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 Company (as defined below).

A further 5,000,000 European Style Cash Settled Long Certificates

relating to the ordinary shares of Keppel Corporation Limited

with a Daily Leverage of 5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$0.40 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 2019 including such further base listing documents as may be issued from time to time (the "**Base Listing Document**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

The Certificates shall be consolidated and form a single series with an existing issue of 5,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Keppel Corporation Limited (DLC SOCGEN5XLONG KEPCORP (DEKW)) issued by the Issuer and listed on the SGX-ST, in which dealings commenced on 7 November 2018 and details of which are contained in the Supplemental Listing Document dated 5 November 2018.

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).

The Certificates are complex products. You should exercise caution in relation to them. 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 Underlying Stock (as defined below) 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 Underlying Stock.

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 2019 (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 17 October 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.

16 October 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 and the Base Listing Document 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 and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) 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 Company 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 on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

Table of Contents

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 price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, 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 price of the Underlying Stock 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 price of the Underlying Stock, 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 Underlying Stock is suspended or halted on the relevant stock exchange, 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) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 26 to 30 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section of this document for more information;

(i) 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;

(j) 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);

(k) 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 (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);

(l) 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 Underlying Stock 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 Underlying Stock;

(m) 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 5 times the performance of the Underlying Stock 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;

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

(o) 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 Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock 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 price of the Underlying Stock of 20% or greater (comparative to the previous closing price of the Underlying Stock or the previous observed price in case of an air bag previously on the same day) during the Observation Period. Investors may refer to pages 45 to 46 of this document for more information;

(p) 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 13 on pages 32 to 34 of this document for more information;

(q) 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;

(r) 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 Underlying Stock. 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 Underlying Stock. 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 Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(s) 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 Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock 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 Underlying Stock 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;

(t) 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;

(u) 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;

(v) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

– Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and

– The price of the Underlying Stock 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 the Underlying Stock may be traded;

(w) the value of the Certificates depends on the Leverage Strategy 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;

(x) 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;

(y) 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;

(z) 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;

(aa) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986." Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(bb) 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. 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 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 and investment firms. 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 institution so as to ensure the continuity of the institution's critical financial and economic functions while minimising the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses).

Under the SRM Regulation, a centralized 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 institution that is subject to resolution in accordance with a set order of priority (the "**Bail-in Power**").

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 institution 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 minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution 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, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write down or conversion power is exercised or when the institution 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 Power could result in the full (i.e., to zero) or partial write-down or conversion into ordinary shares or other instruments of ownership of the Certificates, 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 resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write down, conversion or otherwise. In addition, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power 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 Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution'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, including implementing the Bail-in Power, 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 January 1, 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 preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

In addition, on November 9, 2015, the Financial Stability Board (the "**FSB**") published a standard on total loss absorbing capacity ("**TLAC**") which is set forth in a term sheet (the "**FSB TLAC Term Sheet**"). That standard –which has been adopted after the BRRD –shares similar objectives to MREL but covers a different scope. Moreover, the Council of the European Union published on February 14, 2019 a final compromise text for the modification of CRR and BRRD intending to give effect to the FSB TLAC Term Sheet and to modify the requirements for MREL eligibility.

The TLAC requirements are expected to be complied with since January 1, 2019 in accordance with the FSB principles. The TLAC requirements impose a level of "Minimum TLAC" that will be determined individually for each global systemically important bank ("**G-SIB**"), such as the Issuer and the Guarantor, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets through January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator through January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements). However, according to the final compromise text for the modification of CRR published by the Council of the European Union in February 2019, European Union G-SIBs will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the amending regulation. As such, G-SIBs will have to comply at the same time with TLAC and MREL described above.

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 January 1, 2015 and the SRM has been fully operational since January 1, 2016.

The application of any 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 any 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 Power, the exercise of write-down/conversion powers or any other resolution tools by the Resolution Authority independently of a resolution measure 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.

Following the publication on 7 June 2019 in the Official Journal of the EU 14 May 2019 by the Council of the Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC and of the Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the Single Resolution Mechanism Regulation (Regulation 806/2014) as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, a comprehensive legislative package reducing risks in the banking sector and further reinforcing banks' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system from 28 December 2020.

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 and the Base Listing Document.

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

Certificates:	A further 5,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Keppel Corporation Limited (the "**Underlying Stock**") The Certificates shall be consolidated and form a single series with an existing issue of 5,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Keppel Corporation Limited issued by the Issuer and listed on the SGX-ST, in which dealings commenced on 7 November 2018.
Company:	Keppel Corporation Limited (RIC: KPLM.SI)
Underlying Price[3] and Source:	S$6.11 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.40
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	4.60%, 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.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.

[3] These figures are calculated as at, and based on information available to the Issuer on 5 November 2018. 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 5 November 2018.
[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.

Launch Date:	14 October 2019
Closing Date:	16 October 2019
Expected Listing Date:	17 October 2019
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 28 October 2021
Expiry Date:	5 November 2021 (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:	3 November 2021 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
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 on Single Equities" section on pages 37 to 51 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 Exchange Business Day from (and including) the Exchange Business Day immediately preceding 7 November 2018 to the Valuation Date; and ACT (t-1;t) means the number of calendar days between the Exchange 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 on Single Equities" section on pages 37 to 51 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 18 to 21 below.
Initial Exchange Rate:	1
Final Exchange Rate:	1
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 Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 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 Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock 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 19

	to 21 below and the "Description of Air Bag Mechanism" section on pages 43 to 44 of this document for further information of the Air Bag Mechanism.
Underlying Stock Currency:	Singapore Dollar ("**SGD**")
Settlement Currency:	SGD
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 Underlying Stock:	The SGX-ST
Business Day and Exchange Business Day:	A "**Business Day**" or an "**Exchange 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.
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 price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price 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 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock 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 Underlying Stock 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 Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

$$\mathrm{LR_{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right)$$

$\mathbf{FC_{t-1,t}}$ 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 :

$$\mathrm{RC_{t-1,t}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right|\right) \times \mathrm{TC}$$

TC means the Transaction Costs applicable (including Stamp Duty) that are equal to :

0.04%

Leverage	5
$\mathbf{S_t}$	means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.
$\mathbf{Rate_t}$	means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula: $$\mathrm{Rate_t} = \mathrm{CashRate_t} + \%\mathrm{SpreadLevel_t}$$
$\mathbf{Rfactor_t}$	means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula : $$Rfactor_t = 1 - \frac{Div_t}{\mathbf{S_{t-1}}}$$ where Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.
$\mathbf{CashRate_t}$	means, in respect of each Observation Date(t), the SGD Swap Offer Rate (SOR) Reference Rate, as published on Reuters RIC SGDTRDONF=ABSG or any successor page.
$\%\mathbf{SpreadLevel_t}$	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 ICE LIBOR USD 12 Month, as published on Reuters RIC USD1YFSR= and (2) USD SWAP OIS 1Y, as published on Reuters RIC USD1YOIS= or any successor page. Provided that if such difference is negative, $\%\mathbf{SpreadLevel_t}$ should be 0%.
ACT(t-1,t)	ACT (t-1;t) means the number of calendar days between the Exchange Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).
DayCountBasisRate	365

<u>Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)</u>

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 :

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}} \times \left(1 + \mathrm{ILR_{IR(n),IR(C)}} - \mathrm{IRC_{IR(n),IR(C)}}\right), 0\right]$$

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

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}}, 0\right]$$

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

(1) for k = 1 :

$$\mathrm{ILSL_{IR(1)}} = \mathrm{Max}\left[\mathrm{LSL_{IRD-1}} \times \left(1 + \mathrm{ILR_{IR(0),IR(1)}} - \mathrm{FC_{IRD-1,IRD}} - \mathrm{IRC_{IR(0),IR(1)}}\right), 0\right]$$

(2) for k > 1 :

$$\mathrm{ILSL_{IR(k)}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(k-1)}} \times \left(1 + \mathrm{ILR_{IR(k-1),IR(k)}} - \mathrm{IRC_{IR(k-1),IR(k)}}\right), 0\right]$$

$\mathbf{ILR_{IR(k-1),IR(k)}}$ means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :

$$\mathrm{ILR_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times \left(\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right)$$

$\mathbf{IRC_{IR(k-1),IR(k)}}$ means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :

$$\mathrm{IRC_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}} \times Rfactor_t} - 1\right|\right) \times \mathrm{TC}$$

$\mathbf{I\mathit{S}_{IR(k)}}$ means the Underlying Stock Price in respect of IR(k) computed as follows :

(1) for k=0

$$\mathrm{iS_{IR(0)}} = \mathrm{S_{IRD-1}} \times \mathrm{Rfactor_{IRD}}$$

(2) for k=1 to n

means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to IR(C)

$$\mathrm{iS_{IR(C)}} = \mathrm{S_{IRD}}$$

In each case, 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 Underlying Stock (or any successor thereto) on the Observation Date 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 Underlying Stock (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) : (1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{iS_{IR(0)}}$ as of such Calculation Time. (2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{iS_{IR(k)}}$ as of such Calculation Time.
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 Underlying Stock (or any successor thereto).
TimeReferenceClosing	means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (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 trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock 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 on Single Equities" 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 ON SINGLE EQUITIES

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 11) are issued subject to and with the benefit of:-

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 21 June 2019, 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 Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

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 (as defined below) (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:

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

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 Exchange Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange 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 Exchange 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 Exchange Business Day but for the Market Disruption Event.

"**Market Disruption Event**" means the occurrence or existence on the Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) 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 Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(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.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

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 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) 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 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.

(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.

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

(a) *Potential Adjustment Event*. Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions*. "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent.

of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(f) *Notice of Adjustments*. 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 adjustment and of the date from which such adjustment is effective 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. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. 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.

12. Delisting

(a) Delisting. If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) Issuer's Determination. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. 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 13(c).

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 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 13(c) 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.

(c) *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.

14. 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.

15. 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.

16. 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 and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	Keppel Corporation Limited
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	A further 5,000,000 Certificates The Certificates shall be consolidated and form a single series with an existing issue of 5,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Keppel Corporation Limited issued by the Issuer and listed on the SGX-ST, in which dealings commenced on 7 November 2018.
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 21 June 2019 (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:	SGD
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 17 October 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 and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock 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 on Single Equities" for further details on the calculation of the Cash Settlement Amount.

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

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) <u>For Certificate Holders who trade the Certificates intraday</u>: 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) <u>For Certificate Holders who hold the Certificates overnight</u>: 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 Exchange Business Day from (and including) the Exchange 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:

Underlying Stock:	Ordinary shares of Keppel Corporation Limited
Expected Listing Date:	**03/07/2018**
Expiry Date:	**18/07/2018**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.4 SGD**
Notional Amount per Certificate:	**0.4 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**4.60%**
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n**th** Exchange Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

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

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

$$\mathrm{HFF}\ (1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 4.60\% \times \frac{1}{360}\right)$$

$$\mathrm{HFF}\ (1) = 100\% \times 99.9989\% \times 99.9872\% \approx 99.9861\%$$

Assuming 2nd Exchange Business Day falls 3 Calendar Days after 1st Exchange Business Day:

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

$$\mathrm{HFF}\ (2) = 99.9861\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 4.60\% \times \frac{3}{360}\right)$$

$$\mathrm{HFF}\ (2) = 99.9861\% \times 99.9967\% \times 99.9617\% \approx 99.9445\%$$

The same principle applies to the following Exchange Business Days:

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

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7919% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9861%
5/7/2018	99.9722%
6/7/2018	99.9583%
9/7/2018	99.9167%
10/7/2018	99.9028%
11/7/2018	99.8889%
12/7/2018	99.8751%
13/7/2018	99.8612%
16/7/2018	99.8196%
17/7/2018	99.8057%
18/7/2018	99.7919%

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 99.7919%

= 119.75%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.75% x 0.40 SGD

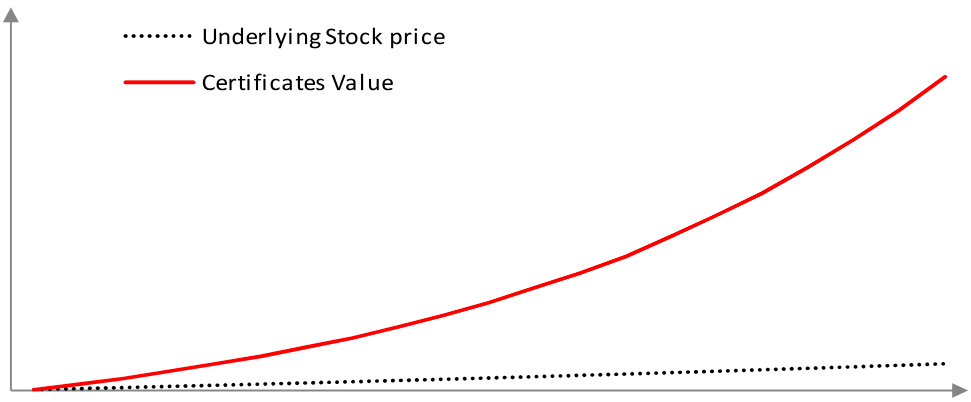
= 0.479 SGD

Illustration on how returns and losses can occur under different scenarios

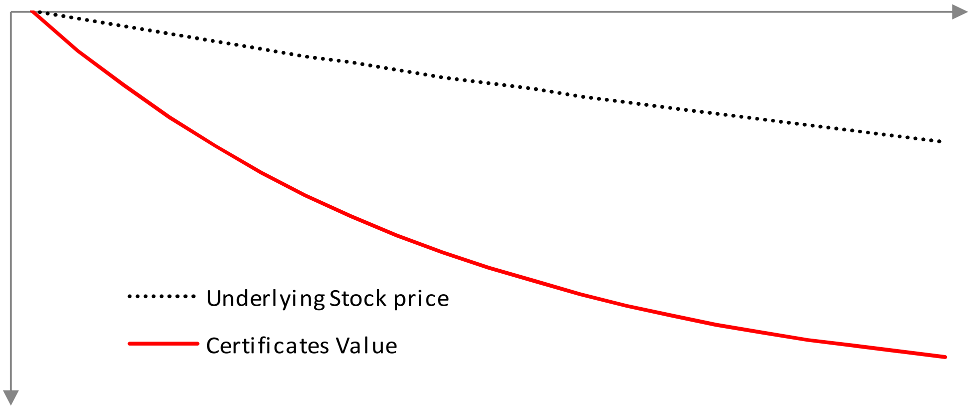
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

1. Illustrative examples

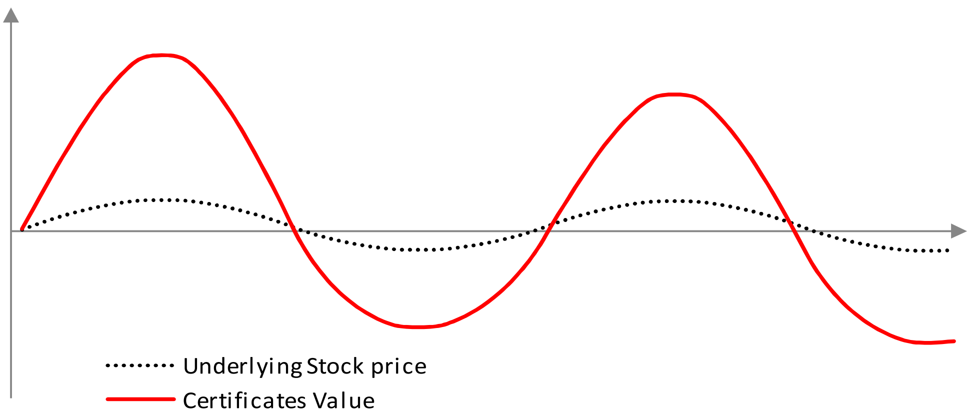
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	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		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.4	0.44	0.48	0.53	0.59	0.64
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying Stock						
	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		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.4	0.36	0.32	0.29	0.26	0.24
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying Stock						
	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		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	0.4	0.44	0.40	0.44	0.39	0.43
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock 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 price of the Underlying Stock is observed and its minimum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock 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

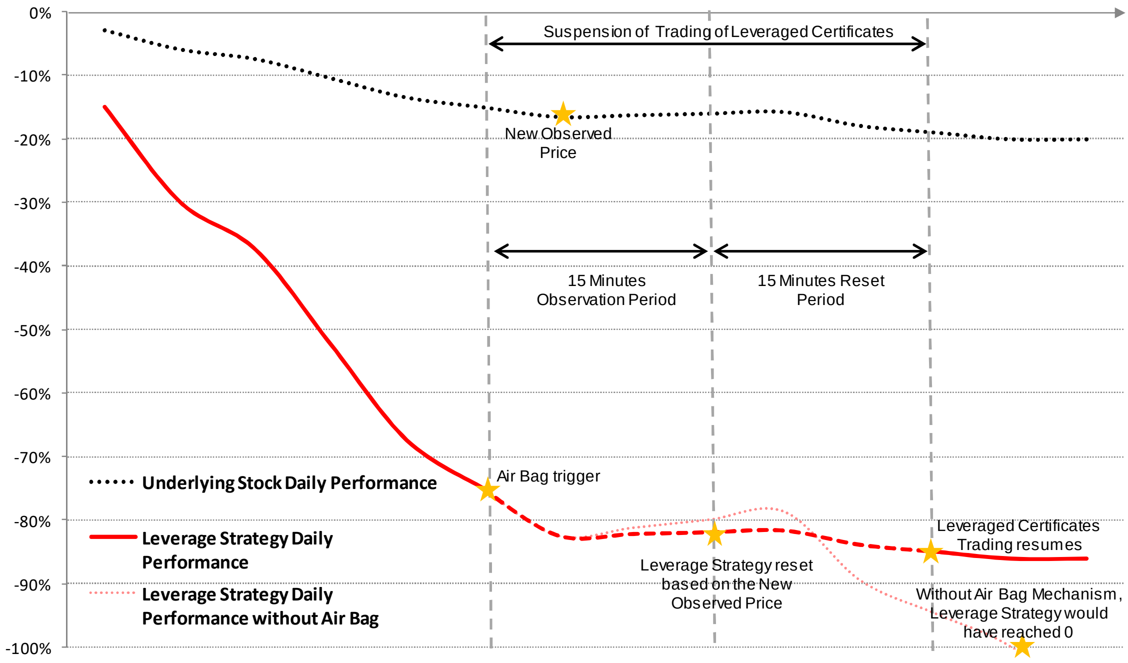
<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="5">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>
<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:

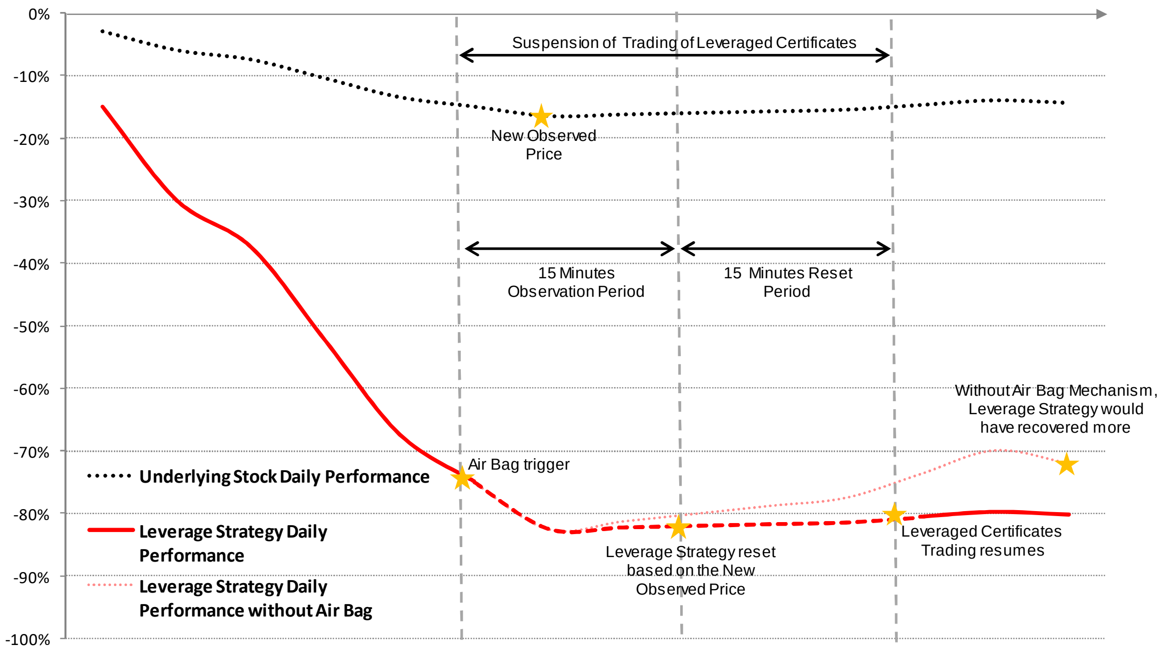
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

