)
Average Intangible Assets	(2,193)	(1,966)
Average ROTE equity	**42,540**	**40,399**
Group net income (a)	**631**	**850**
Underlying Group net income (b)	**1,010**	**1,204**
Interest,net of tax on deeply subordinated notes and undated subordinated notes (c)	(110)	(102)
Cancellation of goodwill impairment (d)	67	
Adjusted Group net Income (e) = (a)+ (c)+(d)	**588**	**748**
Adjusted Underlying Group net Income (f)=(b)+(c)	**900**	**1,102**
Average ROTE equity (g)	**42,540**	**40,399**
ROTE [quarter: (4*e/g)]	5.5%	7.4%
Average ROTE equity (underlying) (h)	**42,730**	**40,576**
Underlying ROTE [quarter: (4*f/h)]	+8.4%	10.9%

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

In EURm	Q1 19	Q1 18	Change
French Retail Banking	**11,257**	11,387	-1.1%
International Retail Banking & Financial Services	**11,617**	11,400	+1.9%
Global Banking & Investor Solutions	**16,582**	14,742	+12.5%
Core Businesses	**39,456**	37,529	+5.1%
Corporate Centre	**9,978**	9,994	-0.2%
Group	**49,434**	47,523	+4.0%

8 – Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 45 of the Group's 2019 Registration Document. The items used to calculate them are presented below.

End of period	Q1 19	2018	2017
Shareholders' equity Group share	**61,830**	**61,026**	**59,373**
Deeply subordinated notes	(9,473)	(9,330)	(8,520)
Undated subordinated notes	(283)	(278)	(269)
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	(37)	(14)	(165)
Book value of own shares in trading portfolio	550	423	223
Net Asset Value	**52,587**	**51,827**	**50,642**
Goodwill	(4,544)	(4,860)	(5,154)
Intangible Asset	(2,162)	(2,224)	(1,940)
Net Tangible Asset Value	**45,881**	**44,743**	**43,548**
Number of shares used to calculate NAPS**	**804,211**	**801,942**	**801,067**
Net Asset Value per Share	**65.4**	**64.6**	**63.2**
Net Tangible Asset Value per Share	**57.1**	**55.8**	**54.4**

*** The number of shares considered is the number of ordinary shares outstanding as at March 31st, 2019, 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 44 of Societe Generale's 2019 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. As specified on page 44 of Societe Generale's 2019 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)	Q1 19	2018	2017
Existing shares	**807,918**	**807,918**	**807,754**
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	4,467	5,335	4,961
Other own shares and treasury shares	374	842	2,198
Number of shares used to calculate EPS**	**803,077**	**801,741**	**800,596**
Group net Income	**631**	**3,864**	**2,806**
Interest, net of tax on deeply subordinated notes and undated subordinated notes	(110)	(462)	(466)
Capital gain net of tax on partial buybacks			
Adjusted Group net income	**521**	**3,402**	**2,340**
EPS (in EUR)	**0.65**	**4.24**	**2.92**
Underlying EPS* (in EUR)	**1.12**	**5.00**	**5.03**

** 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 March 31st, 2019, 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.

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, aiming to be the trusted partner for its clients, committed to the positive transformations of society and the economy.

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 149,000 members of staff in 67 countries and supports on a daily basis 31 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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