Illustrative examples of the Air Bag Mechanism

Scenario 1 – Downward Trend after Air Bag trigger



Scenario 2 – Upward Trend after Air Bag trigger

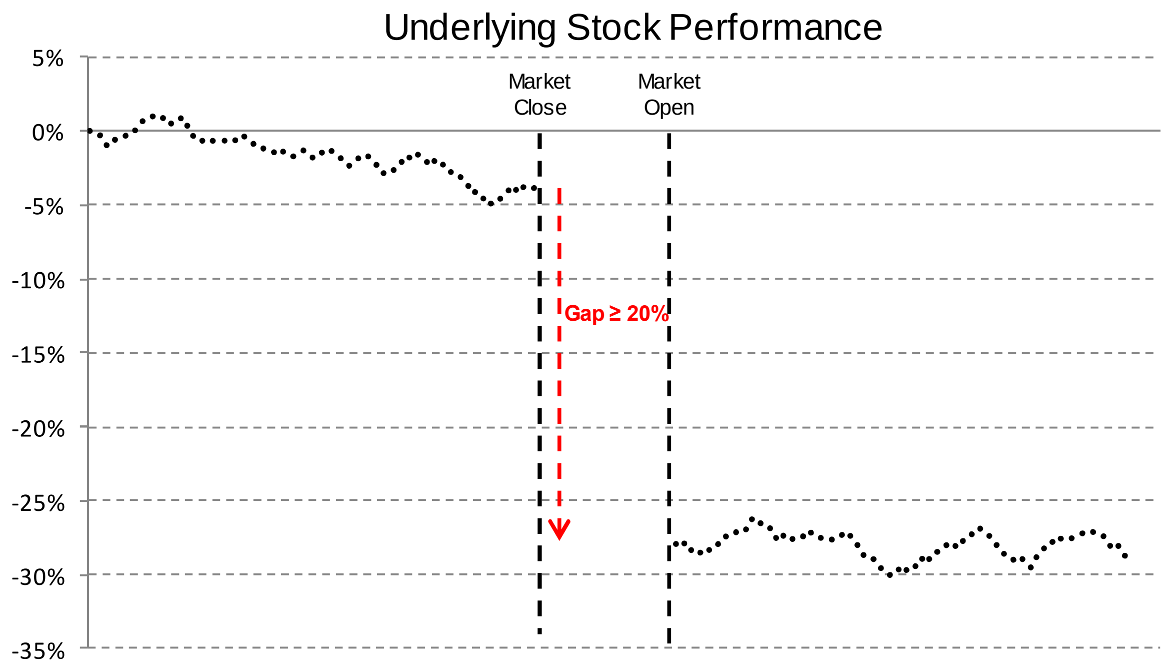


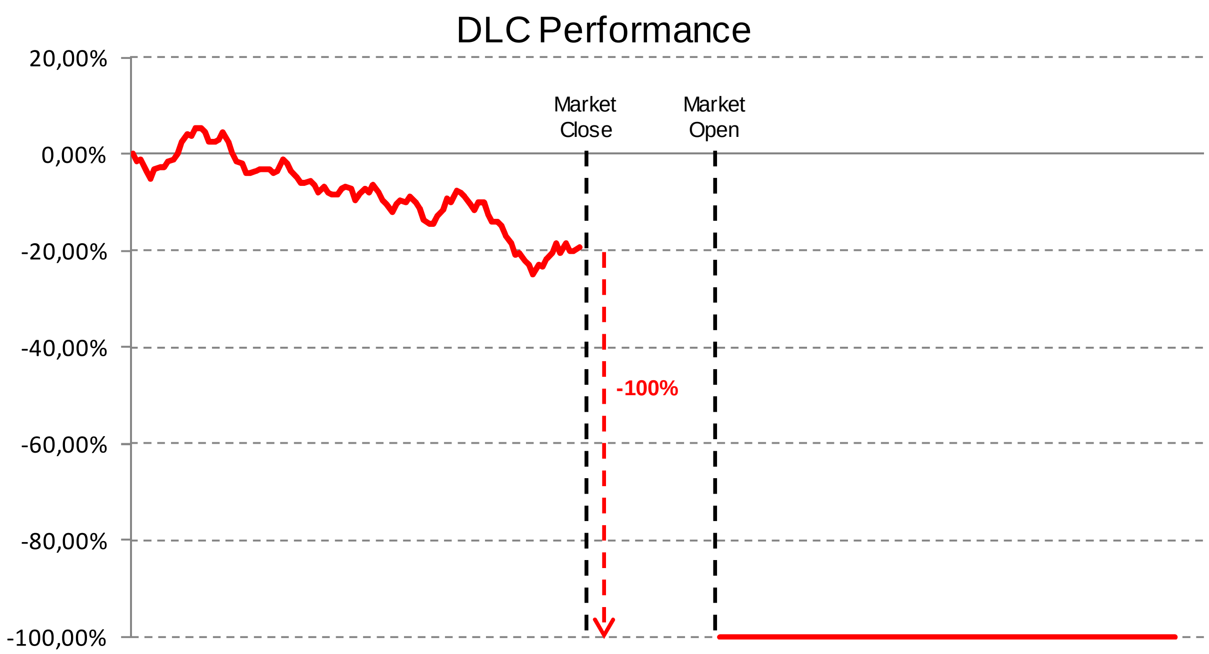
Scenarios where the investor may lose the entire value of the investment

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 Underlying Stock*</u>

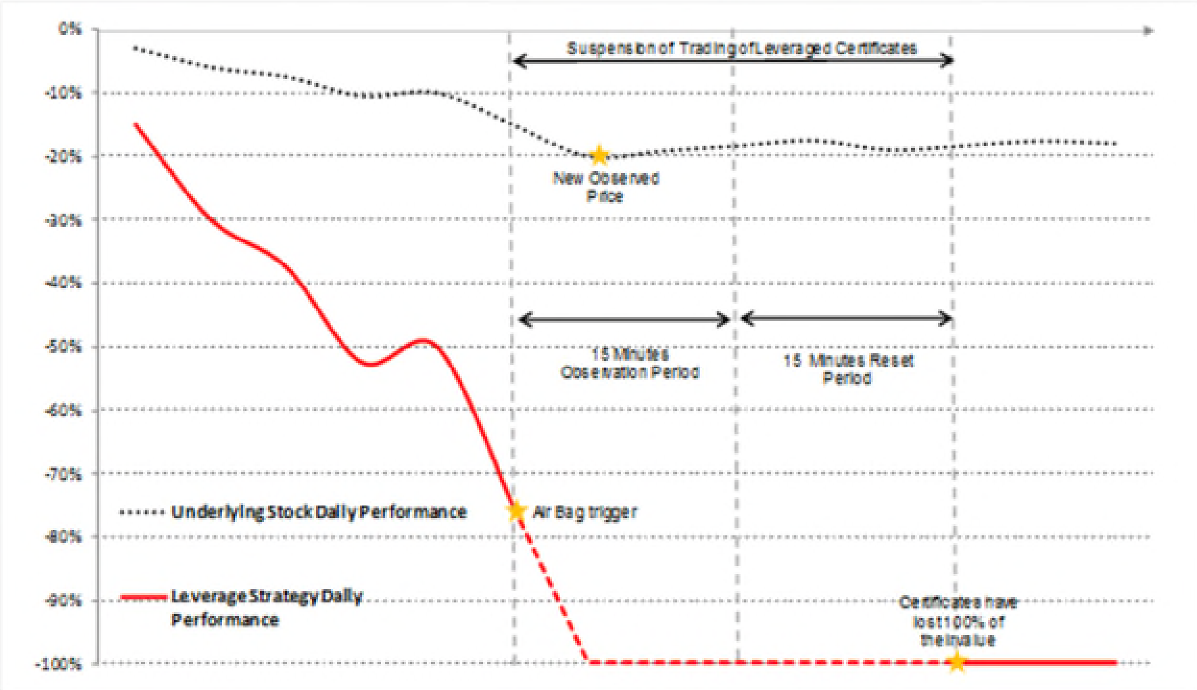
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more below the previous day closing price, 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 Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more compared to the previous closing price of the Underlying Stock or the previous observed price 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.



Examples and illustrations of adjustments due to certain corporate actions

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

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{\mathrm{S}_{\mathrm{t-1}}}\right] \times \frac{1}{1 + M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$\mathrm{DivExc_t}$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$\mathrm{S_{t-1}}$ = \$100

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0)}{100}\right] \times \frac{1}{1+1} = 50\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{51}{100 \times 50\%} - 1\right) = 10\%$$

$\mathrm{S_{t-1}}$	$\mathrm{S_{t-1}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.4	0.44	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $42.5, which is 15% below $50, the Underlying Stock Reference Price.

2. Share Consolidation

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$\mathrm{S_{t-1}}$ = $100

$\mathrm{S_t}$ = $202

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0)}{100}\right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{202}{100 \times 200\%} - 1\right) = 5\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.4	0.42	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$170, which is 15% below \$200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of \$40.

S_{t-1} = \$100

S_t = \$84

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

R = \$40 (i.e. subscription price of \$40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100}\right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \mathrm{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.4	0.5	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

S_{t-1} = \$100

S_t = \$85

$Div_t = \$0$

$DivExc_t = \$0$

R = \$0

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100}\right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = 10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.4	0.44	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

S_{t-1} = \$100

S_t = \$84

$Div_t = \$0$

$DivExc_t = \$20$

R = \$0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1+0} = 80\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{\mathrm{S}_t}{\mathrm{S}_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

S_{t-1}	$\mathrm{S}_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.4	0.5	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of the SGX-ST at http://www.sgx.com. The Issuer has not independently verified any of such information.

From its humble beginnings as a local ship repair yard in Singapore in the 1960s, Keppel Corporation Limited (the "**Keppel Group**" or the "**Company**") has expanded into three key businesses of Offshore & Marine, Infrastructure and Property, with operations spanning over 30 countries.

The Keppel Group of Companies includes Keppel Offshore and Marine, Keppel Integrated Engineering, Keppel Energy, Keppel Telecommunications and Transportation, K-Green Trust, Keppel Land and K-REIT Asia, among others.

Keppel Offshore & Marine is the global leader in offshore rig design and construction, ship repair and conversion, and specialised shipbuilding. With its core competencies and strong execution capabilities, it is the partner of choice in its chosen segments. Its strategic global network of over 20 yards and offices serving regions including Asia Pacific, Gulf of Mexico, Brazil, Caspian Sea, Middle East and the North Sea, enables effective execution of the Group's *Near Market, Near Customer* strategy.

The Infrastructure business comprises environmental engineering, power generation, logistics and data centre businesses. Keppel Integrated Engineering is a leading global provider of environmental solutions and engineering services, offering a complete range of water and thermal technology for municipal and industrial clients. Keppel Energy has a track record of developing, owning and operating power plants in Singapore, Asia and Latin America, while Keppel Telecommunications and Transportation is a leading service provider in Southeast Asia and Europe with businesses in logistics and data centres.

Keppel Land transforms cityscapes across Asia as the premier developer with a sterling portfolio of award-winning residential developments, integrated townships and investment-grade commercial properties. With a geographical spread across Asia with particular focus on Singapore, China, Vietnam and Indonesia, Keppel Land has a strategic focus on property development and property fund management.

The information set out in Appendix I of this document relates to the unaudited consolidated financial statements of the Company and its subsidiaries for the second quarter and half year ended 30 June 2019 and has been extracted and reproduced from an announcement by the Company dated 18 July 2019 in relation to the same. Further information relating to the Company may be located on the web-site of the SGX-ST at http://www.sgx.com.

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) where the Certificates are suspended from trading for any reason;

(iv) 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 the Underlying Stock;

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

(vi) 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;

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

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

(ix) when it is a public holiday in Singapore and/or the SGX-ST is not open for dealings; and

(x) 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 II of this document is a reproduction of the Issuer's condensed interim financial statements as at and for the six-month period ended 30 June 2019.

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix III of this document is a reproduction of the press release dated 1 August 2019 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 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 99 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, 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 and herein, there has been no material adverse change in the financial position or prospects of the Issuer or the Guarantor since 30 June 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 Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. 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) this document; and

(g) 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 this 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

REPRODUCTION OF THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019 OF KEPPEL CORPORATION LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the unaudited consolidated financial statements of the Company and its subsidiaries for the second quarter and half year ended 30 June 2019 and has been extracted and reproduced from an announcement by the Company dated 18 July 2019 in relation to the same.

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Media Release

Keppel nets profit of S$356m for 1H 2019

Interim dividend of 8.0 cents per share declared for 1H 2019.

Singapore, 18 July 2019 – Keppel Corporation Limited (Keppel) reported a net profit of S$356 million for the half year ended 30 June 2019, 39% below the S$586 million achieved a year ago, mainly due to lower contributions from en-bloc sales of property projects which amounted to S$416 million in 1H 2018.

Compared to 1H 2018, the six months of 2019 saw improved performance at Keppel Offshore & Marine which returned to profitability, higher contributions from M1 following the consolidation of its results with the Group, as well as strong earnings growth at Keppel Infrastructure and Keppel Capital.

The Group's 1H 2019 revenue of S$3,315 million, was 11% higher than the S$2,993 million achieved in 1H 2018, mainly due to higher sales contributions from Keppel Infrastructure, Keppel Capital and M1, offset by lower revenues from Keppel O&M and Keppel Land.

For the first six months of 2019, the Group achieved an annualised return on equity of 6.3%. Net gearing rose to 0.82x as at 30 June 2019, compared to 0.48x as at 31 December 2018, following the privatisation of M1 and Keppel Telecommunications & Transportation, as well as due to higher working capital requirements, the payment of the final cash dividend for FY 2018 and the recognition of lease liabilities. Free cash outflow was S$614 million in 1H 2019 compared to an inflow of S$873 million in 1H 2018 due to higher working capital requirements and lower proceeds from en-bloc sales.

The Group's net profit for 2Q 2019 was S$153 million, 39% lower than the S$249 million for 2Q 2018, in the absence of en-bloc sales of property projects, partly offset by stronger performance from Keppel Offshore & Marine, Keppel Infrastructure and Keppel Capital. Group revenue of S$1,784 million was 17% higher than the S$1,523 million achieved a year ago, with higher contributions across Keppel Infrastructure, Keppel Land, Keppel Capital and M1.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Our efforts to position Keppel for growth in new markets have borne fruit in 1H 2019, with the Group securing new offshore wind energy contracts worth approximately S$720m and selling more than 700 homes in Nanjing, China, which is a new market for Keppel Land.

"In the year to date, we have invested about S$100 million in venture capital and high-growth businesses and startups in areas such as prop tech, China tech start-ups, enterprise & deep tech, edge data centre solutions and batteries for electric vehicles. Our efforts to tap new technologies and innovations will enhance the depth and breadth of our solutions for sustainable urbanisation and equip Keppel to stay ahead in this fast-changing landscape."

Offshore & Marine

The Offshore & Marine (O&M) Division reported a net profit of S$10 million for 1H 2019, compared to a net loss of S$40 million a year ago, due mainly to higher investment income, lower net interest expense and a higher share of associated companies' profits.

As at end-June 2019, the O&M Division won quality contracts worth about S$1.9 billion, higher than the total value of new orders secured in the whole of 2018. These include offshore wind projects worth about S$720m from established renewable energy customers, namely Tennet Offshore and Ørsted. As at end June 2019, the Division's net orderbook stood at S$5.5 billion, the highest level since 2016, excluding projects for Sete Brasil.

Property

The Property Division recorded a net profit of S$262 million for 1H 2019, 57% lower year on year, due mainly to the lower gains from the en-bloc sales of development projects and lower contribution from Singapore property trading. The variance was partly offset by higher investment income and higher contributions from associated companies arising from fair value gains on investment properties.

The Property Division sold some 2,100 units in 1H 2019, up 52% from the same period in 2018, on the back of stronger performance in China and Vietnam. As it strengthens its presence in markets across Asia, the Property Division will also continue to pursue opportunities to unlock value and recycle its capital.

Infrastructure

The Infrastructure Division recorded a net profit of S$59 million in 1H 2019, underpinned by stronger performance across all of Keppel Infrastructure's business segments - Energy Infrastructure, Environmental Infrastructure and Infrastructure Services. However, in the absence of a dilution gain arising from Keppel DC REIT's private placement exercise in 1H 2018, the Division's overall earnings were 11% lower year on year.

In 1H 2019, Keppel Infrastructure progressed steadily with the development of the Keppel Marina East Desalination Plant and the Hong Kong Integrated Waste Management Facility, both of which will contribute long term recurring income when completed in 2020 and 2024 respectively. Keppel Electric is currently the leading electricity retailer in the Open Electricity Market, having secured over 150,000 household customers.

Investments

The Investments Division recorded a net profit of S$25 million for 1H 2019, reversing a net loss of S$46 million a year ago. This was due mainly to a fair value gain from the remeasurement of previously held interests in M1 as at acquisition date, as well as higher contributions from Keppel Capital and the consolidation of M1's results, which were partly offset by net interest expense in the current period as compared to net interest income in 1H 2018, a higher fair value loss on KrisEnergy warrants, charges related to the acquisition of M1, as well as a provision for impairment of an associated company.

As part of its business transformation, M1 has revamped its mobile offerings, and launched a simplified plan and a new website to enhance customer experience. Since the launch of the new One Plan in May, M1 secured more than 15,000 new customers within a month, taking its base to 2.25 million as at end-June 2019, an increase of about 80,000 customers year on year.

Financial Highlights

	1H 2019 (S$ m)	1H 2018* (S$ m)	Change (%)	2Q 2019 (S$ m)	2Q 2018* (S$ m)	Change (%)
Revenue	3,315	2,993	11	1,784	1,523	17
Operating Profit	482	766	(37)	160	280	(43)
Net Profit	356	586	(39)	153	249	(39)
Earnings per Share	19.6 cents	32.3 cents	(39)	8.4 cents	13.7 cents	(39)

- Annualised ROE was 6.3% for 1H 2019
- Net gearing was 0.82x at end-June 2019
- Free cash outflow was S$614m in 1H 2019 compared to an inflow of S$873m in 1H 2018
- Declared interim cash dividend of 8.0 cents per share for 1H 2019

** An agenda decision on a clarification in relation to capitalisation of borrowing costs by property developer under IAS 23 Borrowing Costs was finalised by the International Financial Reporting Standards Interpretations Committee during the year. As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's Property Division. Consequently, 2018 financial figures in this media release have been restated.*

– END –

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KEPPEL CORPORATION LIMITED

Co. Reg. No. 196800351N
(Incorporated in the Republic of Singapore)

SECOND QUARTER 2019 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

TABLE OF CONTENTS

KEPPEL CORPORATION LIMITED

Second Quarter 2019 Financial Statements and Dividend Announcement

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the second quarter and half year ended 30 June 2019.

1. GROUP PROFIT AND LOSS ACCOUNT for the second quarter and half year ended 30 June

	Note	Second Quarter			Half Year		
		30.6.2019 $'000	30.6.2018 $'000 Restated	+/- %	**30.6.2019 $'000**	30.6.2018 $'000 Restated	+/- %
Revenue		**1,784,510**	1,522,816	+17.2	**3,315,178**	2,992,733	+10.8
Materials & subcontract costs	(i)	**(1,224,501)**	(1,104,590)	+10.9	**(2,248,284)**	(2,102,811)	+6.9
Staff costs	(ii)	**(274,435)**	(214,878)	+27.7	**(536,285)**	(453,795)	+18.2
Depreciation & amortisation	(iii)	**(102,155)**	(43,557)	+134.5	**(169,779)**	(90,005)	+88.6
(Impairment loss)/Write-back of impairment loss on financial assets		**(2,316)**	2,837	NM	**(3,749)**	2,885	NM
Other operating (expense)/ income - net	(iv)	**(21,082)**	117,464	NM	**124,552**	417,471	-70.2
Operating profit		**160,021**	280,092	-42.9	**481,633**	766,478	-37.2
Investment income	(v)	**35,708**	2,362	NM	**40,121**	3,356	NM
Interest income		**41,995**	35,389	+18.7	**83,440**	66,510	+25.5
Interest expenses	(vi)	**(81,592)**	(55,640)	+46.6	**(150,626)**	(99,340)	+51.6
Share of results of associated companies	(vii)	**50,079**	34,891	+43.5	**34,404**	8,717	+294.7
Profit before tax		**206,211**	297,094	-30.6	**488,972**	745,721	-34.4
Taxation	1b	**(53,068)**	(45,057)	+17.8	**(99,299)**	(159,590)	-37.8
Profit for the period		**153,143**	252,037	-39.2	**389,673**	586,131	-33.5
Attributable to:							
Shareholders of the Company		**153,388**	249,052	-38.4	**356,283**	586,517	-39.3
Non-controlling interests		**(245)**	2,985	NM	**33,390**	(386)	NM
		153,143	252,037	-39.2	**389,673**	586,131	-33.5
Earnings per ordinary share							
- basic		**8.4 cts**	13.7 cts	-38.7	**19.6 cts**	32.3 cts	-39.3
- diluted		**8.4 cts**	13.6 cts	-38.2	**19.5 cts**	32.1 cts	-39.3

NM – Not Meaningful

An agenda decision on a clarification in relation to capitalisation of borrowing costs by property developer under IAS 23 Borrowing Costs was finalised by the International Financial Reporting Standards Interpretations Committee during the year. As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's Property Division. Consequently, the results for the second quarter and half year ended 30 June 2019 are restated.

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

1a. Pre-tax profit of the Group is arrived at after charging/(crediting) the following:

	Note	Second Quarter			Half Year		
		30.6.2019 $'000	30.6.2018 $'000	+/- %	**30.6.2019 $'000**	30.6.2018 $'000	+/- %
Share-based payment expenses		**6,865**	9,212	-25.5	**15,111**	18,831	-19.8
Profit on sale of fixed assets and investment properties	(viii)	**(649)**	(1,637)	-60.4	**(806)**	(1,867)	-56.8
Provision/(write-back of provision)							
- Stocks	(ix)	**798**	(10,460)	NM	**800**	(23,143)	NM
- Doubtful debts	(x)	**2,316**	(2,837)	NM	**3,749**	(2,885)	NM
Fair value (gain)/loss							
- Investments	(xi)	**(5,893)**	1,023	NM	**10,989**	8,971	+22.5
- Forward contracts	(xii)	**(5,346)**	(9,035)	-40.8	**11,713**	10,760	+8.9
- Financial derivatives		**121**	(535)	NM	**(67)**	(1,419)	-95.3
Foreign exchange (gain)/loss	(xiii)	**(6,697)**	48,026	NM	**(8,801)**	41,380	NM
(Write-back of impairment)/impairment of associated companies	(xiv)	**(329)**	(313)	+5.1	**18,342**	(626)	NM
Gain on disposal of subsidiaries	(xv)	**–**	(88,262)	NM	**(64,534)**	(425,132)	-84.8
Gain on disposal of an associated company	(xvi)	**–**	(36,979)	NM	**(54)**	(36,979)	-99.9
Fair value gain on investment properties	(xvii)	**(38,347)**	(48,300)	-20.6	**(38,347)**	(48,300)	-20.6
Gain from change in interest in associated companies	(xviii)	**(497)**	(21,191)	-97.7	**(4,618)**	(20,550)	-77.5
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	(xix)	**–**	–	–	**(158,376)**	–	NM

NM – Not Meaningful

<u>Note</u>:

(i) Materials & subcontract costs increased for the half year ended 30 June 2019 mainly as a result of higher revenue from the Investments (consolidation of M1 Limited ("M1") from date of acquisition) and Infrastructure Divisions, partly offset by lower revenue in the Property and Offshore & Marine Divisions.

(ii) Staff costs increased for the half year ended 30 June 2019 due mainly to consolidation of M1 from date of acquisition and higher manpower cost in the Offshore & Marine Division.

(iii) Depreciation & amortisation increased for the half year ended 30 June 2019 due mainly to the recognition of right-of-use assets following the adoption of SFRS(I) 16 *Leases* as disclosed in paragraph 9, as well as consolidation of M1 from date of acquisition.

(iv) Other operating income decreased for the half year ended 30 June 2019 due mainly to the lower gain on disposal of subsidiaries (Note xv), lower gain on disposal of associated companies (Note xvi), provision for stocks (Note ix), impairment of associated companies (Note xiv), lower gain from change in interest in associated companies (Note xviii) and lower fair value gain on investment properties (Note xvii), partly offset by fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary (Note xix) and foreign exchange gain (Note xiii).

(v) Higher investment income was largely attributable to distributions received by the Property Division.

(vi) Higher interest expense was mainly attributable to higher average borrowings as well as the recognition of lease liabilities following the adoption of SFRS(I) 16 as disclosed in paragraph 9.

(vii) Share of profit of associated companies for the half year ended 30 June 2019 was higher due mainly to higher contribution from associated companies in all divisions.

(viii) Profit on sale of fixed assets & investment properties in the current period was largely attributable to disposal of assets in the Property Division. The profit on sale of fixed assets in the prior period arose mainly from the Offshore & Marine and Infrastructure Divisions.

(ix) The provision for stocks in the current period arose mainly from the Offshore & Marine Division. The write-back of provision for stocks in the prior period arose mainly from the Property Division.

(x) The provision for doubtful debts arose mainly from the Investments and Offshore & Marine Divisions. The write-back of provision for doubtful debts in the prior period arose mainly from the Offshore & Marine Division.

(xi) Fair value loss (mark-to-market) on investment portfolio for the half year ended 30 June 2019 was due to decrease in prices of warrants, partly offset by increase in prices of stocks.

(xii) Fair value loss on forward contracts for the half year ended 30 June 2019 arose mainly from the hedging differential on forward exchange contracts due to elapse of time and fluctuations in interest rate, partly offset by fair value gain in relation to fair value hedge of United States dollar loan. The corresponding effects from revaluation of the United States dollar loan was recorded under foreign exchange loss (Note xiii).

(xiii) Foreign exchange gain for the half year ended 30 June 2019 was mainly attributable to the revaluation of net receivables denominated in United States dollar, which appreciated against Singapore dollar, partly offset by foreign exchange loss arising from the receipt of Renminbi-denominated dividends and revaluation of United States dollar loan which was hedged using forward exchange contracts. The effects from fair value on forward contracts was recorded under fair value loss on forward contracts (Note xii).

(xiv) The impairment of associated companies in the half year ended 30 June 2019 was mainly attributable to impairment of an associated company in the Investments Division. The write-back in the prior period was in relation to write-back of impairment of investments in the Infrastructure Division.

(xv) Gain on disposal of subsidiaries arose from the sale of 70% interest in Dong Nai Waterfront City LLC. In the prior period, gain on disposal of subsidiaries arose from the sale of Keppel China Marina Holdings Pte Ltd, Keppel Township Development (Shenyang) Co. Ltd and Keppel Bay Property Development (Shenyang) Co. Ltd.

(xvi) Gain on disposal of an associated company in the current period arose from divestment of Anew Corporation Limited. In the prior period, gain on disposal of an associated company arose from the sale of interest in Quoc Loc Phat Joint Stock Company.

(xvii) Fair value gain on investment properties in the half year ended 30 June 2019 arose from the Group's adoption of mid-year revaluation of its investment properties. In the prior period, fair value gain on investment property relates to Nassim Woods which has been designated for redevelopment for sale.

(xviii) Gain from change in interest in associated companies relates to change in interest in Keppel REIT and Keppel DC REIT.

(xix) Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary arose from the acquisition of M1.

1b. Taxation expenses for the half year ended 30 June 2019 were lower mainly because of write-back of tax provision in the Property, Investment and Offshore & Marine Divisions.

1c. Earnings per ordinary share

	Second Quarter			Half Year		
	30.6.2019	30.6.2018 Restated	+/-%	**30.6.2019**	30.6.2018 Restated	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	**8.4 cts**	13.7 cts	-38.7	**19.6 cts**	32.3 cts	-39.3
- Weighted average number of shares (excluding treasury shares) ('000)	**1,815,955**	1,814,536	+0.1	**1,815,955**	1,814,536	+0.1
(ii) On a fully diluted basis	**8.4 cts**	13.6 cts	-38.2	**19.5 cts**	32.1 cts	-39.3
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	**1,825,302**	1,825,502	-	**1,825,302**	1,825,502	-

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the second quarter and half year ended 30 June

		Second Quarter			Half Year		
		30.6.2019 $'000	30.6.2018 $'000 Restated	+/- %	**30.6.2019 $'000**	30.6.2018 $'000 Restated	+/- %
Profit for the period		**153,143**	252,037	-39.2	**389,673**	586,131	-33.5
<u>Items that may be reclassified subsequently to profit & loss account:</u>							
Cash flow hedges							
- Fair value changes arising during the period, net of tax	(i)	**(179,962)**	92,835	NM	**12,979**	168,442	-92.3
- Realised and transferred to profit & loss account	(ii)	**18,064**	(29,413)	NM	**32,984**	(59,105)	NM
Foreign exchange translation							
- Exchange differences arising during the period	(iii)	**(32,109)**	(14,213)	+125.9	**12,228**	44,188	-72.3
- Realised and transferred to profit & loss account		**(89)**	258	NM	**8,300**	4,609	+80.1
Share of other comprehensive income of associated companies							
- Cash flow hedges		**(9,352)**	10,400	NM	**(10,135)**	24,464	NM
- Foreign exchange translation		**13,171**	12,306	+7.0	**(10,192)**	15,202	NM
		(190,277)	72,173	NM	**46,164**	197,800	-76.7
<u>Items that will not be reclassified subsequently to profit & loss account:</u>							
Financial assets, at FVOCI							
- Fair value changes arising during the period	(iv)	**(23,187)**	15,517	NM	**(18,159)**	(7,578)	+139.6
Foreign exchange translation							
- Exchange differences arising during the period	(iii)	**(1,377)**	(4,428)	-68.9	**1,542**	7,075	-78.2
Share of other comprehensive income of associated companies							
- Financial assets, at FVOCI		**(3)**	7	NM	**116**	733	-84.2
		(24,567)	11,096	NM	**(16,501)**	230	NM
Other comprehensive (expense)/income for the period, net of tax		**(214,844)**	83,269	NM	**29,663**	198,030	-85.0
Total comprehensive (expense)/income for the period		**(61,701)**	335,306	NM	**419,336**	784,161	-46.5
Attributable to:							
Shareholders of the Company		**(60,072)**	336,284	NM	**384,228**	777,146	-50.6
Non-controlling interests		**(1,629)**	(978)	+66.6	**35,108**	7,015	NM
		(61,701)	335,306	NM	**419,336**	784,161	-46.5

NM – Not Meaningful

Note:

(i) Fair value differences were due mainly to the hedging differential on forward exchange contracts and fuel oil forward contracts.

(ii) These represented cash flow hedges, which were transferred to profit & loss account upon realisation.

(iii) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation gains for the half year ended 30 June 2019 and 30 Jun 2018 arose largely from the strengthening of foreign currencies, such as Renminbi against Singapore dollar.

(iv) Fair value changes were attributable to movements in prices of financial assets measured at fair value with fair value changes recognised in other comprehensive income.

3. BALANCE SHEETS as at 30 June

	Group			Company	
	30.6.2019	31.12.2018	01.01.2018	**30.6.2019**	31.12.2018
	$'000	$'000	$'000	**$'000**	$'000
		Restated	Restated		
Share capital	**1,291,722**	1,291,722	1,291,310	**1,291,722**	1,291,722
Treasury shares	**(9,625)**	(45,073)	(74)	**(9,625)**	(45,073)
Reserves	**9,831,292**	9,990,489	9,870,625	**6,915,020**	6,396,589
Share capital & reserves	**11,113,389**	11,237,138	11,161,861	**8,197,117**	7,643,238
Non-controlling interests	**466,536**	308,930	529,970	**–**	–
Total equity	**11,579,925**	11,546,068	11,691,831	**8,197,117**	7,643,238
Represented by:					
Fixed assets	**3,304,931**	2,372,560	2,432,963	**6,523**	6,676
Investment properties	**2,897,681**	2,851,380	3,460,608	**–**	–
Right-of-use assets	**430,941**	–	–	**14,507**	–
Subsidiaries	**–**	–	–	**8,091,612**	7,867,959
Associated companies	**6,100,347**	6,239,053	5,915,379	**–**	–
Investments	**587,196**	449,515	417,792	**16,957**	16,957
Long term assets	**1,203,785**	679,464	603,792	**17,257**	8,801
Intangibles	**1,719,590**	129,007	132,594	**–**	–
	16,244,471	12,720,979	12,963,128	**8,146,856**	7,900,393
Current assets					
Stocks	**5,655,794**	5,465,280	5,725,101	**–**	–
Contract assets	**3,328,596**	3,212,712	3,643,495	**–**	–
Amounts due from:					
- subsidiaries	**–**	–	–	**6,842,199**	4,043,121
- associated companies	**297,307**	291,729	342,960	**671**	548
Debtors	**3,024,135**	2,702,300	3,062,683	**17,412**	6,229
Derivative assets	**52,583**	45,976	181,226	**21,981**	23,217
Short term investments	**109,494**	136,587	202,776	**–**	27,400
Bank balances, deposits & cash	**1,768,238**	1,981,406	2,273,788	**542**	370
	14,236,147	13,835,990	15,432,029	**6,882,805**	4,100,885
Current liabilities					
Creditors	**4,284,904**	4,391,023	5,720,165	**84,046**	76,172
Derivative liabilities	**116,654**	119,405	37,969	**41,936**	27,796
Contract liabilities	**1,854,155**	1,918,547	1,950,151	**–**	–
Provisions for warranties	**62,601**	69,614	115,972	**–**	–
Amounts due to:					
- subsidiaries	**–**	–	–	**155,597**	162,611
- associated companies	**330,647**	115,824	253,331	**–**	–
Term loans	**3,812,759**	1,480,757	1,714,084	**2,593,850**	460,657
Lease liabilities	**65,959**	–	–	**4,154**	–
Taxation	**250,569**	297,922	220,761	**39,519**	43,519
	10,778,248	8,393,092	10,012,433	**2,919,102**	770,755
Net current assets	**3,457,899**	5,442,898	5,419,596	**3,963,703**	3,330,130
Non-current liabilities					
Term loans	**6,790,564**	6,067,752	6,078,919	**3,803,348**	3,495,610
Lease liabilities	**564,510**	–	–	**13,401**	–
Deferred taxation	**426,290**	188,340	325,359	**–**	–
Other non-current liabilities	**341,081**	361,717	286,615	**96,693**	91,675
	8,122,445	6,617,809	6,690,893	**3,913,442**	3,587,285
Net assets	**11,579,925**	11,546,068	11,691,831	**8,197,117**	7,643,238
Group net debt	***9,465,554***	*5,567,103*	*5,519,215*	***n.a.***	*n.a.*
Group net gearing ratio	***0.82x***	*0.48x*	*0.46x*	***n.a.***	*n.a.*

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

(i) Amount repayable in one year or less, or on demand

As at 30.6.2019		As at 31.12.2018	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
167,914	**3,710,804**	412,412	1,068,345

(ii) Amount repayable after one year

As at 30.6.2019		As at 31.12.2018	
Secured $'000	**Unsecured $'000**	Secured $'000	Unsecured $'000
845,751	**6,509,323**	185,874	5,881,878

(iii) Details of any collateral and securities

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of $766,799,000 (31 December 2018: $1,065,652,000) to banks for loan facilities. Included in secured borrowings are current lease liabilities of $65,959,000 and non-current lease liabilities of $564,510,000 which are secured over the right-of-use assets of $430,941,000.

3b. Net asset value

	Group			**Company**		
	30.6.2019	31.12.2018 Restated	+/-%	**30.6.2019**	31.12.2018	+/-%
Net asset value per ordinary share *	**$6.12**	$6.20	-1.3	**$4.51**	$4.22	+6.9
Net tangible asset per ordinary share *	**$5.17**	$6.13	-15.7	**$4.51**	$4.22	+6.9

* Based on share capital of 1,817,126,618 ordinary shares (excluding treasury shares) as at the end of the financial period (31 December 2018: 1,812,458,136 ordinary shares (excluding treasury shares).

3c. Balance sheet analysis

Group shareholder's funds decreased by $0.12 billion to $11.11 billion at 30 June 2019. The decrease was mainly attributable to payment of final dividend of 15.0 cents per share in respect of financial year 2018, adoption of SFRS(I) 16 *Leases* and acquisition of the remaining stake in Keppel Telecommunications & Transportation Ltd, partly offset by retained profits and increase in fair value on cash flow hedges for the half year ended 30 June 2019.

Group total assets were $30.48 billion at 30 June 2019, $3.92 billion higher than the previous year end. Non-current assets increased due mainly to increase in fixed assets following the consolidation of M1, recognition of intangibles due to M1 acquisition, recognition of right-of-use assets arising from the adoption of SFRS(I) 16 and increase in long term receivables. Increase in current assets was due mainly to the increase in debtors.

Group total liabilities of $18.90 billion at 30 June 2019 were $3.89 billion higher than the previous year end. This was largely attributable to the increase in term loans and recognition of lease liabilities arising from the adoption of SFRS(I) 16.

Group net debt increased by $3.90 billion to $9.47 billion at 30 June 2019. This was due mainly to the acquisition of M1 of $1.23 billion, consolidation of M1's net debt of $0.41 billion at date of acquisition, acquisition of remaining interest in Keppel Telecommunications & Transportation of $0.22 billion, payment of final dividend in respect of financial year 2018 of $0.27 billion, the recognition of lease liabilities of $0.65 billion at date of adoption of SFRS(I) 16, as well as working capital requirements of $1.10 billion.

Group net gearing ratio increased from 48% at 31 December 2018 to 82% at 30 June 2019. This was largely driven by increase in group net debt.

4. STATEMENTS OF CHANGES IN EQUITY for the second quarter and half year ended 30 June

4a. Statement of changes in equity of the Group

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
2019								
As previously reported at 31 December 2018	**1,291,722**	**(45,073)**	**194,943**	**10,330,287**	**(493,669)**	**11,278,210**	**308,930**	**11,587,140**
Effects of change in accounting policy on capitalisation of borrowing costs	**–**	**–**	**–**	**(41,072)**	**–**	**(41,072)**	**–**	**(41,072)**
As restated at 31 December 2018	**1,291,722**	**(45,073)**	**194,943**	**10,289,215**	**(493,669)**	**11,237,138**	**308,930**	**11,546,068**
Adoption of SFRS(I) 16	**–**	**–**	**–**	**(199,818)**	**–**	**(199,818)**	**(2,744)**	**(202,562)**
As adjusted at 1 January 2019	**1,291,722**	**(45,073)**	**194,943**	**10,089,397**	**(493,669)**	**11,037,320**	**306,186**	**11,343,506**
Total comprehensive income for first quarter								
Profit for first quarter	**–**	**–**	**–**	**202,895**	**–**	**202,895**	**33,635**	**236,530**
Other comprehensive income *	**–**	**–**	**212,042**	**–**	**29,363**	**241,405**	**3,102**	**244,507**
Total comprehensive income for first quarter	**–**	**–**	**212,042**	**202,895**	**29,363**	**444,300**	**36,737**	**481,037**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Share-based payment	**–**	**–**	**8,058**	**–**	**–**	**8,058**	**157**	**8,215**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(596)**	**(596)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**34,558**	**(34,423)**	**–**	**–**	**135**	**–**	**135**
Cash subscribed by non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**180**	**180**
Contributions to defined benefits plans	**–**	**–**	**363**	**–**	**–**	**363**	**–**	**363**
Total contributions by and distributions to owners	**–**	**34,558**	**(26,002)**	**–**	**–**	**8,556**	**(259)**	**8,297**
Changes in ownership interests in subsidiaries								
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**308,016**	**308,016**
Total change in ownership interests in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**308,016**	**308,016**
Total transactions with owners	**–**	**34,558**	**(26,002)**	**–**	**–**	**8,556**	**307,757**	**316,313**
As at 31 March 2019	**1,291,722**	**(10,515)**	**380,983**	**10,292,292**	**(464,306)**	**11,490,176**	**650,680**	**12,140,856**

4a. Statement of changes in equity of the Group (cont'd)

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
2019								
Total comprehensive income for second quarter								
Profit for second quarter	**–**	**–**	**–**	**153,388**	**–**	**153,388**	**(245)**	**153,143**
Other comprehensive income *	**–**	**–**	**(194,433)**	**–**	**(19,027)**	**(213,460)**	**(1,384)**	**(214,844)**
Total comprehensive income for second quarter	**–**	**–**	**(194,433)**	**153,388**	**(19,027)**	**(60,072)**	**(1,629)**	**(61,701)**
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	**–**	**–**	**–**	**(272,568)**	**–**	**(272,568)**	**–**	**(272,568)**
Share-based payment	**–**	**–**	**6,372**	**–**	**–**	**6,372**	**117**	**6,489**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(9,256)**	**(9,256)**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**890**	**(890)**	**–**	**–**	**–**	**–**	**–**
Transfer of statutory, capital and other reserves from revenue reserves	**–**	**–**	**2,978**	**(2,978)**	**–**	**–**	**–**	**–**
Cash subscribed by non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**29**	**29**
Contributions to defined benefits plans	**–**	**–**	**(257)**	**–**	**–**	**(257)**	**–**	**(257)**
Total contributions by and distributions to owners	**–**	**890**	**8,203**	**(275,546)**	**–**	**(266,453)**	**(9,110)**	**(275,563)**
Changes in ownership interests in subsidiaries								
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**(15)**	**(15)**
Acquisition of additional interest in subsidiaries	**–**	**–**	**–**	**(50,262)**	**–**	**(50,262)**	**(173,390)**	**(223,652)**
Total change in ownership interests in subsidiaries	**–**	**–**	**–**	**(50,262)**	**–**	**(50,262)**	**(173,405)**	**(223,667)**
Total transactions with owners	**–**	**890**	**8,203**	**(325,808)**	**–**	**(316,715)**	**(182,515)**	**(499,230)**
As at 30 June 2019	**1,291,722**	**(9,625)**	**194,753**	**10,119,872**	**(483,333)**	**11,113,389**	**466,536**	**11,579,925**

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

4a. Statement of changes in equity of the Group (cont'd)

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
2018								
As previously reported at 31 December 2017	1,291,310	(74)	281,407	10,193,647	(323,556)	11,442,734	530,225	11,972,959
Effects of change in accounting policy on capitalisation of borrowing	–	–	–	(45,635)	–	(45,635)	–	(45,635)
As restated at 1 January 2018	1,291,310	(74)	281,407	10,148,012	(323,556)	11,397,099	530,225	11,927,324
Adoption of SFRS(I) 9	–	–	1,058	(236,296)	–	(235,238)	(255)	(235,493)
As adjusted at 1 January 2018	1,291,310	(74)	282,465	9,911,716	(323,556)	11,161,861	529,970	11,691,831
Total comprehensive income for first quarter								
Profit for first quarter	–	–	–	337,465	–	337,465	(3,371)	334,094
Other comprehensive income *	–	–	37,749	–	65,648	103,397	11,364	114,761
Total comprehensive income for first quarter	–	–	37,749	337,465	65,648	440,862	7,993	448,855
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Share-based payment	–	–	9,197	–	–	9,197	136	9,333
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(1,425)	(1,425)
Shares issued	412	–	–	–	–	412	–	412
Purchase of treasury shares	–	(62,223)	–	–	–	(62,223)	–	(62,223)
Treasury shares reissued pursuant to share plans and share option scheme	–	42,437	(39,431)	–	–	3,006	–	3,006
Transfer of statutory, capital and other reserves from revenue reserves	–	–	11,964	(11,964)	–	–	–	–
Contributions to defined benefits plans	–	–	(26)	–	–	(26)	–	(26)
Other adjustments	–	–	–	30	–	30	4,442	4,472
Total contributions by and distributions to owners	412	(19,786)	(18,296)	(11,934)	–	(49,604)	3,153	(46,451)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	–	–	(1,605)	–	–	(1,605)	1,353	(252)
Disposal of interest in subsidiaries	–	–	–	–	–	–	5,568	5,568
Total change in ownership interests in subsidiaries	–	–	(1,605)	–	–	(1,605)	6,921	5,316
Total transactions with owners	412	(19,786)	(19,901)	(11,934)	–	(51,209)	10,074	(41,135)
As at 31 March 2018	1,291,722	(19,860)	300,313	10,237,247	(257,908)	11,551,514	548,037	12,099,551

4a. Statement of changes in equity of the Group (cont'd)

	Attributable to owners of the Company							
	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Foreign Exchange Translation Account $'000	Share Capital & Reserves $'000	Non-controlling Interests $'000	Total Equity $'000
2018								
Total comprehensive income for second quarter								
Profit for second quarter	–	–	–	249,052	–	249,052	2,985	252,037
Other comprehensive income *	–	–	88,881	–	(1,649)	87,232	(3,963)	83,269
Total comprehensive income for second quarter	–	–	88,881	249,052	(1,649)	336,284	(978)	335,306
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend paid	–	–	–	(254,290)	–	(254,290)	–	(254,290)
Share-based payment	–	–	8,800	–	–	8,800	132	8,932
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(10,834)	(10,834)
Purchase of treasury shares	–	(21,893)	–	–	–	(21,893)	–	(21,893)
Treasury shares reissued pursuant to share plans and share option scheme	–	2,884	(1,019)	–	–	1,865	–	1,865
Transfer of statutory, capital and other reserves from revenue reserves	–	–	(16)	16	–	–	–	–
Contributions to defined benefits plans	–	–	17	–	–	17	–	17
Total contributions by and distributions to owners	–	(19,009)	7,782	(254,274)	–	(265,501)	(10,702)	(276,203)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	–	–	–	–	–	–	(1,283)	(1,283)
Disposal of interest in subsidiaries	–	–	–	–	–	–	(14)	(14)
Total change in ownership interests in subsidiaries	–	–	–	–	–	–	(1,297)	(1,297)
Total transactions with owners	–	(19,009)	7,782	(254,274)	–	(265,501)	(11,999)	(277,500)
As at 30 June 2018	1,291,722	(38,869)	396,976	10,232,025	(259,557)	11,622,297	535,060	12,157,357

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

4b. Statement of changes in equity of the Company

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
2019					
As at 1 January 2019	**1,291,722**	**(45,073)**	**202,141**	**6,194,448**	**7,643,238**
Profit / Total comprehensive income for first quarter	**–**	**–**	**–**	**(7,010)**	**(7,010)**
Transactions with owners, recognised directly in equity					
Share-based payment	**–**	**–**	**7,507**	**–**	**7,507**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**34,558**	**(34,423)**	**–**	**135**
Total transactions with owners	**–**	**34,558**	**(26,916)**	**–**	**7,642**
As at 31 March 2019	**1,291,722**	**(10,515)**	**175,225**	**6,187,438**	**7,643,870**
Profit / Total comprehensive income for second quarter	**–**	**–**	**–**	**819,215**	**819,215**
Transactions with owners, recognised directly in equity					
Dividend paid	**–**	**–**	**–**	**(272,568)**	**(272,568)**
Share-based payment	**–**	**–**	**6,600**	**–**	**6,600**
Treasury shares reissued pursuant to share plans and share option scheme	**–**	**890**	**(890)**	**–**	**–**
Total transactions with owners	**–**	**890**	**5,710**	**(272,568)**	**(265,968)**
As at 30 June 2019	**1,291,722**	**(9,625)**	**180,935**	**6,734,085**	**8,197,117**
2018					
As at 1 January 2018	1,291,310	(74)	209,506	6,132,150	7,632,892
Profit / Total comprehensive income for first quarter	–	–	–	628,912	628,912
Transactions with owners, recognised directly in equity					
Share-based payment	–	–	8,645	–	8,645
Shares issued	412	–	–	–	412
Purchase of treasury shares	–	(62,223)	–	–	(62,223)
Treasury shares reissued pursuant to share plans and share option scheme	–	42,437	(39,431)	–	3,006
Other adjustments	–	–	–	30	30
Total transactions with owners	412	(19,786)	(30,786)	30	(50,130)
As at 31 March 2018	1,291,722	(19,860)	178,720	6,761,092	8,211,674
Profit / Total comprehensive income for second quarter	–	–	–	11,326	11,326
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(254,290)	(254,290)
Share-based payment	–	–	8,266	–	8,266
Purchase of treasury shares	–	(21,893)	–	–	(21,893)
Treasury shares reissued pursuant to share plans and share option scheme	–	2,884	(1,019)	–	1,865
Total transactions with owners	–	(19,009)	7,247	(254,290)	(266,052)
As at 30 June 2018	1,291,722	(38,869)	185,967	6,518,128	7,956,948

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2019	1,818,394,180	5,936,044
Treasury shares transferred pursuant to share option scheme	–	(44,000)
Treasury shares transferred pursuant to share plans	–	(4,507,271)
As at 31 March 2019	**1,818,394,180**	**1,384,773**
Treasury shares transferred pursuant to restricted share plan	–	(117,211)
As at 30 June 2019	**1,818,394,180**	**1,267,562**

Treasury shares
During the six months ended 30 June 2019, the Company transferred 4,668,482 (30 June 2018: 5,317,067) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. There was no treasury shares purchased (30 June 2018: 10,361,000) during the period. As at 30 June 2019, the number of treasury shares held by the Company represented 0.07% (30 June 2018: 0.28%) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the six months ended 30 June 2019.

Share options
As at 30 June 2019, there were unexercised options for 1,688,485 of unissued ordinary shares (30 June 2018: 3,734,185 ordinary shares) under the KCL Share Options Scheme. 44,000 options (30 June 2018: 766,000) and 69,500 options were exercised during the six months and twelve months ended 30 June 2019 respectively. Unexercised options for 157,700 (30 June 2018: 1,588,600) and 1,976,200 of unissued ordinary shares were cancelled during the six months and twelve months ended 30 June 2019 respectively.

KCL Performance Share Plan (“KCL PSP”)
As at 30 June 2019, the number of contingent shares granted but not released were 3,885,000 (30 June 2018: 2,980,000) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 5,827,500 under KCL PSP.

KCL Performance Share Plan – Transformation Incentive Plan (“KCL PSP-TIP”)
As at 30 June 2019, the number of contingent shares granted but not released were 5,920,967 (30 June 2018: 6,347,491) for KCL PSP-TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 8,881,451 under KCL PSP-TIP.

KCL Restricted Share Plan (“KCL RSP”)
There are no contingent shares granted but not released as at 30 June 2019 and 30 June 2018.

As at 30 June 2019, the number of awards released but not vested was 27,241 (30 June 2018: 1,711,918) for KCL RSP.

KCL Restricted Share Plan – Deferred Shares (“KCL RSP-Deferred Shares”)
There are no contingent shares granted but not released as at 30 June 2019 and 30 June 2018.

As at 30 June 2019, the number of awards released but not vested was 4,078,869 (30 June 2018: 2,734,968) for KCL RSP-Deferred Shares.

The movements in the number of shares under KCL PSP, KCL PSP-TIP, KCL RSP and KCL RSP-Deferred shares are as follows:

Contingent awards:

	Number of shares					
Date of Grant	At 1.1.19	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 30.6.19
KCL PSP						
29.4.2016	645,000	–	(264,400)	(380,600)	–	–
28.4.2017	1,070,000	–	–	–	–	1,070,000
30.4.2018	1,180,000	–	–	–	–	1,180,000
30.4.2019	–	1,635,000	–	–	–	1,635,000
	2,895,000	1,635,000	(264,400)	(380,600)	–	3,885,000
KCL PSP-TIP						
29.4.2016	3,935,967	–	–	–	(45,000)	3,890,967
28.4.2017	2,030,000	–	–	–	–	2,030,000
	5,965,967	–	–	–	(45,000)	5,920,967

Awards:

	Number of shares					
Date of Grant	At 1.1.19	Awards granted	Adjustment upon release	Released	Cancelled	At 30.6.19
KCL RSP-Deferred shares						
15.2.2019	–	3,908,536	–	(3,908,536)	–	–
16.4.2019	–	325,635	–	(325,635)	–	–
	–	4,234,171	–	(4,234,171)	–	–

Awards released but not vested:

Date of Grant	Number of shares At 1.1.19	Released	Vested	Cancelled	Other adjustments	At 30.6.19
KCL PSP						
29.4.2016	–	380,600	(380,600)	–	–	–
	–	380,600	(380,600)	–	–	–
KCL RSP						
31.3.2014	4,200	–	–	(600)	–	3,600
31.3.2015	11,000	–	–	(3,300)	–	7,700
29.4.2016	1,614,918	–	(1,565,032)	(33,945)	–	15,941
	1,630,118	–	(1,565,032)	(37,845)	–	27,241
KCL RSP- Deferred shares						
23.2.2018	2,586,237	–	(1,270,194)	(47,721)	–	1,268,322
15.2.2019	–	3,908,536	(1,300,791)	(14,019)	–	2,593,726
18.4.2019	–	325,635	(107,865)	(949)	–	216,821
	2,586,237	4,234,171	(2,678,850)	(62,689)	–	4,078,869

4d. Capital reserves

	Group		Company	
	30.6.2019 $'000	30.6.2018 $'000	**30.6.2019 $'000**	30.6.2018 $'000
Share option and share plans reserve	**191,843**	188,732	**165,123**	163,197
Fair value reserve	**51,227**	93,334	**16,957**	15,012
Hedging reserve	**(162,734)**	21,593	**–**	–
Bonus issue by subsidiaries	**40,000**	40,000	**–**	–
Others	**74,417**	53,317	**(1,145)**	7,758
	194,753	396,976	**180,935**	185,967

5. CONSOLIDATED STATEMENT OF CASH FLOWS
for the second quarter and half year ended 30 June

	Note	Second Quarter		Half Year	
		30.6.2019	30.6.2018	**30.6.2019**	30.6.2018
		$'000	$'000	**$'000**	$'000
	Note		Restated		Restated
OPERATING ACTIVITIES					
Operating profit		**160,021**	280,092	**481,633**	766,478
Adjustments:					
Depreciation and amortisation		**102,155**	43,557	**169,779**	90,005
Share-based payment expenses		**6,865**	9,212	**15,111**	18,831
Gain on sale of fixed assets and an investment property		**(649)**	(1,637)	**(806)**	(1,867)
(Write-back of impairment)/impairment of investments		**(329)**	(313)	**18,342**	(626)
Gain on disposal of subsidiaries		**–**	(88,262)	**(64,534)**	(425,132)
Gain on disposal of associated companies		**–**	(36,979)	**(54)**	(36,979)
Gain from change in interest in associated companies		**(497)**	(21,191)	**(4,618)**	(20,550)
Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary		**–**	–	**(158,376)**	–
Fair value gain on investment properties		**(38,347)**	(48,300)	**(38,347)**	(48,300)
Unrealised foreign exchange differences		**30,860**	29,037	**16,007**	4,109
Operational cash flow before changes in working capital		**260,079**	165,216	**434,137**	345,969
Working capital changes:					
Stocks		**23,440**	(2,511)	**(160,870)**	(185,756)
Contract assets		**170,901**	70,354	**43,380**	557,335
Debtors		**(81,506)**	161,171	**(419,598)**	(453)
Creditors		**(470,107)**	168,632	**(362,668)**	(203,009)
Contract liabilities		**43,899**	(86,939)	**(70,729)**	33,473
Investments		**(47,285)**	(12,599)	**(128,747)**	(26,055)
Amount due to/from associated companies		**21,147**	172	**436**	(5,652)
		(79,432)	463,496	**(664,659)**	515,852
Interest received		**41,995**	35,389	**83,440**	66,510
Interest paid		**(81,589)**	(49,259)	**(150,621)**	(92,959)
Income taxes paid, net of refunds received		**(102,852)**	(82,503)	**(164,530)**	(132,603)
Net cash (used in)/from operating activities		**(221,878)**	367,123	**(896,370)**	356,800
INVESTING ACTIVITIES					
Acquisition of a subsidiary	5a	**(83,176)**	–	**(1,143,012)**	–
Acquisition and further investment in associated companies		**(149,587)**	(1,614)	**(334,451)**	(2,786)
Acquisition of fixed assets and investment properties		**(65,726)**	(73,703)	**(306,981)**	(130,966)
Disposal of subsidiaries	5b	**20,227**	248,125	**18,481**	661,601
Proceeds from disposal of fixed assets		**1,779**	2,588	**2,190**	3,038
Proceeds from disposal of associated companies and return of capital		**1,460**	–	**3,460**	590
Advances to/from associated companies		**152,865**	(27,882)	**189,940**	(239,309)
Dividends received from investments and associated companies		**100,087**	65,635	**147,817**	167,929
Net cash (used in)/from investing activities		**(22,071)**	213,149	**(1,422,556)**	460,097
FINANCING ACTIVITIES					
Acquisition of additional interest in subsidiaries		**(223,652)**	(1,283)	**(223,652)**	(1,535)
Proceeds from share options exercised with issue of treasury shares		**–**	1,865	**135**	4,871
Proceeds from non-controlling shareholders of subsidiaries		**20,823**	–	**51,837**	–
Proceeds from share issues		**–**	–	**–**	412
Proceeds from term loans		**1,230,461**	425,630	**3,191,453**	1,097,873
Repayment of term loans		**(436,253)**	(1,211,572)	**(601,875)**	(1,606,578)
Principal element of lease payments		**(23,596)**	–	**(34,804)**	**–**
Purchase of treasury shares		**–**	(21,893)	**–**	(84,116)
Dividend paid to shareholders of the Company		**(272,568)**	(254,290)	**(272,568)**	(254,290)
Dividend paid to non-controlling shareholders of subsidiaries		**(9,256)**	(10,834)	**(9,852)**	(12,259)
Net cash from/(used in) financing activities		**285,959**	(1,072,377)	**2,100,674**	(855,622)
Net increase/(decrease) in cash and cash equivalents		**42,010**	(492,105)	**(218,252)**	(38,725)
Cash and cash equivalents as at beginning of period		**1,719,603**	2,698,143	**1,971,844**	2,241,448
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(2,991)**	(22,083)	**5,030**	(18,768)
Cash and cash equivalents as at end of period	5c	**1,758,622**	2,183,955	**1,758,622**	2,183,955

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Acquisition of a subsidiary

During the financial period, net assets of subsidiary acquired at their fair values were as follows:

	Second Quarter	Half Year
	30.6.2019	**30.6.2019**
	$'000	**$'000**
Fixed assets	**–**	760,510
Right-of-use assets	**–**	44,324
Intangible assets	**–**	672,872
Stocks	**–**	34,745
Contract assets	**–**	163,121
Debtors and other assets	**–**	197,211
Bank balances and cash	**–**	88,991
Creditors and other liabilities	**–**	(241,605)
Borrowings and lease liabilities	**–**	(494,771)
Current and deferred taxation	**–**	(255,828)
Total identifiable net assets at fair value	**–**	969,570
Non-controlling interests measured at fair value	**–**	(308,001)
Amount previously accounted for as associated company	**–**	(210,137)
Goodwill arising from acquisition	**128**	938,947
Remeasurement gain	**–**	(158,376)
Total purchase consideration	**128**	1,232,003
Less: Deferred consideration	**83,048**	–
Less: Bank balances and cash acquired	**–**	(88,991)
Cash outflow on acquisition	**83,176**	1,143,012

During the six months, the Group acquired 81% interest in M1 Limited, bringing to a total of 100% as at 30 June 2019. Fair value of the net identifiable assets are determined on a provisional basis.

5b. Disposal of subsidiaries

During the financial period, the book values of net assets of subsidiaries disposed were as follows:

	Second Quarter		Half Year	
	30.6.2019	30.6.2018	**30.6.2019**	30.6.2018
	$'000	$'000	**$'000**	$'000
Fixed assets and investment properties	**–**	(52)	**–**	(4,122)
Stocks	**–**	(183,586)	**(94,883)**	(692,651)
Debtors and other assets	**–**	(2,343)	**(707)**	(7,103)
Bank balances and cash	**–**	(36,499)	**(1,746)**	(38,344)
Creditors and other liabilities	**–**	273	**6,846**	75,265
Borrowings	**–**	–	**–**	171,380
Non-controlling interest deconsolidated	**–**	–	**–**	(5,610)
Net assets disposed of	**–**	(222,207)	**(90,490)**	(501,185)
Net gain on disposal	**–**	(88,262)	**(64,534)**	(425,132)
Amount accounted for as associated company	**–**	–	**18,320**	–
Realisation of foreign currency translation reserve	**–**	601	**(8,489)**	(3,768)
Sale proceeds	**–**	(309,868)	**(145,193)**	(930,085)
Less: Bank balances and cash disposed	**–**	36,499	**1,746**	38,344
Less: Advanced payments received in prior year	**–**	–	**–**	174,538
Less: (Deferred proceeds received)/proceeds receivable	**(20,227)**	25,244	**124,966**	55,602
Cash inflow on disposal	**(20,227)**	(248,125)	**(18,481)**	(661,601)

During the six months, disposal relates to the sale of 70% interest in Dong Nai Waterfront City LLC.

Significant disposal during the prior period relates to the sale of sale of Keppel China Marina Holdings Pte Ltd, Keppel Township Development (Shenyang) Co. Ltd and Keppel Bay Property Development (Shenyang) Co. Ltd.

5c. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balance with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	Group	
	30.6.2019	30.6.2018
	$'000	$'000
Bank balances, deposits and cash	**1,768,238**	2,223,198
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**(9,616)**	(39,243)
	1,758,622	2,183,955

5d. Cash flow analysis

(i) Second Quarter

Net cash used in operating activities for the quarter was $222 million compared to net cash from operating activities of $367 million in the prior period. This was due mainly to higher working capital requirements.

Net cash used in investing activities for the quarter was $22 million. Acquisitions and capital expenditure of $299 million was partly offset by the divestment and dividend income of $124 million and receipts from associated companies of $153 million.

Net cash from financing activities was $286 million. This was mainly attributable to net borrowings drawn down, partly offset by dividend paid to shareholders and acquisition of the remaining stake in Keppel Telecommunications & Transportation Ltd.

(ii) Half Year

Net cash used in operating activities was $896 million compared to net cash from operating activities of $357 million in the prior period. This was due mainly to higher working capital requirements.

Net cash used in investing activities was $1,423 million. Acquisitions and capital expenditure of $1,785 million was partly offset by the divestments and dividend income of $172 million and receipts from associated companies of $190 million. The acquisitions and capital expenditure comprised principally the acquisition of M1, investment in associated companies as well as acquisitions of fixed assets and investment properties.

Net cash from financing activities was $2,101 million. This was mainly attributable to net borrowings drawn down, partly offset by dividend of $282 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the period and acquisition of the remaining stake in Keppel Telecommunications & Transportation Ltd.

6. AUDIT

The financial statements have not been audited nor reviewed by our auditors.

7. AUDITORS' REPORT

Not applicable.

8. ACCOUNTING POLICIES

Except as disclosed in paragraph 9 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2018.

9. CHANGES IN THE ACCOUNTING POLICIES

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, and SFRS(I) Interpretations, that are relevant to the Group:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to SFRS(I) 3 and 11 *Previously held interest in a joint operation*
- Amendments to SFRS(I) 1-12 *Income tax consequences of payments on financial instruments classified as equity*
- Amendments to SFRS(I) 1-23 *Borrowing costs eligible for capitalization*

The adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

<u>Adoption of SFRS(I) 16</u>

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

Lease liabilities are included as part of net debt and are taken into consideration when deriving the net gearing ratio.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

Group Balance Sheets	01.01.2019 $'000
Increase in right-of-use assets	441,689
Decrease in debtors	(698)
Increase in lease liabilities	(653,882)
Decrease in creditors	10,329
Decrease in net assets	(202,562)
Decrease in revenue reserves	(199,818)
Decrease in non-controlling interests	(2,744)
Decrease in total equity	(202,562)

Clarification on SFRS(I) 1-23 *Borrowing Costs*

In 2018, the International Financial Reporting Standards Interpretations Committee ("Interpretations Committee"), which works with the International Accounting Standards Board in supporting the application of IFRS Standards, received a submission on whether a real estate developer capitalizes borrowing costs as part of the cost of units for a residential multi-unit real estate development, for which the developer recognizes revenue over time for the sale of individual units in the development based on IFRS 15 *Revenue from Contracts with Customers*.

In November 2018, the Committee issued a Tentative Agenda Decision containing explanatory material for the decision and how the applicable principles and requirements in IAS 23 *Borrowing Costs* apply to the fact pattern in the submission. The Interpretations Committee tentatively concluded that such an entity should not capitalized borrowing costs. This tentative agenda decision was finalized in its original form on 20 March 2019.

As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's Property Division. Following this Agenda Decision, borrowing costs on portion of property where control is capable of being transferred to customers are expensed off as incurred to the profit and loss account. Borrowing costs on portion of property not ready for transfer of control to customers are capitalized until the time when control is capable of being transferred to customers. As this constitutes a change in accounting policy, comparatives were restated accordingly.

Impact on the comparatives for the Second Quarter and Half Year ended 30 June 2019 Financial Statements

The financial effect of the change in accounting policy:

Group Profit and Loss Account	Second Quarter 30.6.2018 $'000	Half Year 30.6.2018 $'000
Decrease in materials & subcontract costs	9,989	9,989
Increase in interest expenses	(6,381)	(6,381)
Decrease in share of results of associated companies	(133)	(133)
Increase in taxation	(586)	(586)
Increase in profit for the period attributable to shareholders of the Company	2,889	2,889
Increase in basic EPS	0.1 cts	0.1 cts
Increase in diluted EPS	0.1 cts	0.1 cts

Group Balance Sheets	31.12.2018 $'000	01.01.2018 $'000
Decrease in associated companies	(632)	(9)
Decrease in stocks	(48,726)	(54,941)
Decrease in deferred taxation	8,286	9,315
Decrease in net assets	(41,072)	(45,635)
Decrease in revenue reserves	(41,072)	(45,635)
Decrease in total equity	(41,072)	(45,635)

10. REVIEW OF GROUP PERFORMANCE

(i) Second Quarter

Group revenue for 2Q 2019 of $1,784 million was $261 million or 17% above that of 2Q 2018. Revenue from the Offshore & Marine Division decreased by $126 million to $481 million. In the second quarter of 2018, the Offshore & Marine Division recognised revenue from the sale of jackup rigs to Borr Drilling Limited, while there was no equivalent sale this year. Revenue from the Property Division increased by $27 million to $271 million due mainly to higher revenue from China trading projects, partly offset by lower revenue from Singapore trading projects. Revenue from the Infrastructure Division grew by $79 million to $726 million as a result of increased sales in the power and gas businesses as well as progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project. Revenue from the Investments Division was $281 million higher at $306 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

Group pre-tax profit of $206 million was $92 million or 31% lower than that of the corresponding quarter in 2018. The Offshore & Marine Division's pre-tax profit was $4 million as compared to pre-tax loss of $11 million in the second quarter of 2018. This was mainly due to higher operating results, higher investment income and lower net interest expense, partly offset by share of associated companies' losses in the current period as compared to share of associated companies' profits in the same period last year. Pre-tax profit of the Property Division decreased by $99 million to $161 million due mainly to the absence of gains from the en-bloc sale of development projects as compared against last year (Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company), partly offset by higher investment income and higher contribution from associated companies arising from fair value gains on investment properties. Pre-tax profit of the Infrastructure Division grew by $7 million to $51 million due mainly to higher contribution from Energy Infrastructure and Environmental Infrastructure as well as share of Keppel Infrastructure Trust's profit, partly offset by absence of dilution gain compared to last year's gains arising from Keppel DC REIT's private placement exercise and lower contribution from our logistics business. Pre-tax loss of the Investments Division was $10 million as compared to pre-tax profit of $5 million in 2018. This was largely due to net interest expense in the current period as compared to net interest income in the same period last year, fair value loss on KrisEnergy warrants in the current period as compared to fair value gain in the same period last year, financing cost and amortization of intangibles arising from acquisition of M1, partly offset by higher contribution from M1 resulting from the consolidation of M1 and higher contribution from the asset management business.

Taxation expenses increased by $7 million due mainly to the absence of reversal of tax provision this year compared to last year's write backs following the finalisation of withholding tax in 2Q 2018 for the divestment of Keppel China Marina Holdings Pte Ltd. Non-controlling interests were $3 million lower than those of 2Q 2018. After taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders for 2Q 2019 was $153 million, 39% below the same quarter in the previous year. The Property Division was the largest contributor to the Group's net profit with a 85% share, followed by the Infrastructure Division's 28%, Offshore & Marine Division's 3% and Investments Division's -16%.

(ii) Half Year

Group net profit attributable to shareholders was $356 million, a decrease of 39% over the same period in 2018. Earnings per share decreased correspondingly by 39% to 19.6 cents. Annualised return on equity was 6.3%.

Group revenue of $3,315 million for the six months ended 30 June 2019 was $322 million or 11% higher than that of the corresponding period in 2018. Revenue from the Offshore & Marine Division of $813 million was $126 million below the same period in 2018. In the first half of 2018, the Offshore & Marine Division recognised revenue from the sale of jackup rigs to Borr Drilling Limited, while there was no equivalent sale this year. Major jobs delivered in 2019 include two jackup rigs, two FPSO conversions and three dredgers. Revenue from the Property Division declined by $159 million to $628 million due mainly to lower revenue from Singapore trading projects, partly offset by higher revenue from China trading projects. Revenue from the Infrastructure Division grew by $214 million to $1,425 million as a result of increased sales in the power and gas businesses as well as progressive revenue recognition from the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project. Revenue from the Investments Division was $393 million higher at $449 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

Group pre-tax profit was $489 million, $257 million or 34% below the same period in 2018. The Offshore & Marine Division's pre-tax profit was $5 million as compared to pre-tax loss of $26 million in 2018. This was mainly due to higher investment income, lower net interest expense and higher share of associated companies' profits. Pre-tax profit from the Property Division decreased by $391 million to $342 million due mainly to the absence of gains from the en-bloc sale of development projects as compared against last year (Keppel China Marina Holdings Pte Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company) and lower contribution from Singapore property trading, partly offset by the gain from disposal of a partial interest in the Dong Nai project in Vietnam, higher investment income and higher contribution from associated companies arising from fair value gains on investment properties. Pre-tax profit of the Infrastructure Division was $71 million, $3 million below the same period in 2018. This was mainly due to absence of dilution gain compared to last year's gains arising from Keppel DC REIT's private placement exercise, share of losses from Keppel Infrastructure Trust in the current period as compared to share of profits in the same period last year and lower contribution from our logistics business, partly offset by higher contribution from Energy Infrastructure, Environmental Infrastructure and Infrastructure Services. Pre-tax profit of the Investments Division was $71 million as compared to pre-tax loss of $35 million in 2018. This was mainly due to fair value gain from the remeasurement of previously held interest in M1 at acquisition date, higher contribution from M1 resulting from the consolidation of M1 and higher contribution from the asset management business, partly offset by net interest expense in the current period as compared to net interest income in the same period last year, higher fair value loss on KrisEnergy warrants, financing cost and amortization of intangibles arising from acquisition of M1 as well as provision for impairment of an associated company.

Taxation expenses decreased by $61 million due mainly to write-back of tax provision. Non-controlling interests were $34 million higher than in the first half in 2018. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $356 million, a decrease of $230 million from $586 million in the same period in 2018. The Property Division was the largest contributor to the Group's net profit with a 74% share, followed by the Infrastructure Division's 16%, Investments Division's 7% and Offshore & Marine Division's 3%.

11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

12. PROSPECTS

The Offshore & Marine Division's net order book, excluding the Sete rigs, stands at $5.5 billion. New contracts secured by the Offshore & Marine Division year-to-date amount to $1.9 billion, more than the $1.7 billion of new orders secured for the financial year ended 31 December 2018. The Division will continue to focus on delivering its projects well, exploring new markets and opportunities, investing in R&D and building new capabilities. The Division is also actively capturing opportunities in production assets, specialised vessels, gas solutions, offshore renewables and floating infrastructure, as well as exploring ways to re-purpose its technology in the offshore industry for other uses.

The Property Division sold about 2,100 homes in the first half of 2019, comprising about 110 in Singapore, 1,140 in China, 610 in Vietnam, 50 in Indonesia and 190 in India. Keppel REIT's office buildings in Singapore and Australia maintained a high portfolio committed occupancy rate of 99% as at 30 June 2019. The Division will remain focused on strengthening its presence in its key markets such as Singapore, China and Vietnam and scaling up in other markets such as Indonesia and India, while seeking opportunities to unlock value and recycle capital.

In the Infrastructure Division, Keppel Infrastructure will continue to build on its core competencies in the energy and environment-related infrastructure as well as infrastructure services businesses to pursue promising growth areas. Keppel Telecommunications & Transportation will continue to develop its data centre business locally and overseas. Besides building complementary capabilities in the growing e-commerce business, it plans to transform the logistics business from an asset-heavy business to a high performing asset-light service provider in urban logistics.

In the Investments Division, Keppel Capital continues to leverage the Group's core competencies to create innovative investment solutions and connect investors with quality real assets in fast-growing sectors fuelled by urbanisation trends. This includes seizing growth opportunities across our chosen sectors, as well as expanding into new markets and asset classes including the infrastructure, senior living and education real estate sectors.

Keppel Urban Solutions will harness opportunities as an integrated master developer of smart, sustainable precincts. Starting with Saigon Sports City in Ho Chi Minh City, Keppel Urban Solutions will also explore opportunities in other cities across Asia. The Sino-Singapore Tianjin Eco-City Investment and Development Company Ltd will continue the development of the Eco-City, including selling land parcels to drive the Eco-City's further development.

The strategic acquisition of M1 complements the Group's mission as a solutions provider for sustainable urbanisation, which includes connectivity. M1 can serve as a digital platform and connectivity partner to complement and augment the Group's current suite of solutions, and at the same time benefit from harnessing the synergies of the Group. In addition, Keppel Telecommunications & Transportation (Keppel T&T) has been privatised after a Scheme of Arrangement was effected. This is in line with the Group's strategy to simplify the group corporate structure, with a view to improving capital allocation and better aligning Keppel T&T's interests with the rest of the Keppel Group's.

The Group will continue to execute its multi-business strategy, capturing value by harnessing its core strengths and growing collaboration across divisions to unleash potential synergies, while being agile and investing in the future.

13. DIVIDEND

13a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend type Dividend per share Tax rate	Cash 8.0 cents Tax exempt

The Directors are pleased to declare a tax exempt one-tier interim cash dividend of 8.0 cents per share (2018: tax exempt one-tier interim cash dividend of 10.0 cents per share and tax exempt one-tier special cash dividend of 5.0 cents per share) in respect of the half year ended 30 June 2019. The interim dividend will be paid to shareholders on 6 August 2019.

13b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim	Special
Dividend type Dividend per share Tax rate	Cash 10.0 cents Tax exempt	Cash 5.0 cents Tax exempt

13c. Date Payable

6 August 2019.

13d. Books Closure Date

Notice is hereby given that, the Share Transfer Books and Register of Members of the Company will be closed on 26 July 2019 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00, ASO Building, Singapore 048544 up to 5.00 p.m. on 26 July 2019 will be registered to determine shareholders' entitlement to the interim dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited (CDP) are credited with Shares at 5.00 p.m. on 26 July 2019 will be entitled to the interim dividend.

14. SEGMENT ANALYSIS

Half year ended 30 June 2019

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	**813,317**	**622,190**	**1,410,563**	**469,108**	**–**	**3,315,178**
Inter-segment sales	**91**	**5,481**	**14,363**	**49,673**	**(69,608)**	**–**
Total	**813,408**	**627,671**	**1,424,926**	**518,781**	**(69,608)**	**3,315,178**
Segment Results						
Operating profit	**13,910**	**269,689**	**39,180**	**157,299**	**1,555**	**481,633**
Investment income	**4,692**	**34,017**	**1,410**	**2**	**–**	**40,121**
Interest income	**33,252**	**22,175**	**30,397**	**174,638**	**(177,022)**	**83,440**
Interest expenses	**(56,591)**	**(45,601)**	**(13,805)**	**(210,096)**	**175,467**	**(150,626)**
Share of results of associated companies	**9,115**	**61,844**	**13,562**	**(50,117)**	**–**	**34,404**
Profit before tax	**4,378**	**342,124**	**70,744**	**71,726**	**–**	**488,972**
Taxation	**4,302**	**(85,425)**	**(10,738)**	**(7,438)**	**–**	**(99,299)**
Profit for the period	**8,680**	**256,699**	**60,006**	**64,288**	**–**	**389,673**
Attributable to:						
Shareholders of Company	**9,482**	**262,290**	**58,972**	**25,539**	**–**	**356,283**
Non-controlling interests	**(802)**	**(5,591)**	**1,034**	**38,749**	**–**	**33,390**
	8,680	**256,699**	**60,006**	**64,288**	**–**	**389,673**
Other Information						
Segment assets	**9,027,952**	**13,654,976**	**4,017,399**	**11,180,418**	**(7,400,127)**	**30,480,618**
Segment liabilities	**6,322,305**	**6,096,894**	**2,512,966**	**11,368,655**	**(7,400,127)**	**18,900,693**
Net assets	**2,705,647**	**7,558,082**	**1,504,433**	**(188,237)**	**–**	**11,579,925**
Investment in associated companies	**719,737**	**3,157,354**	**1,134,638**	**1,088,618**	**–**	**6,100,347**
Additions to non-current assets	**35,261**	**232,709**	**108,490**	**136,922**	**–**	**513,382**
Depreciation and amortisation	**56,443**	**21,220**	**28,362**	**63,754**	**–**	**169,779**
Impairment loss/(write-back of impairment loss)	**794**	**–**	**(652)**	**19,000**	**–**	**19,142**

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	**2,424,908**	**557,782**	**31,921**	**138,413**	**162,154**	**–**	**3,315,178**
Non-current assets	**8,771,504**	**2,945,112**	**292,143**	**1,700,217**	**744,514**	**–**	**14,453,490**

Half year ended 30 June 2018

	Offshore & Marine $'000	Property $'000	Infra-structure $'000	Invest-ments $'000	Elimination $'000	Total $'000
Revenue						
External sales	939,024	787,152	1,210,468	56,089	–	2,992,733
Inter-segment sales	–	3,250	11,758	32,145	(47,153)	–
Total	939,024	790,402	1,222,226	88,234	(47,153)	2,992,733
Segment Results						
Operating profit	14,113	699,133	52,672	503	57	766,478
Investment income	247	134	1,120	1,855	–	3,356
Interest income	20,816	20,632	26,872	141,106	(142,916)	66,510
Interest expenses	(65,898)	(41,454)	(7,901)	(126,946)	142,859	(99,340)
Share of results of associated companies	5,157	53,552	1,681	(51,673)	–	8,717
Profit before tax	(25,565)	731,997	74,444	(35,155)	–	745,721
Taxation	(15,766)	(130,494)	(4,111)	(9,219)	–	(159,590)
(Loss)/profit for the period	(41,331)	601,503	70,333	(44,374)	–	586,131
Attributable to:						
Shareholders of Company	(39,522)	605,575	66,337	(45,873)	–	586,517
Non-controlling interests	(1,809)	(4,072)	3,996	1,499	–	(386)
	(41,331)	601,503	70,333	(44,374)	–	586,131
Other Information						
Segment assets	8,362,127	14,328,254	3,512,625	7,499,699	(6,793,569)	26,909,136
Segment liabilities	7,439,288	6,112,544	1,837,665	6,153,483	(6,793,569)	14,749,411
Net assets	922,839	8,215,710	1,674,960	1,346,216	–	12,159,725
Investment in associated companies	697,817	2,909,202	1,025,115	1,167,652	–	5,799,786
Additions to non-current assets	52,083	83,450	13,849	2,126	–	151,508
Depreciation and amortisation	50,643	16,220	21,769	1,373	–	90,005
Impairment loss/(write-back of impairment loss)	(923)	(22,226)	(620)	–	–	(23,769)

GEOGRAPHICAL SEGMENT

	Singapore $'000	China $'000	Brazil $'000	Far East & Other ASEAN Countries $'000	Other Countries $'000	Elimination $'000	Total $'000
External sales	2,217,225	412,153	146,023	112,565	104,767	–	2,992,733
Non-current assets	5,755,710	3,494,960	225,923	1,386,184	893,260	–	11,756,037

Note:

(a) The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Property, Infrastructure and Investments. Investments consist mainly of the Group's investments in fund management, M1 Limited, KrisEnergy Limited, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities. M1 Limited, which was part of Investments prior to the acquisition, continues to be reported under that segment as it currently undergoes transformation of its business.

(b) Pricing of inter-segment goods and services is at fair market value.

(c) For the half year ended 30 June 2019 and 30 June 2018, other than Singapore and China, no single country accounted for 10% or more of the Group's revenue.

(d) Revenue of $360,176,000 is derived from a single external customer and is attributable to the Infrastructure Division for 30 June 2019. Revenue of $370,457,000 is derived from a single external customer and is attributable to the Offshore & Marine Division for the half year ended 30 June 2018.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of $3,315 million for the six months ended 30 June 2019 was $322 million or 11% higher than that of the corresponding period in 2018. Revenue from the Offshore & Marine Division of $813 million was $126 million below the same period in 2018. In the first half of 2018, the Offshore & Marine Division recognised revenue from the sale of jackup rigs to Borr Drilling Limited, while there was no equivalent sale this year. Revenue from the Property Division declined by $159 million to $628 million due mainly to lower revenue from Singapore trading projects, partly offset by higher revenue from China trading projects. Revenue from the Infrastructure Division grew by $214 million to $1,425 million as a result of increased sales in the power and gas businesses as well as progressive revenue recognition from the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project. Revenue from the Investments Division was $393 million higher at $449 million due mainly to the consolidation of M1 and higher revenue from the asset management business.

15b. Net profit by Segments

Group net profit of $356 million was $230 million or 39% lower than that of corresponding period in 2018. Net profit from the Offshore & Marine Division was $10 million as compared to net loss of $40 million in 2018. This was mainly due to higher investment income, write back of tax provision, lower net interest expense and higher share of associated companies' profits. Profit from the Property Division of $262 million decreased by $344 million due mainly to the absence of gains from the en-bloc sale of development projects (Keppel China Marina Holdings Pte Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company) and lower contribution from Singapore property trading, partly offset by the gain from disposal of a partial interest in the Dong Nai project in Vietnam, higher investment income, higher contribution from associated companies arising from fair value gains on investment properties and higher write-back of tax provision. Profit from the Infrastructure Division was $59 million, $7 million below the same period in 2018, due to absence of dilution gain arising from Keppel DC REIT's private placement exercise, share of losses from Keppel Infrastructure Trust in the current period as compared to share of profits in the same period last year and lower contribution from our logistics business, partly offset by higher contribution from Energy Infrastructure, Environmental Infrastructure and Infrastructure Services. Net profit from the Investments Division was $25 million as compared to net loss of $46 million for the corresponding period in the prior year due mainly to fair value gain from the remeasurement of previously held interest in M1 at acquisition date, higher contribution from M1 resulting from the consolidation of M1 and higher contribution from the asset management business, partly offset by net interest expense in the current period as compared to net interest income in the same period last year, higher fair value loss on KrisEnergy warrants, financing cost and amortization of intangibles arising from acquisition of M1 as well as provision for impairment of an associated company. The Property Division was the largest contributor to the Group's net profit with a 74% share, followed by the Infrastructure Division's 16%, Investment Division's 7% and Offshore & Marine Division's 3%.

15c. Revenue by Geographical Segments

Revenue from Singapore of $2,425 million was $208 million higher than that of corresponding period in 2018, due largely to higher revenue from the Infrastructure Division and Investments Division (consolidation of M1 from date of acquisition), partly offset by lower revenue from the Property Division and Offshore & Marine Division.

16. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 23 April 2019. During the financial period, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)	
	Half Year 30.6.2019 $'000	Half Year 30.6.2018 $'000	**Half Year 30.6.2019 $'000**	Half Year 30.6.2018 $'000
Transaction for the Sale of Goods and Services				
PSA International Group	**–**	–	**2,995**	62
SembCorp Marine Group	**–**	–	**82**	1,355
Singapore Power Group	**–**	–	**392**	451
Singapore Technologies Engineering Group	**–**	–	**17**	187
Singapore Telecommunications Group	**–**	–	**7,348**	–
Temasek Holdings Group (other than the above)	**–**	–	**3,500**	–
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	**–**	–	**179**	8
Pavilion Gas Pte Ltd	**–**	–	**62,000**	52,000
PSA International Group	**–**	–	**98**	120
Starhub Group	**–**	–	**18,030**	–
SembCorp Marine Group	**–**	–	**99**	–
Singapore Technologies Engineering Group	**–**	–	**2,244**	59
Singapore Telecommunications Group	**–**	–	**33,353**	80
SMRT Corporation Group	**–**	–	**–**	209
Temasek Holdings Group (other than the above)	**–**	–	**2,887**	73
Total Interested Person Transactions	**–**	–	**133,224**	54,604

17. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

CAROLINE CHANG/JOYCE NG
Company Secretaries

18 July 2019

CONFIRMATION BY THE BOARD

We, LEE BOON YANG and LOH CHIN HUA, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the second quarter 2019 financial statements to be false or misleading in any material respect.

On behalf of the board of directors

LEE BOON YANG **Chairman**	**LOH CHIN HUA** **Chief Executive Officer**

Singapore, 18 July 2019

APPENDIX II

REPRODUCTION OF THE ISSUER'S CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

The information set out below is a reproduction of the Issuer's condensed interim financial statements as at and for the six-month period ended 30 June 2019.

RESULTS FOR Q2 AND H1 2019

Press release

Paris, August 1st 2019

Q2 19: FURTHER SUBSTANTIAL IMPROVEMENT IN THE LEVEL OF CAPITAL (CET1 RATIO AT 12.0%)

RESILIENT PROFITABILITY WITH A ROTE[1] AT 9.7%

HIGHLIGHTS AND KEY FINANCIAL DATA FOR Q2 AND H1 2019

- **Increase in CET1 of +52 basis points to 12.0%** (+106bp in H1 19, >200bp above the MDA)
- Underlying Group net income of **EUR 1,247 million[1,2] in Q2 19 and EUR 2,332 million[1,2] in H1 19**
- **Group underlying ROTE at 9.7% in Q2 19 and 9.1% in H1 19**
- **Resilient business revenues** (-0.9%* vs. Q2 18 and -0.5%* vs. H1 18): good trend in French Retail Banking (+2.1% excluding PEL/CEL vs. Q2 18) and International Retail Banking & Financial Services (+5.7%* vs. Q2 18)
- **Operating expenses contained** at EUR 4,270 million in Q2 19 (-3.0% vs. Q2 18) and EUR 9,059 million in H1 19 (-0.8% vs. H1 18)
- **Low cost of risk** at 25 basis points in Q2 19 and 23 basis points in H1 19
- **Continued refocusing of the Group:** finalisation of the disposal of Eurobank with an impact of +8 basis points on the CET1 ratio in Q2 19. Cumulative impact of around +47 basis points on the CET1 ratio of disposals announced to date
- **Adaptation of the operational set-up** in Global Banking & Investor Solutions **in the execution phase.**

Fréderic Oudéa, the Group's Chief Executive Officer, commented*:*
"Societe Generale has provided further evidence of the successful execution of its strategic plan with two priority financial objectives: increasing its level of capital and improving profitability. In particular, we achieved our Core Equity Tier 1 target of 12% in H1 19.
There was further confirmation of the positive trends observed in the previous quarter in French Retail Banking and International Retail Banking & Financial Services: French Retail Banking consolidated the improving trend in its revenues while International Retail Banking & Financial Services continued to enjoy robust growth and profitability. Only a few months after it was announced, Global Banking & Investor Solutions' adaptation plan has entered the execution phase. A committed and responsible player, the Group has reaffirmed its coal withdrawal strategy, with the strengthening of its sector policy and its commitments regarding the decarbonisation of maritime transport. It has thereby confirmed its contribution to the positive transformation of our economies".

*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) After restatement in accordance with the amendment to IAS 12

1. GROUP CONSOLIDATED RESULTS

In EUR m	Q2 19	Q2 18	Change		H1 19	H1 18	Change	
Net banking income	**6,284**	**6,454**	***-2.6%***	***-2.1%****	**12,475**	**12,748**	***-2.1%***	***-2.0%****
Underlying net banking income(1)	*6,284*	*6,454*	*-2.6%*	*-2.1%**	*12,475*	*12,748*	*-2.1%*	*-2.0%**
Operating expenses	**(4,270)**	**(4,403)**	***-3.0%***	***-2.5%****	**(9,059)**	**(9,132)**	***-0.8%***	***-0.5%****
Underlying operating expenses(1)	*(4,152)*	*(4,370)*	*-5.0%*	*-4.5%**	*(8,500)*	*(8,594)*	*-1.1%*	*-0.8%**
Gross operating income	**2,014**	**2,051**	***-1.8%***	***-1.2%****	**3,416**	**3,616**	***-5.5%***	***-5.9%****
Underlying gross operating income(1)	*2,132*	*2,084*	*+2.3%*	*+3.0%**	*3,975*	*4,154*	*-4.3%*	*-4.6%**
Net cost of risk	**(314)**	**(170)**	***+84.7%***	***+96.1%****	**(578)**	**(378)**	***+52.9%***	***+59.1%****
Underlying net cost of risk (1)	*(296)*	*(170)*	*+74.1%*	*+84.8%**	*(560)*	*(378)*	*+48.1%*	*+54.0%*
Operating income	**1,700**	**1,881**	***-9.6%***	***-9.4%****	**2,838**	**3,238**	***-12.4%***	***-13.0%****
Underlying operating income(1)	*1,836*	*1,914*	*-4.1%*	*-3.8%**	*3,415*	*3,776*	*-9.6%*	*-10.1%**
Net profits or losses from other assets	**(80)**	**(42)**	***-90.5%***	***-90.7%****	**(131)**	**(41)**	***n/s***	***n/s***
Income tax*(2)*	(390)	(448)	-12.9%	-12.4%*	(645)	(765)	-15.7%	-16.3%*
Reported Group net income	**1,054**	**1,224**	***-13.9%***	***-13.4%****	**1,740**	**2,127**	***-18.2%***	***-18.6%****
Underlying Group net income(1)	*1,247*	*1,333*	-6.4%	-5.8%*	*2,332*	*2,590*	-10.0%	-10.3%
ROE	6.9%	8.6%			5.5%	7.5%		
ROTE	8.3%	10.4%			6.9%	8.9%		
Underlying ROTE (1)	***9.7%***	***11.2%***			***9.1%***	***11.0%***		

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

(2) *As from January 1st, 2019, in accordance with the amendment to IAS 12 "Income Tax", the tax saving related to the payment of coupons on undated subordinated and deeply subordinated notes, previously recorded in consolidated reserves, is now recognised in income on the "income tax" line; 2018 comparative data have been restated. See Appendix 1.*

Societe Generale's Board of Directors, which met on July 31st, 2019 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q2 and H1 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 6,284m (-2.6% vs. Q2 18), EUR 12,475m (-2.1% vs. H1 18)

- French Retail Banking's net banking income (excluding PEL/CEL provision) rose +2.1% vs. Q2 18 and was stable in H1 19 (-0.6% vs. H1 18) in a continuing low interest rate environment. In Q2 19, revenues included a positive impact of EUR 61 million on adjustment on commission-related taxes.

- International Retail Banking & Financial Services' net banking income rose +2.4% (+5.7%*) in Q2 19, driven by the strong commercial momentum across all businesses and geographical regions. Accordingly, International Retail Banking revenues increased by +1.9% (+7.0%*), Insurance revenues +4.1% and Financial Services to Corporates' revenues +2.8%. The trend was identical in H1, with revenues up +3.3% (+6.1%*).

- Global Banking & Investor Solutions' net banking income decreased by -6.1% (-7.3%*) in Q2 19 vs. Q2 18 and by -2.6% (-4.6%*) in H1 19 vs. H1 18. In particular, the revenues of Global Markets and Investor Services were down -9.2% (-11.0%*) in Q2 19, due to still challenging market conditions. Financing & Advisory revenues were 2.6% (0.9%*) higher, driven by the good performance of Financing activities. Investment banking activities remained relatively sluggish in Europe over the period.

Operating expenses: EUR 4,270m (-3% vs. Q2 18), EUR 9,059m (-0.8% vs. H1 18)

Underlying operating expenses were down -5.0% vs. Q2 18 at EUR 4,152 million. They totalled EUR 8,500 million in H1 19, down -1.1% vs. H1 18.

Operating expenses were lower in French Retail Banking in Q2 19 (-1.0% vs. Q2 18) and stable in H1 19 (-0.2% vs. H1 18).

Efforts to support growth in International Retail Banking & Financial Services resulted in operating expenses increasing by +3.9% (+7.3%*) vs. Q2 18 and +3.0% (+6.5%*) vs. H1 18. When restated for the restructuring provision, operating expenses experienced a contained increase of +1.3% (+4.6%*) in Q2 19 and were 1.7% (5.1%*) higher in H1 19. The increase in costs continued to be less than the growth in revenues, both in Q2 and H1 2019, thereby confirming the positive jaws effect observed during previous quarters.

Global Banking & Investor Solutions' costs were up +10.8% (+10.0%*) in Q2 19 vs. Q2 18, including a EUR 227 million restructuring provision and EUR 21 million of EMC integration costs, and up +5.0% (+3.7%*) in H1 19. When restated for these items, operating expenses were down -3.5% in Q2 19 and -1.6% in H1 19.

Gross operating income: EUR 2,014m (-1.8% vs. Q2 18), EUR 3,416m (-5.5% vs. H1 18)

Underlying gross operating income totalled EUR 2,132 million in Q2 19 (+2.3% vs. Q2 18) and EUR 3,975 million in H1 19 (-4.3% vs. H1 18).

Cost of risk: EUR 314m in Q2 19 and EUR 578m in H1 19

The net cost of risk amounted to EUR 314 million in Q2 19, 84.7% higher than the exceptionally low level in Q2 18 (EUR 170 million) and EUR 578 million in H1 19, 52.9% higher than in H1 18.

The Group's commercial cost of risk (expressed as a fraction of outstanding loans) remained low and amounted to 25 basis points in Q2 19 (14 basis points in Q2 18 and 21 basis points in Q1 19).

- In French Retail Banking, the commercial cost of risk was higher at 27 basis points (20 basis points in Q2 18 and Q1 19)
- International Retail Banking & Financial Services' cost of risk stood at 38 basis points (23 basis points in Q2 18 and 39 basis points in Q1 19). This still low level reflects the gradual normalisation of the cost of risk.
- Global Banking & Investor Solutions' cost of risk stood at the still low level of 8 basis points. It was higher than the level in Q2 18 (2 basis points) and slightly lower than in Q1 19 (10 basis points).

The cost of risk stood at 23 basis points in H1 19. It was 16 basis points in H1 18.

The Group expects a cost of risk of between 25 and 30 basis points in 2019.

The gross doubtful outstandings ratio was lower at 3.4% at end-June 2019 (vs. 3.5% at end-March 2019). The Group's gross coverage ratio for doubtful outstandings stood at 55%[(1)] at end-June 2019 (it was 55% at March 31st, 2019).

Operating income: EUR 1,700m (-9.6% vs. Q2 18), EUR 2,838m (-12.4% vs. H1 18)

Underlying operating income came to EUR 1,836 million, down -4.1% vs. Q2 18 including an adjustment of operating taxes of EUR +241 million.
It amounted to EUR 3,415 million in H1 19, down -9.6% vs.H1 18.

(1) Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings.

Net profits or losses from other assets: EUR -80m in Q2 19 and EUR -131m in H1 19

Net profits or losses from other assets totalled EUR -80 million in Q2 19, including EUR -84 million corresponding to the effect of the application of IFRS 5 as part of the implementation of the Group's refocusing plan. The Group recognised a capital loss of EUR -43 million in respect of the announced disposal of PEMA as well as additional capital losses in respect of disposals currently under way or finalised, notably in the Balkans.

Net income

In EURm	Q2 19	Q2 18	H1 19	H1 18
Reported Group net income	1,054	1,224	1,740	2,127
Underlying Group net income[2]	1,247	1,333	2,332	2,590

In %	Q2 19	Q2 18	H1 19	H1 18
ROTE (reported)	8.3%	10.4%	6.9%	8.9%
Underlying ROTE[2]	9.7%	11.2%	9.1%	11.0%

Earnings per share amounts to EUR 1.69 in H1 19 (EUR 2.22 in H1 18). The dividend provision amounts to EUR 0.85 per share in H1 19.

(2) Adjusted for exceptional items and effect of the linearisation of IFRIC 21.

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 62.5 billion at June 30th, 2019 (EUR 61.0 billion at December 31st, 2018). Net asset value per share was EUR 62.49 and tangible net asset value per share was EUR 54.46, an increase of 2.5% year-on-year.

The **consolidated balance sheet** totalled EUR 1,389 billion at June 30th, 2019 (EUR 1,309 billion at December 31st, 2018). The net amount of customer loan outstandings at June 30th, 2019, including lease financing, was EUR 421 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 405 billion, vs. EUR 399 billion at December 31st, 2018 (excluding assets and securities sold under repurchase agreements).

At end-June 2019, the parent company had issued EUR 21.2 billion of medium/long-term debt, having an average maturity of 4.3 years and an average spread of 54.7 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 0.9 billion. At June 30th, 2019, the Group had issued a total of EUR 22.1 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 145% at end-June 2019 vs. 129% at end-December 2018. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-June 2019. At end-June 2019, the Group had achieved 69% of its long-term financing programme scheduled for 2019.

The Group's **risk-weighted assets** (RWA) amounted to EUR 361.1 billion at June 30th, 2019 (vs. EUR 376.0 billion at end-December 2018) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 81.5% of the total, at EUR 294.2 billion, down -2.8% vs. December 31st, 2018.

At June 30th, 2019, the Group's **Common Equity Tier 1** ratio stood at 12.0% and 12.2% pro forma for the announced disposals (for around 19 basis points), the residual impact of the integration of EMC (for around -5 basis points) and the estimated result of the Global Employee Share Ownership Plan (for 3 basis points). The Tier 1 ratio stood at 14.8% at end-June 2019 (13.7%[(1)] at end-December 2018) and the total capital ratio amounted to 17.9% (16.7%[(1)] at end-December 2018).
With a level of 25.8%[(2)] of RWA and 7.5% of leveraged exposure at end-June 2019, the Group's TLAC ratio is already above the FSB's requirements for 2019. At June 30th, 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 4.3% at June 30th, 2019, stable vs. 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".

(1)Taking into account the option of a dividend payment in shares, with the assumption of a 50% subscription rate (impact of +24bp on the CET1 ratio)
(2) Including 2.5% of senior preferred debt
(3) TLOF: Total Liabilities and Own Funds

3. FRENCH RETAIL BANKING

In EUR m	**Q2 19**	**Q2 18**	**Change**	**H1 19**	**H1 18**	**Change**
Net banking income	1,994	1,991	*+0.2%*	3,910	3,999	*-2.2%*
Net banking income excl. PEL/CEL	*2,021*	*1,980*	*+2.1%*	*3,949*	*3,971*	*-0.6%*
Operating expenses	(1,348)	(1,361)	*-1.0%*	(2,834)	(2,841)	*-0.2%*
Gross operating income	**646**	**630**	***+2.5%***	**1,076**	**1,158**	***-7.1%***
Gross operating income excl. PEL/CEL	*673*	*619*	*+8.8%*	*1,115*	*1,130*	*-1.4%*
Net cost of risk	(129)	(93)	*+38.7%*	(223)	(227)	*-1.8%*
Operating income	**517**	**537**	***-3.7%***	**853**	**931**	***-8.4%***
Reported Group net income	**356**	**365**	***-2.5%***	**590**	**635**	***-7.1%***
RONE	**12.6%**	**13.2%**		**10.5%**	**11.3%**	
Underlying RONE (1)	**12.6%**	**12.1%**		**11.5%**	**11.5%**	

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

French Retail Banking delivered a solid performance in Q2 19 against the backdrop of a low interest rate environment and the transformation of the French networks. Underlying RONE stood at 12.6% in Q2 19.

Activity and net banking income

French Retail Banking's three brands, Societe Generale, Crédit du Nord and Boursorama, enjoyed a healthy commercial momentum during the quarter.

Boursorama gained around 137,000 new clients in Q2 19 and consolidated its position as the leading online bank in France, with nearly 1.9 million clients at end-June, an increase of +29% year-on-year.

Moreover, the Societe Generale and Crédit du Nord networks strengthened their franchises on the Group's target customers (companies, professionals, mass affluent and high-potential clients, wealthy clients).

In the individual customer segment, French Retail Banking expanded its business among mass affluent and wealthy clients, with the number of customers increasing by 2% vs. Q2 18. Net inflow for wealthy clients remained robust at EUR 1.1 billion, taking assets under management to EUR 66.7 billion (including Crédit du Nord) at end-June 2019, up 5.1% vs. Q2 18.

Bancassurance continued to enjoy buoyant activity: life insurance experienced net inflow of EUR 684 million. Outstandings were up +1.5% at EUR 94.8 billion, with the unit-linked share accounting for 24.5% of outstandings.

Societe Generale was ranked companies' favourite bank in a survey published by Challenges magazine. On the back of this success, Societe Generale continued to roll out its specific facilities for the corporate sector and professionals. At end-June 2019, Societe Generale had 13 regional business centres, 110 "Pro Corners" (espaces pro) in branches and 10 dedicated "Pro Corners".

Overall, the commercial momentum remained robust: average loan outstandings rose +4.7% vs. Q2 18 (to EUR 194.1 billion) and average outstanding balance sheet deposits +3.6% (to EUR 205.5 billion), still driven by sight deposits (+7.7%). As a result, the average loan/deposit ratio stood at 94.4% in Q2 19 (an increase of one point vs. Q2 18).

Housing loan production totalled EUR 6.3 billion in Q2 19 and consumer loan production came to EUR 1.2 billion in Q2 19. Outstanding loans to individuals totalled EUR 113.9 billion in Q2 19, up +3.3% vs. Q2 18.
Corporate investment loan production (including leasing) came to EUR 4.3 billion in Q2 19. Average investment loan outstandings amounted to EUR 69.6 billion in Q2 19, up +7.7% vs. Q2 18.

French Retail Banking posted revenues (excluding PEL/CEL) of EUR 2,021 million in Q2 19, up +2.1% vs. Q2 18 and +4.9% vs. Q1 19.

Although still adversely affected by the low interest rate environment, there was an improvement in net interest income (excluding PEL/CEL), with an increase of 1.7% vs. Q2 18 (+2.8% vs. Q1 19).

Commissions (which included a EUR +61 million adjustment on commission-related taxes) were 1.2% lower in Q2 19 compared to the high level in Q2 18 (+2.9% vs. Q1 19), due to the decline in financial commissions in a challenging stock market environment and the impact of the banking industry's commitments in relation to vulnerable populations (effect of the "gilets jaunes" (yellow vest) movement).

Revenues (excluding PEL/CEL) were down -0.6% in H1 19 vs. H1 18, with a decrease of -0.8% in net interest income (excluding PEL/CEL) and commissions down -1.9%.

The Group has confirmed that it expects a decline in revenues of between 0% and -1% in 2019 vs. 2018, after neutralising the impact of PEL/CEL provisions.

Operating expenses

French Retail Banking's operating expenses totalled EUR 1,348 million in Q2 19, down -1.0% vs. Q2 18. The cost to income ratio stood at 67.9% in Q2 19 (excluding PEL/CEL and after linearisation of the IFRIC 21 charge). Operating expenses were stable in H1 19 (-0.2% vs. H1 18).

The digital transformation process continued with the enhanced use of digital services by the Group's customers. Accordingly, nearly 70% of the increases in card ceilings were carried out online over the last 12 months in the Societe Generale network. The Group also closed 32 Societe Generale branches in Q2 19. There are now 1,844 branches nationwide, in line with the 2020 target of around 1,700 branches.

The Group expects an increase in operating expenses of between 1% and 2% in 2019 vs. 2018.

Operating income

The cost of risk increased to 27bp in Q2 19 (vs. 20bp in Q2 18). Operating income came to EUR 517 million in Q2 19 (EUR 537 million in Q2 18).
The cost of risk amounted to 23bp in H1 19 (vs. 24bp in H1 18). Operating income totalled EUR 853 million in H1 19 (EUR 931 million in H1 18).

Contribution to Group net income

French Retail Banking's contribution to Group net income amounted to EUR 356 million in Q2 19 (EUR 365 million in Q2 18) and RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at the robust level of 12.6% (vs. 12.1% in Q2 18).
The contribution to Group net income came to EUR 590 million in H1 19 (EUR 635 million in H1 18) and RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 11.5%.

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EUR m	Q2 19	Q2 18	Change		H1 19	H1 18	Change	
Net banking income	2,124	2,075	+2.4%	+5.7%*	4,200	4,064	+3.3%	+6.1%*
Operating expenses	(1,145)	(1,102)	*+3.9%*	*+7.3%**	(2,349)	(2,281)	*+3.0%*	*+6.5%**
Gross operating income	**979**	**973**	***+0.6%***	***+3.9%****	**1,851**	**1,783**	***+3.8%***	***+5.8%****
Net cost of risk	(133)	(75)	*+77.3%*	*x 2.1*	(261)	(166)	*+57.2%*	*+73.1%**
Operating income	**846**	**898**	***-5.8%***	***-3.4%****	**1,590**	**1,617**	***-1.7%***	***-0.3%****
Net profits or losses from other assets	0	0	*n/s*	*-100.0%*	1	4	*-75.0%*	*-74.8%**
Reported Group net income	**515**	**541**	***-4.8%***	***-2.2%****	**979**	**970**	***+0.9%***	***+2.7%****
RONE	18.6%	18.9%			17.3%	17.0%		
Underlying RONE (1)	***18.9%***	***18.3%***			***18.2%***	***17.7%***		

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

Net banking income totalled EUR 2,124 million in Q2 2019, up +2.4% vs. Q2 18 and +5.7%* excluding the structure and exchange rate effect, driven by an excellent commercial momentum in all regions and businesses. Operating expenses were 3.9% (7.3%*) higher over the period including the restructuring provision (EUR 29 million) related to the simplification of the head office structure. When restated for this item, operating expenses experienced a contained increase of +1.3% (+4.6%*), generating a positive jaws effect. The cost to income ratio stood at 53.9% in Q2 19. Gross operating income was EUR 979 million in Q2 19 (+0.6% vs. Q2 18). The net cost of risk came to EUR 133 million in Q2 19, vs. EUR 75 million in Q2 18 and EUR 128 million in Q1 19. The contribution to Group net income totalled EUR 515 million in Q2 19, down -4.8% vs. Q2 18. Underlying RONE stood at 18.9% in Q2 19.

Revenues amounted to EUR 4,200 million in H1 2019, up +3.3% and +6.1%* when adjusted for changes in Group structure and at constant exchange rates. Operating expenses increased by +3.0% (+6.5%*) to EUR 2,349 million. When restated for the restructuring provision, they were 1.7% (5.1%*) higher. Gross operating income totalled EUR 1,851 million (+3.8% vs. H1 18). The net cost of risk was 57.2% higher than in H1 2018 which included the receipt of an insurance payout in Romania. The contribution to Group net income came to EUR 979 million (+0.9% vs. H1 18).

International Retail Banking

International Retail Banking's outstanding loans totalled EUR 91.6 billion at end-June 2019. They rose +0.6% (+6.3%* when adjusted for changes in Group structure and at constant exchange rates) vs. Q2 18. Outstanding deposits were up +2.6% (+7.9%* when adjusted for changes in Group structure and at constant exchange rates) vs. Q2 18, at EUR 83.6 billion, with a healthy momentum in all regions, especially in Russia in a buoyant banking market.

International Retail Banking revenues were up +1.9% (+7.0%* when adjusted for changes in Group structure and at constant exchange rates) vs. Q2 18, at EUR 1,412 million, while operating expenses were down -0.6% (+4.0%* when adjusted for changes in Group structure and at constant exchange rates) vs. Q2 18, resulting in a positive jaws effect in Q2 19. Gross operating income came to EUR 630 million, up +5.4% (+11.0%*) vs. Q2 18. International Retail Banking's contribution to Group net income amounted to EUR 297 million in Q2 19 (-5.1% vs. Q2 18 and -0.8%* when restated for the exchange rate and structure effect). RONE, adjusted for the linearisation of IFRIC 21, came to 17.1% in Q2 19.

International Retail Banking's net banking income totalled EUR 2,799 million in H1 19, up +3.2% (+7.5%*) vs. H1 18. The contribution to Group net income amounted to EUR 543 million vs. EUR 542 million in H1 18 (+0.2% and +3.2%*).

Europe

For the Europe scope, outstanding loans were up +5.2%* vs. Q2 18, at EUR 59 billion, and outstanding deposits were up +3.9%*. The healthy commercial momentum is also reflected in non-interest income, which was 6%* higher than in Q2 18. The increase in revenues (+6.2%*) in a buoyant macro-economic environment and the decrease in operating expenses (-0.1%*) over the period resulted in a positive jaws effect. Accordingly, the contribution to Group net income was 8.3% higher than in Q2 18 at EUR 223 million.

In Western Europe, outstanding loans were up +10.9% vs. Q2 18, at EUR 21.3 billion, with car financing remaining buoyant. Q2 revenues totalled EUR 223 million and gross operating income EUR 125 million, up +8.7% vs. Q2 18. The net cost of risk amounted to EUR 36 million, up +16.1%. The contribution to Group net income came to EUR 67 million, an increase of +4.7% vs. Q2 18.

In the Czech Republic, outstanding loans rose +3.0% (+0.7%*) vs. Q2 18 to EUR 25.5 billion. Outstanding deposits climbed +6.3% (+3.9%*) year-on-year to EUR 33.2 billion. Revenues grew by +6.3% (+6.6%*) vs. Q2 18 to EUR 289 million. At EUR 140 million in Q2 19, operating expenses were 6.0% (5.7%*) lower than in Q2 18, which included a EUR 11.5 million restructuring provision. The contribution to Group net income came to EUR 78 million, up +18.2% vs. Q2 18, with a write-back in the net cost of risk of EUR 9 million in Q2 19.

In Romania, outstanding loans totalled EUR 6.5 billion at end-June 2019, down -2.8% in absolute terms but up +2.8%* when adjusted for changes in Group structure and at constant exchange rates vs. end-June 2018. Outstanding deposits rose +0.9% (+2.5%* when adjusted for changes in Group structure and at constant exchange rates) to EUR 9.6 billion. Net banking income climbed +8.3% vs. Q2 18 (+10.5%*) to EUR 157 million in Q2 19. Operating expenses were 3.7% higher at current exchange rates (+5.6%*) at EUR 84 million in Q2 19. There was a write-back in the net cost of risk of EUR 25 million in Q2 19 compared with a zero net cost of risk in Q2 18. The contribution to Group net income came to EUR 50 million, up +61.3% vs. Q2 18.

In other European countries, outstanding loans and deposits were down by respectively -46.8% and -44.9% given the disposals finalised in H1 19 (SG Albania, Express Bank in Bulgaria and Eurobank in Poland). When adjusted for changes in Group structure and at constant exchange rates, there was a healthy commercial momentum with growth in outstanding loans of +8.5%* and deposits of +8.0%* vs. end-June 2018. Revenues declined -41.8% (-4.1%*) vs. Q2 18, while operating expenses were 41.7% (2.4%*) lower than in Q2 18. The net cost of risk amounted to EUR 3 million. The contribution to Group net income came to EUR 28 million, down -37.8% vs Q2 18.

Russia

In Russia, commercial activity was robust in a buoyant banking market. At end-June 2019, outstanding loans were up +12.7%* at constant exchange rates (+15.2% at current exchange rates) while outstanding deposits climbed +36.1%* (+39.2% at current exchange rates). Net banking income for SG Russia[(1)] was 13%* higher than in Q2 18 (+15.2% at current exchange rates) at EUR 227 million. The strong growth in non-interest income (+22%* vs. Q2 18) illustrates the healthy commercial momentum. Operating expenses were up +9.2%* (+11.2% at current exchange rates) at EUR 149 million. The net cost of risk amounted to EUR 20 million vs. EUR 4 million in Q2 18. SG Russia made a contribution to Group net income of EUR 45 million, slightly lower (-1.8%) than in Q2 18. RONE stood at 15.4% in Q2 19.

(1) *SG Russia encompasses the entities Rosbank, Delta Credit Bank, Rusfinance Bank, Societe Generale Insurance, ALD Automotive and their consolidated subsidiaries*

Africa

In Africa and the other regions where the Group operates, commercial activity was generally healthy especially in Sub-Saharan Africa. Outstanding loans rose +7.2% (+6.5%*) vs. Q2 18 to EUR 21.9 billion. Outstanding deposits were up +6.4% (+5.6%*) at EUR 21.7 billion, with a good momentum in Sub-Saharan Africa. Net banking income totalled EUR 438 million, up +6.3% (+5.2%*) with, in particular, a good performance by non-interest income (+7%* vs. Q2 18). Operating expenses rose +8.7% (+6.9%*), in conjunction with the commercial expansion and organisational changes. The net cost of risk came to EUR -86 million. The contribution to Group net income amounted to EUR 37 million in Q2 19, down -46.4% vs. Q2 18.

Insurance

The life insurance savings business saw outstandings increase +3.9% in Q2 19 vs. Q2 18. The share of unit-linked products in outstandings was 28% at end-June 2019, up +0.8 points vs. Q2 18.

Personal Protection and Property/Casualty insurance enjoyed robust growth, with premiums increasing by respectively +9.9%* and +14.6%* vs. Q2 18.

International activity continued to experience strong growth in H1 19 vs. H1 18 (+34%* for life insurance savings, +27%* for Personal Protection insurance and +32%* for Property/Casualty insurance) and accounted for 18% of insurance business. Activity was buoyant in France in H1 19 (+2% for life insurance savings, +4% for Protection insurance).

The Insurance business posted a good financial performance in Q2 19, with net banking income increasing +4.1% to EUR 229 million in Q2 19 (+3.6%*). Operating expenses rose +3.8% (+4.3%*) vs. Q2 18 to EUR 81 million, in conjunction with the Insurance business' commercial expansion ambitions. The contribution to Group net income was 7.4% higher at EUR 102 million. RONE, adjusted for the linearisation of IFRIC 21, came to 25.8% in Q2 19.

Net banking income was up +3.1% (+3.2%*) in H1 19 at EUR 460 million. The contribution to Group net income was 5.6% higher at EUR 189 million.

Financial Services to Corporates

Financial Services to Corporates enjoyed a good commercial momentum in Q2 19.

Operational Vehicle Leasing and Fleet Management saw an increase in its vehicle fleet (+7.2% vs. end of Q2 18) to 1.70 million vehicles at end-June 2019, primarily through organic growth.

Equipment Finance's outstanding loans were up +2.6%* in Q2 19 vs. Q2 18 at EUR 18.2 billion (excluding factoring), driven by a good level of new business.

Financial Services to Corporates' net banking income rose +2.8% (+2.6%*) in Q2 19 vs. Q2 18 to EUR 483 million. Operating expenses increased by +6.8% (+6.4%*) vs. Q2 18 to EUR 253 million. The net cost of risk amounted to EUR 22 million, an increase of EUR 4 million vs. Q2 18. The contribution to Group net income was EUR 135 million, up +1.5% vs. Q2 18. RONE, adjusted for the linearisation of IFRIC 21, came to 18.9% in Q2 19.

Financial Services to Corporates' net banking income totalled EUR 941 million in H1 2019, up +4.0% (+3.9%*) vs. H1 2018. The contribution to Group net income amounted to EUR 266 million (+6.8%).

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EUR m	Q2 19	Q2 18	Change		H1 19	H1 18	Change	
Net banking income	2,266	2,412	*-6.1%*	*-7.3%**	4,505	4,627	*-2.6%*	*-4.6%**
Operating expenses	(1,915)	(1,728)	*+10.8%*	*+10.0%**	(3,941)	(3,752)	*+5.0%*	*+3.7%**
Gross operating income	**351**	**684**	***-48.7%***	***-50.1%****	**564**	**875**	***-35.5%***	***-39.0%****
Net cost of risk	**(33)**	(7)	*x 4.7*	*x 4.4*	**(75)**	20	*n/s*	*n/s*
Operating income	**318**	**677**	***-53.0%***	***-54.4%****	**489**	**895**	***-45.4%***	***-48.2%****
Reported Group net income	**274**	**507**	***-46.0%***	***-47.5%****	**414**	**673**	***-38.5%***	***-41.8%****
RONE	7.1%	13.6%			5.2%	9.1%		
Underlying RONE (1)	***10.0%***	***11.7%***			***8.9%***	***11.0%***		

(1) Adjusted for the linearisation of IFRIC 21 and the restructuring provision of EUR 227 million

Q2 19 was characterised by a mixed performance in Global Markets (resilience of Equities and Prime Services and decline in Fixed Income, Currencies & Commodities); a good performance in Financing and Global Transaction Banking activities and weak investment banking activity in Europe. This trend reflects the Group's strategic priorities, notably the refocusing on Equities and Prime Services as well as the development of Financing & Advisory activities.

Global Banking & Investor Solutions posted net banking income of EUR 2,266 million, down -6.1% vs. Q2 18 (-7.3%*), and up +1.2% vs. Q1 19. Net banking income declined by -2.6% (-4.6%*) in H1 19 to EUR 4,505 million.

The adjustment of the operational set-up announced in May has entered the execution phase. The new organisational structures in the businesses and their support functions have been in place since July 1st. In Global Markets, the proprietary trading subsidiary (Descartes Trading) is in run-off and the OTC commodities business is in the process of being closed. The voluntary departure plan was also launched in France on July 1st and reductions in the workforce were initiated during the second quarter outside France. A restructuring provision was recognised for EUR 227 million in operating expenses (the Group had announced restructuring costs of EUR 250-300 million in 2019).
As part of the adaptation of its operational set-up in Global Markets, the Group has reduced its risk-weighted assets (RWA) by EUR 2.6 billion, taking the decline to EUR 4.9 billion out of a total target of EUR 8 billion.
Concerning the acquisition of Equity Markets & Commodities (EMC), Commerzbank's market activities, an initial transfer of structured products and ETFs was implemented in Q2 19. Integration costs amounting to EUR 21 million were recorded in Q2 19.

Global Markets & Investor Services

Global Markets & Investor Services' revenues were down -9.2% in Q2 19 vs. Q2 18, at EUR 1,353 million, impacted by still challenging market conditions. Revenues were 6.3% higher than in Q1 19.
Revenues totalled EUR 2,626 million in H1 19, down -8.2% vs. H1 18 and up +12.0% vs. H2 18.

At EUR 524 million, the revenues of Fixed Income, Currencies & Commodities were down -9.7% in Q2 19 vs. Q2 18, and up +16.4% vs. Q1 19. The low interest rate environment in Europe and low volatility observed in currency activities adversely affected Rate and Currency activities in Q2 19. These declines in revenue were mitigated by the good performance of Credit and emerging market activities.

Equities and Prime Services' revenues were down -6.6% vs. Q2 18 at EUR 650 million, against a backdrop of low volumes on flow activities. Revenues were up +4.2% vs. Q1 19, benefiting from better market conditions at the beginning of Q2.

Securities Services' assets under custody amounted to EUR 4,158 billion at end-June 2019, up +1.8% vs. end-March 2019. Over the same period, assets under administration were stable at EUR 631 billion. Revenues were down -16.4% in Q2 19 vs. Q2 18 at EUR 179 million. However, they were stable when restating the Q2 18 results for the impact of the revaluation of Euroclear securities amounting to EUR 33 million.

Financing & Advisory

Financing & Advisory's revenues totalled EUR 682 million in Q2 2019, up +2.6% (+0.9%*) vs. Q2 2018. Revenues amounted to EUR 1,393 million in H1 2019 and were 10.1% (8.0%*) higher than in H1 2018.

Q2 2019 was marked by the good momentum of Financing Activities and a sluggish market in investment banking in Europe. All Asset Financing businesses enjoyed buoyant commercial activity, with a good level of origination (particularly in aircraft and property financing). The natural resources division provided further evidence of its robust momentum in energy project financing, and in the mining and metal industry sector. The Asset Backed Product franchise continued to grow.

Global Transaction Banking's earnings were substantially higher in Q2 19 (+18.7%), with a strong commercial momentum in Cash Management and Correspondent Banking.

Asset and Wealth Management

The net banking income of the Asset and Wealth Management business line totalled EUR 231 million in Q2 19, down -10.1% vs. Q2 18 and -5% when restated for the sale of the Private Banking activities in Belgium in Q2 18. Net banking income amounted to EUR 486 million in H1 2019, down -2.8% vs. H1 2018. It remained stable if H1 2018 is restated for the sale of the Private Banking activities in Belgium.

Private Banking's assets under management totalled EUR 114 billion at end-June 2019, slightly higher (+0.9%) than in March 2019. Net banking income was down -14.6% in Q2 19 vs. Q2 18 at EUR 175 million. Inflow remained buoyant in France, Switzerland and Luxembourg and the business benefited from an improvement in transactional activity compared to Q1 19.

Lyxor's assets under management came to EUR 135 billion at end-June 2019, 12% higher than in March 2019, due primarily to the inclusion of EUR 12 billion related to the integration of an EMC fund (Commerz Fund Solutions). Revenues totalled EUR 51 million in Q2 19, up +8.5% (+6% excluding EMC's revenues) vs. Q2 18.

Operating expenses

Global Banking & Investor Solutions' operating expenses were up +10.8% vs. Q2 18, at EUR 1,915 million, and up +5.0% vs. H1 18. They included a EUR 227 million restructuring provision (broken down into EUR 160 million for Global Markets & Investor Services, EUR 45 million for Financing & Advisory and EUR 22 million for Asset and Wealth Management) and EUR 21 million of integration costs in respect of EMC activities.
When restated for these items, operating expenses were down -3.5% vs. Q2 18 and -1.6% vs. H1 18.

The cost to income ratio came to 77.9% (75.7% in Q2 18) when linearising IFRIC 21 and restating the restructuring provision.

Gross operating income

Gross operating income totalled EUR 351 million in Q2 19, down -48.7% vs. Q2 18, and EUR 564 million in H1 19, down -35.5% vs. H1 18.

The net cost of risk amounted to EUR -33 million (compared to a net cost of risk of EUR -7 million in Q2 18).

Operating income

Global Banking & Investor Solutions' operating income totalled EUR 318 million in Q2 19, down -53.0% vs. Q2 18, and EUR 489 million in H1 2019, down -45.4% vs. H1 2018.

Net income

The pillar's contribution to Group net income amounted to EUR 274 million in Q2 19, down -46.0% vs. Q2 18, and EUR 414 million in H1 19, down -38.5% vs. H1 18.

When restated for IFRIC 21 and the restructuring provision, the pillar's RONE stood at 10.0%, an increase of 2 points compared to Q1 19.

6. CORPORATE CENTRE

In EUR m	**Q2 19**	**Q2 18**	**H1 19**	**H1 18**
Net banking income	(100)	(24)	(140)	58
Operating expenses	138	(212)	65	(258)
Gross operating income	**38**	**(236)**	**(75)**	**(200)**
Net cost of risk	(19)	5	(19)	(5)
Net profits or losses from other assets	(81)	(28)	(134)	(32)
Reported Group net income	**(91)**	**(189)**	**(243)**	**(151)**

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 -100 million in Q2 19 vs. EUR -24 million in Q2 18 and EUR -140 million in H1 19 vs. EUR +58 million in H1 18.

Operating expenses totalled EUR 138 million in Q2 19 vs. EUR -212 million in Q2 18 and EUR +65 million in H1 19 vs. EUR -258 million in H1 18. In Q2 19, operating expenses included an adjustment of operating taxes of EUR +241 million. In Q2 18, operating expenses included an allocation to the provision for disputes of EUR 200 million.

Gross operating income amounted to EUR 38 million in Q2 19 vs. EUR -236 million in Q2 18 and EUR -75 million in H1 19 vs. EUR -200 million in H1 18.

Net profits or losses from other assets totalled EUR -81 million and included in particular, in respect of the application of IFRS 5, an expense related to the disposal of PEMA amounting to EUR -43 million and an expense of EUR -27 million representing the residual impact of the disposal of the Group's activities in the Balkans.

The income tax expense was adjusted for Q2 18 and H1 18 in respect of the application of the amendment to IAS 12. Accordingly, the contribution to Group net income was adjusted for the tax effect of interest paid to holders of deeply subordinated notes and undated subordinated notes (EUR +68 million in Q2 18 and EUR +121 million in H1 18) which was recognised in income over the period. This effect amounts to EUR +63 million in Q2 19 and EUR +118 million in H1 19.

The Corporate Centre's contribution to Group net income was EUR -91 million in Q2 19 vs. EUR -189 million in Q2 18 and EUR -243 million in H1 19 vs. EUR -151 million in H1 18.

7. CONCLUSION

During Q2 and H1 2019, the Group demonstrated its ability to achieve its CET1 target of 12% by 2020 as quickly as possible and to improve its profitability. There was a further increase in the CET1 ratio (+52 basis points) compared with the last quarter to 12.0% at end-June 2019. Underlying Group net income amounted to EUR 1,247 million in Q2 19 (EUR 2,332 million in H1 19) and underlying ROTE stood at 9.7% (9.1% in H1 19).

International Retail Banking & Financial Services delivered durable and profitable growth and saw a further improvement in its operating leverage in H1, excluding the restructuring provision. In a low interest rate environment, French Retail Banking posted a rise in revenues with rigorous cost control, resulting in resilient profitability. Global Banking & Investor Solutions is fully engaged in the adaptation of its operational set-up (reduction of risk-weighted assets, reduction of costs) while at the same time improving its profitability in Q2 19 vs. Q1 19. Costs, excluding the restructuring provision and EMC integration costs, were down -3.5% in Q2 19 vs. Q2 18.

The Group's cost saving programme (EUR 1.6 billion by 2020) is also well under way with, to date, an achievement rate of nearly 35%.

The refocusing programme continued, with the finalisation of the disposal of Eurobank in Poland in Q2 19 and the announcement of the disposal of PEMA in Germany in July. Overall, the expected impact of the disposals announced to date is around 47 basis points (including 28 basis points already finalised) based on a target of 80-90 basis points.

Engaged in the positive transformation of economies and society, the Group has achieved a major milestone in its coal withdrawal strategy by working for the decarbonisation of maritime transport and strengthening its sector policy. It has also confirmed its pioneering role in positive impact financing, is investing in the development of Africa and supporting the transition towards sustainable cities.

8. 2019/2020 FINANCIAL CALENDAR

2019/2020 Financial communication calendar

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 EUR m	Q2 19	Q2 18	Change	H1 19	H1 18	Change
French Retail Banking	356	365	-2.5%	590	635	-7.1%
International Retail Banking & Financial Services	515	541	-4.8%	979	970	+0.9%
Global Banking & Investor Solutions	274	507	-46.0%	414	673	-38.5%
Core Businesses	1,145	1,413	-19.0%	1,983	2,278	-12.9%
Corporate Centre	(91)	(189)	+51.8%	(243)	(151)	-61.0%
Group	1,054	1,224	-13.9%	1,740	2,127	-18.2%

TABLE FOR THE TRANSITION FROM PUBLISHED DATA TO DATA RESTATED FOR THE APPLICATION OF THE AMENDMENT TO IAS 12

	Income Tax			Group Net Income		
	Reported	IAS 12 impact	Adjusted	Reported	IAS 12 impact	Adjusted
2017	(1,708)	**198**	(1,510)	2,806	**198**	3,004
Q1 18	(370)	**53**	(317)	850	**53**	903
Q2 18	(516)	**68**	(448)	1,156	**68**	1,224
H1 18	(886)	**121**	(765)	2,006	**121**	2,127
Q3 18	(539)	**75**	(464)	1,234	**75**	1,309
Q4 18	(136)	**61**	(75)	624	**61**	685
2018	(1,561)	**257**	(1,304)	3,864	**257**	4,121
Q1 19	(310)	**55**	(255)	631	**55**	686

CONSOLIDATED BALANCE SHEET

(ASSETS - In millions of euros)	30.06.2019	31.12.2018
Central banks	99,479	96,585
Financial assets at fair value through profit or loss	420,968	365,550
Hedging derivatives	17,765	11,899
Financial assets measured at fair value through other comprehensive income	53,124	50,026
Securities at amortised cost	12,151	12,026
Due from banks at amortised cost	70,173	60,588
Customer loans at amortised cost	438,251	447,229
Revaluation differences on portfolios hedged against interest rate risk	69	338
Investment of insurance activities	157,907	146,768
Tax assets	5,475	5,819
Other assets	70,361	67,446
Non-current assets held for sale	9,008	13,502
Investments accounted for using the equity method	243	249
Tangible and intangible assets(1)	28,986	26,751
Goodwill	4,649	4,652
Total	**1,388,609**	**1,309,428**

(1) As a result of the application of IFRS 16 "Leases" as from 1 January 2019, the Group has recorded a right-of-use asset under "Tangible and intangible fixed assets" that represents its rights to use the underlying leased assets.

(LIABILITIES - In millions of euros)	30.06.2019	31.12.2018
Central banks	7,740	5,721
Financial liabilities at fair value through profit or loss	406,254	363,083
Hedging derivatives	9,703	5,993
Debt securities issued	127,276	116,339
Due to banks	101,269	94,706
Customer deposits	412,941	416,818
Revaluation differences on portfolios hedged against interest rate risk	7,563	5,257
Tax liabilities(1)	1,237	1,157
Other liabilities(2)	82,620	76,629
Non-current liabilities held for sale	7,070	10,454
Liabilities related to insurance activities contracts	138,577	129,543
Provisions	4,575	4,605
Subordinated debts	14,565	13,314
Total liabilities	**1,321,390**	**1,243,619**
SHAREHOLDERS' EQUITY		
Shareholders' equity, Group share		
Issued common stocks, equity instruments and capital reserves	31,353	29,856
Retained earnings*	30,042	28,085
Net income*	1,740	4,121
Sub-total	**63,135**	**62,062**
Unrealised or deferred capital gains and losses	(643)	(1,036)
Sub-total equity, Group share	**62,492**	**61,026**
Non-controlling interests	4,727	4,783
Total equity	**67,219**	**65,809**
Total	**1,388,609**	**1,309,428**

** The amounts have been restated following the first-time application of an amendment to IAS 12 "Income taxes".*
(1) Since 1 January 2019, provisions for income tax adjustments are presented under "Tax liabilities" as a consequence of the application of IFRIC 23 "Uncertainty over income tax treatments".
(2) As a result of the application of IFRS 16 "Leases" as from 1 January 2019, the Group has recorded a lease liability under "Other Liabilities" that represents the obligation to make lease payments.

10. APPENDIX 2: METHODOLOGY

1 - The financial information presented in respect of Q2 and H1 2019 was examined by the Board of Directors on July 31st, 2019 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The limited review procedures carried out by the Statutory Auditors are in progress on the condensed interim consolidated financial statements as at June 30th, 2019.

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:

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

Q2 18 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	**(4,403)**	**(170)**	**(42)**	**1,224**	
(+) IFRIC 21 linearisation	*(167)*			*(118)*	
(-) Provision for disputes	*(200)*			*(200)*	*Corporate Centre*
(-)Group refocusing plan			*(27)*	*(27)*	*Corporate Centre*
Underlying	**(4,370)**	**(170)**	**(15)**	**1,333**	

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

H1 18 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	**(9,132)**	**(378)**	**(41)**	**2,127**	
(+) IFRIC 21 linearisation	*338*			*236*	
(-) Provision for disputes	*(200)*			*(200)*	*Corporate Centre*
(-)Group refocusing plan			*(27)*	*(27)*	*Corporate Centre*
Underlying	**(8,594)**	**(378)**	**(14)**	**2,590**	

* Breakdown of the restructuring provision for GBIS: Global Markets & Investor Services (EUR -160m), Financing & Advisory (EUR -45m), Asset and Wealth Management (EUR -22m)

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)	Q2 19	Q2 18	H1 19	H1 18
French Retail Banking	Net Cost Of Risk	129	93	223	227
	Gross loan Outstandings	192,896	186,245	192,159	185,727
	Cost of Risk in bp	**27**	**20**	**23**	**24**
International Retail Banking and Financial Services	Net Cost Of Risk	133	75	261	166
	Gross loan Outstandings	139,634	132,749	134,747	132,190
	Cost of Risk in bp	**38**	**23**	**39**	**25**
Global Banking and Investor Solutions	Net Cost Of Risk	33	7	75	(20)
	Gross loan Outstandings	164,162	149,283	164,512	148,499
	Cost of Risk in bp	**8**	**2**	**9**	**(3)**
Corporate Centre	Net Cost Of Risk	19	(4)	19	5
	Gross loan Outstandings	8,705	6,614	8,977	6,849
	Cost of Risk in bp	**86**	**(24)**	**42**	**15**
Societe Generale Group	Net Cost Of Risk	314	170	578	378
	Gross loan Outstandings	505,397	474,891	500,395	473,264
	Cost of Risk in bp	**25**	**14**	**23**	**16**

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 payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.
Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period	Q2 19	Q2 18	H1 19	H1 18
Shareholders' equity Group share	**62,492**	**58,959**	**62,492**	**58,959**
Deeply subordinated notes	(9,861)	(9,197)	(9,861)	(9,197)
Undated subordinated notes	(280)	(274)	(280)	(274)
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	(39)	(213)	(39)	(213)
OCI excluding conversion reserves	(636)	130	(636)	130
Dividend provision	(717)	(892)	(717)	(892)
ROE equity end-of-period	**50,959**	**48,513**	**50,959**	**48,513**
Average ROE equity	**50,250**	**47,967**	**49,842**	**47,745**
Average Goodwill	(4,541)	(5,152)	(4,619)	(5,155)
Average Intangible Assets	(2,194)	(2,010)	(2,194)	(1,988)
Average ROTE equity	**43,515**	**40,805**	**43,029**	**40,602**
Group net Income (a)	**1,054**	**1,224**	**1,740**	**2,127**
Underlying Group net income (b)	**1,247**	**1,333**	**2,332**	**2,590**
Interest on deeply subordinated notes and undated subordinated notes (c)	(192)	(189)	(357)	(344)
Cancellation of goodwill impairment (d)	41	22	108	22
Adjusted Group net Income (e) = (a)+ (c)+(d)	**903**	**1,057**	**1,491**	**1,805**
Adjusted Underlying Group net Income (f)=(b)+(c)	**1,056**	**1,144**	**1,975**	**2,246**
Average ROTE equity (g)	**43,515**	**40,805**	**43,029**	**40,602**
ROTE [quarter: (4*e/g), 6M: (2*e/g)]	8.3%	10.4%	6.9%	8.9%
Average ROTE equity (underlying) (h)	**43,612**	**40,859**	**43,325**	**40,833**
Underlying ROTE [quarter: (4*f/h), 6M: (2*f/h)]	9.7%	11.2%	9.1%	11.0%

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

In EUR m	Q2 19	Q2 18	Change	H1 19	H1 18	Change
French Retail Banking	**11,306**	11,066	+2.2%	**11,281**	11,226	+0.5%
International Retail Banking & Financial Services	**11,051**	11,452	-3.5%	**11,334**	11,440	-0.9%
Global Banking & Investor Solutions	**15,543**	14,965	+3.9%	**16,062**	14,856	+8.1%
Core Businesses	**37,900**	37,483	+1.1%	**38,677**	37,522	+3.1%
Corporate Centre	**12,350**	10,484	+17.8%	**11,165**	10,223	+9.2%
Group	**50,250**	47,967	+4.8%	**49,842**	47,745	+4.4%

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	H1 19	Q1 19	2018	H1 18
Shareholders' equity Group share	**62,492**	**61,830**	**61,026**	**58,959**
Deeply subordinated notes	(9,861)	(9,473)	(9,330)	(9,197)
Undated subordinated notes	(280)	(283)	(278)	(274)
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	(39)	(37)	(14)	(213)
Bookvalue of own shares in trading portfolio	431	550	423	500
Net Asset Value	**52,743**	**52,587**	**51,827**	**49,775**
Goodwill	(4,548)	(4,544)	(4,860)	(5,140)
Intangible Assets	(2,226)	(2,162)	(2,224)	(2,027)
Net Tangible Asset Value	**45,969**	**45,881**	**44,743**	**42,608**
Number of shares used to calculate NAPS**	**844,026**	**804,211**	**801,942**	**801,924**
Net Asset Value per Share	**62.5**	**65.4**	**64.6**	**62.1**
Net Tangible Asset Value per Share	**54.5**	**57.1**	**55.8**	**53.1**

*** The number of shares considered is the number of ordinary shares outstanding as at June 30th, 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)	**H1 19**	**Q1 19**	**2018**	**H1 18**
Existing shares	**821,189**	**807,918**	**807,918**	**807,918**
Deductions				
Shares allocated to cover stock option plans and free shares awarded to staff	4,214	4,467	5,335	5,059
Other own shares and treasury shares	249	374	842	1,252
Number of shares used to calculate EPS**	**816,726**	**803,077**	**801,741**	**801,607**
Group net Income	**1,740**	**686**	**4,121**	**2,127**
Interest on deeply subordinated notes and undated subordinated notes	(357)	(165)	(719)	(344)
Capital gain net of tax on partial buybacks				
Adjusted Group net income	**1,383**	**521**	**3,402**	**1,783**
EPS (in EUR)	**1.69**	**0.65**	**4.24**	**2.22**
Underlying EPS* (in EUR)	**2.42**	**1.12**	**5.00**	**2.80**

** Excluding exceptional items and including linearisation of the IFRIC 21 effect.*
*** The number of shares considered is the average number of shares over the period, excluding treasury shares and buybacks, but including the trading shares held by the Group.*
Q1 19, 2018 and H1 18 data restated for the application of IAS 12 on Group net income and "interest on deeply subordinated notes and undated subordinated notes"

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

APPENDIX III

REPRODUCTION OF THE PRESS RELEASE DATED 1 AUGUST 2019 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

The information set out below is a reproduction of the press release dated 1 August 2019 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 2019.

SG Issuer

Société Anonyme

Condensed interim financial statements,
Report of the Executive Board and Corporate Governance Statement and
Report of the Réviseur d'entreprises agréé on review of the condensed interim financial statements

As at and for the six-month period ended 30 June 2019

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

Summary

Executive Board Members

For the six-month period ended 30 June 2019

Chairman:

Mr Yves CACCLIN (until 29 April 2019)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mrs Aude de ROQUANCOURT (Member since 1 February 2019 - Chairman since 29 April 2019)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Members:

Mr Noël ALISON (until 20 September 2019)
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

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

Mr Amaury de BELER (until 1 February 2019)
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 Pascal JACOB (since 29 April 2019)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mrs Estelle STEPHAN JASPARD
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

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

Supervisory Board Members

For the six-month period ended 30 June 2019

Chairman:

Mr Yves CACCLIN (since 29 April 2019)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Arnaud JACQUEMIN (until 29 April 2019)
Employee of Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Members:

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

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

Audit Committee Members

For the six-month period ended 30 June 2019

Chairman:

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

Members:

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

Management and administration

For the six-month period ended 30 June 2019

Issuer
SG Issuer
16, boulevard 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 7, France

Security Trustee and Security Agent Trustee
The Bank of New York MELLON Corporate Trustee Services Limited
One Canada Square, London E14 5AL

Collateral Custodian
The Bank of New York MELLON (Luxembourg) S.A.
2-4, rue Eugène Ruppert, L-2453 Luxembourg

Collateral Monitoring Agent
The Bank of New York 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 six-month period ended 30 June 2019

Legal advisers

To the Arranger as to English, French and U.S. laws
Allen & Overy LLP
Edouard VII
26, boulevard des Capucines, F-75009 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

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

Report of the Executive Board and Corporate Governance Statement

For the six-month period ended 30 June 2019

The Directors of SG Issuer (the "Company" or “SGIS”) (each a « Director », collectively the « Executive Board ») present the condensed interim financial statements and the Report of the Executive Board and Corporate Governance Statement of the Company for the period from 1 January 2019 to 30 June 2019.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The purpose of SG Issuer is 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 Société Générale 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. The main programmes for Notes are the two Debt Instruments Issuance Programmes, for which the last updates have been approved by the CSSF on 14 June 2019 and the “Programme d'Emission de Titres de Créance” approved by the CSSF on 20 June 2019. Similarly, the main programmes for Warrants are the Warrants Issuance Programme for which the last updates have been approved by the CSSF on 1 July 2019, and the Warrants and Turbo Warrants Issuance Programme for which the last updates have been approved by the CSSF on 16 July 2019. Two programmes are hosted by Société Générale Frankfurt, Dual Language DIIP dated 12 July 2019 and Dual Language Leveraged and Tracking Products dated 17 July 2019. The Hong Kong Warrants programme was last updated on 3 April 2019 and the Singapore Warrants programme was last updated on 21 June 2019.

The state of business of the Company at the closing of the six-month period ended 30 June 2019 is adequately presented in the interim statement of financial position and interim statement of profit and loss and other comprehensive income.

The increase in total assets and liabilities (before impact of the off-setting – see Note 2.3.3.4) is due to the development of the activity of issuing financial instruments.

During the six-month period ended 30 June 2019, 13 461 new Notes were issued (among which 79 new secured Notes) and 16 760 new Warrants were issued[1]. The net profit for the period from 1 January 2019 to 30 June 2019 amounts to KEUR 263.

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 9 hereafter.

3. FUTURE DEVELOPMENTS

For this second semester, the Executive Board expects a further increase in the Notes and Warrants issued. From next year, while the issuance of Notes is expected to be remain sustained, the Warrants activity is expected to decrease, the Société Générale Group planning to use another issuer for the bulk of its Warrant issuances.

4. SUBSEQUENT EVENTS

There were no subsequent events which could have a significant impact on the condensed interim financial statements of the Company as at and for the six-month period ended 30 June 2019.

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.

[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 period.

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 statements;
- 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.

An Audit Committee took place on 29 April 2019, during which the financial statements for the year ended 31 December 2018 and the external audit results were presented. At least one member of the committee must be independent, which is the case of the Chairman of the Company's Audit Committee.

5.4. Internal Audit

The Internal Audit of both Société Générale Bank & Trust S.A. ("SGBT") 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 framework

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 completeness of the procedural framework.

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, 25 September 2019
For the Executive Board

Aude de ROQUANCOURT
Chairman of the Executive Board

Pascal JACOB
Member of the Executive Board

Thierry BODSON
Member of the Executive Board

Global Statement for the condensed interim financial statements

For the six-month period ended 30 June 2019

To the best of our knowledge, the condensed interim financial statements are prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and gives a true and fair view of the financial position and performance of SG Issuer as at and for the six-month period ended 30 June 2019. The condensed interim financial statements comprise the interim statement of financial position as at 30 June 2019, the interim statement of profit and loss and other comprehensive income, the interim statement of changes in equity and the interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

To the best of our knowledge, the management report includes a fair review of the development and performance of the Company, and a description of the principal risks and uncertainties that the Company faces.

Luxembourg, 25 September 2019

Aude de ROQUANCOURT
Chairman of the Executive Board

Pascal JACOB
Member of the Executive Board

Thierry BODSON
Member of the Executive Board

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L-2017 Luxembourg
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TVA LU 16063074

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

Report of the Réviseur d'entreprises agréé on review of the condensed interim financial statements

Introduction

We have reviewed the accompanying condensed interim financial statements of SG Issuer S.A. as at and for the six-month period ended 30 June 2019, which comprise the interim statement of financial position as at 30 June 2019 and the related interim statement of profit and loss and other comprehensive income, the interim statement of changes in equity, the interim statement of cash flows for the six-month period then ended and explanatory notes. The Executive Board is responsible for the preparation and fair presentation of the condensed interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Ernst & Young
Société anonyme
Cabinet de révision agréé

Charles Dequaire

Luxembourg, 25 September 2019

Interim statement of profit and loss and other comprehensive income

For the six-month period ended 30 June

	Note	('000 EUR) 2019	('000 EUR) 2018
Interest income		546	609
Commission income	8	32 882	-
Net gains from financial instruments at fair value through profit or loss	8	129	29 151
Impairments		-	-
Total revenues		**33 557**	**29 760**
Interest expenses		(18 672)	(11 521)
Personnel expenses		(103)	(104)
Other operating expenses		(14 432)	(17 987)
Total expenses		**(33 207)**	**(29 612)**
Profit before tax		**350**	**148**
Income tax	6	(87)	(22)
Profit for the financial period		**263**	**126**
Total comprehensive income for the period		**263**	**126**

Interim statement of financial position

As at

	Note	('000 EUR) 30.06.2019	('000 EUR) 31.12.2018
Cash and cash equivalents	3	92 164	79 584
Financial assets at fair value through profit or loss			
- *Mandatorily measured at fair value through profit or loss*	4.1	51 712 386	45 062 134
- *Trading derivatives*	4.1	3 598 402	4 168 362
Loans and receivables	5	50 049	52 570
Other assets		12 072	-
Total assets		**55 465 073**	**49 362 650**
Financial liabilities at amortised cost	4.3	67 950	96 284
Financial liabilities at fair value through profit or loss			
- *Designated at fair value through profit or loss*	4.2	51 704 692	45 053 728
- *Trading derivatives*	4.2, 8	3 622 675	4 170 486
Other liabilities		10 601	13 039
Tax liabilities	6	87	64
Total liabilities		**55 406 005**	**49 333 601**
Share capital	7.1	2 000	2 000
Share premium	7.1	56 605	25 000
Legal reserve	7.2.1	200	200
Other reserves	7.2.2	-	1 662
Profit for the financial period/year		263	187
Total equity		**59 068**	**29 049**
Total equity and liabilities		**55 465 073**	**49 362 650**

Interim statement of changes in equity

	('000 EUR) Share capital	('000 EUR) Share premium	('000 EUR) *Legal reserve*	('000 EUR) *Other reserves (unavailable)*	('000 EUR) *Other reserves (available)*	('000 EUR) Total reserves	('000 EUR) Profit for the financial year/period	('000 EUR) Total equity
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)**	-
IFRS 9 FTA impact (Note 2.3.3.1)	-	-	-	-	*(2)*	**(2)**	-	**(2)**
Transfer to available reserves	-	-	-	*(2)*	*2*	-	-	-
Capital increase / Allocation to the share premium account	-	**62 725**	-	-	-	-	-	**62 725**
Dividend to the sole shareholder	-	-	-	-	*(1 794)*	**(1 794)**	-	**(1 794)**
Profit and other comprehensive income for the period from 1 January 2018 to 30 June 2018	-	-	-	-	-	-	**126**	**126**
As at 30 June 2018	**2 000**	**62 725**	*200*	*1 662*	-	**1 862**	**126**	**66 713**
Reimbursement of the share premium (Note 7.1)	-	**(37 725)**	-	-	-	-		**(37 725)**
Transfer to available reserves	-	-	-	(1 662)	1 662	-	-	-
Profit and other comprehensive income for the period from 1 July 2018 to 31 December 2018	-	-	-	-	-	-	**61**	**61**
As at 31 December 2018	**2 000**	**25 000**	*200*	-	*1 662*	**1 862**	**187**	**29 049**
Allocation of the result of the previous year before dividend distribution	-	-	-	-	*187*	**187**	**(187)**	-
Capital increase / Allocation to the share premium account (Note 7.1)	-	**31 605**	-	-	-	-	-	**31 605**
Dividend to the sole shareholder (Note 7.1)	-	-	-	-	*(1 849)*	**(1 849)**	-	**(1 849)**
Profit and other comprehensive income for the period from 1 January 2019 to 30 June 2019	-	-	-	-	-	-	**263**	**263**
As at 30 June 2019	**2 000**	**56 605**	*200*	-	-	**200**	**263**	**59 068**

Interim statement of cash flows

For the six-month period ended 30 June

	Note	('000 EUR) 2019	('000 EUR) 2018
OPERATING ACTIVITIES			
Profit for the financial period		263	126
Adjustment for:			
Net (Increase)/decrease in financial assets	4.1	(6 077 771)	(1 168 619)
Net Increase/(decrease) in financial liabilities	4.2	6 106 425*	1 148 341
(Increase)/decrease in other assets		(12 072)	-
Increase/(decrease) in tax liabilities and other liabilities		(2 416)	(23 720)
Other (IFRS 9 impact)		-	(2)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**14 429**	**(43 874)**
FINANCING ACTIVITIES			
Payment of capital surplus		-	-
Dividend paid	7.1	(1 849)	(1 794)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(1 849)**	**(1 794)**
Cash and cash equivalents at the beginning of the period	3	79 584	114 889
Net increase/(decrease) in cash and cash equivalents		12 580	(45 668)
Cash and cash equivalents at the end of the period		**92 164**	**69 221**
Cash flows from interest and dividends			
Interest paid		353	415
Interest received		546	609
Dividend received			-

** The amount of KEUR 6 106 425 excludes the 2018 activity related interests amounting to KEUR 31 605, which are payable to SGBT and which have been allocated to the Share premium (see Note 5 and Note 7.1).*

NOTE 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, Warrant or option coupons, 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 S.A. (hereafter "Société Générale" 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1. **Basis of preparation**

2.1.1. Statement of compliance

The financial statements of the Company as at 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"). The financial statements as at and for the year ended 31 December 2018 were authorised for issue by the Supervisory Board on 29 April 2019.

The condensed interim financial statements as at and for the six-month period ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and interpretations adopted by the International Accounting Standards Board ("IASB"). The condensed interim financial statements as at and for the six-month period ended 30 June 2019 were approved by the Executive Board on 25 September 2019.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2018.

2.1.2. Basis of measurement of financial assets and financial liabilities

Financial assets and financial liabilities linked to the 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.

2.1.3. Functional and presentation currency

These condensed interim financial statements are prepared in Euro ("EUR"), which is the Company's functional currency and the currency of its share capital.

2.1.4. Use of estimates and judgements

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

In order to make these assumptions and estimates, the management uses information available at the date of preparation of the condensed interim 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 interim condensed 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 interim statement of financial position of financial instruments not quoted on an active market which are classified as Financial assets and liabilities at fair value through profit or loss (see Notes 4.1. and 4.2.);
- the amount of impairment and provisions for credit risk related to financial assets measured at amortised cost (see Note 5);
- The analysis of the contractual cash flow characteristics of financial assets.

2.1.5. Segmental information

No dedicated management reporting information is presented for SGIS to a chief decision maker; only the annual financial statements and condensed interim 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).

The business of the Company is not seasonal. Therefore, the additional disclosure of financial information for the twelve months up to the end of the interim period and comparative information for the prior twelve-month period, encouraged in IAS 34.21, are not necessary and not provided.

2.2. **Changes in accounting policies**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2018, except for the adoption of the new standards effective as of 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.2.1. New accounting standards applied by the Company as at 1 January 2019

IFRS 15 “Revenue for contracts with customers” (see Notes 2.2.1.1).
IFRS 16 "Leases" (see Notes 2.2.1.2.).
IFRIC 23 “Uncertainty over Income Tax Treatments”(Note 2.2.1.3.).
Amendments to IAS 28 “Long-Term Interests in associates and joint ventures”(Note 2.2.1.4).
Annual improvements (2015-2017) (Note 2.2.1.5).
Amendments to IAS 19 “Plan Amendments, Curtailment or Settlement”(Note 2.2.1.6).

2.2.1.1. IFRS 15 “Revenue from contracts with customers”

Adopted by the European Union on 1 January 2018

This standard supersedes IAS 18 “Revenue” and sets out the new requirements for recognising revenues earned from all types of contracts entered into with customers.

The recognition of revenues in the income statement 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.

Income related to the issuance of Notes and Warrants were presented under the caption “net gains from financial instruments at fair value through profit or loss” until 31 December 2018 in accordance with IAS 39/IFRS 9. In 2019, the Company has reassessed the accounting treatment of such income and concluded that such income was in scope of IFRS 15. This new accounting policy has been applied since 1 January 2019. Comparative amounts for the year 2018 were not restated for materiality reasons (but presented in Note 8).

The remuneration of SGIS is composed by 2 distinct services:

- The issuing upfront fee for the initiation of the operation (thereafter issuing upfront fee). 85% of the total fee is recorded at the issue date;
- The account and security servicing during the lifecycle of the security (thereafter security servicing fee). 15% of the total fee is accrued on a monthly basis, as the recognition of continuous services from the security servicing services of SGIS (according to the costs and resources engaged by SGIS).

2.2.1.2. IFRS 16 “Leases”

Adopted by the European Union on 31 October 2017

This new standard supersedes the existing standard IAS 17 and modifies 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 in the scope of IFRS 16, lessee are 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 separately recognises the depreciation of the right-of-use assets and the interest expense on lease liabilities.

SGIS has only one lease agreement related to the building. Since the term of this agreement is 2 years and the annual rental fees amount to KEUR 23, leases are considered non material.

2.2.1.3. IFRIC 23 “Uncertainty over Income Tax Treatments”

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, analyzing and monitoring tax uncertainties has been reviewed both at Group level and at the Company’s level. There is no tax treatment at the level of the Company which would raise uncertainty requiring assessment of potential other tax treatment. Consequently, no effect of this interpretation has been booked on equity.

2.2.1.4. 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 did not identify any impact from these amendments as the Company does not have any long-term interest in neither associate nor joint venture.

2.2.1.5. 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".

These improvements had no effect on the Company's condensed interim financial statements as the Company has neither business combinations, nor joint arrangements. Minor changes in IAS 12 and IAS 23 have no impact on the Company as they are related respectively to financial instruments classified as equity and to borrowing costs eligible for capitalisation, which are not applicable to the Company.

2.2.1.6. 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.

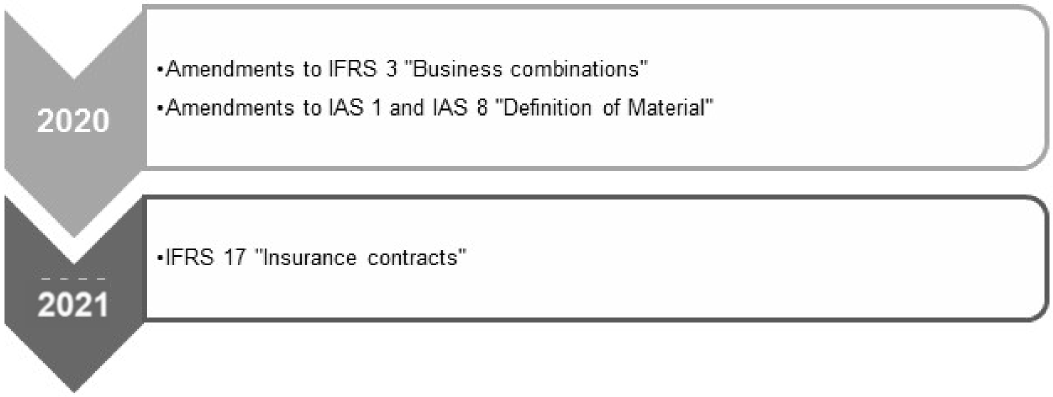
The amendments require the entity to use the updated actuarial assumptions from this remeasurement to determine past service cost and net interest.

The Company is not impacted by this standard as there is no pension plan at its level.

2.2.2. 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 30 June 2019. They are required to be applied from annual periods beginning on 1 January 2020 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Company as at 30 June 2019.

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



2.2.2.1. Amendments to IFRS 3 “Business Combinations”

Published by the IASB on 22 October 2018

The amendments are intended to provide clearer guidance to facilitate the differentiation between the acquisition of a business and the acquisition of a group of assets, for which the accounting treatment is different.

The Company expects no effect from these amendments as it has no business combinations.

2.2.2.2. 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 ‘materiality’ in order to facilitate the judgement in the context of the preparation of financial statements and condensed interim financial statements, particularly when selecting the information to be presented in the Notes.

At this stage, the Company does not expect any significant impact from these amendments.

2.2.2.3. IFRS 17 “Insurance Contracts”

Issued by IASB on 18 May 2017

This new standard replaces 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 interim statement of financial position is replaced by a current value measurement of insurance contracts. The Company expects no effect from this standard as it has no insurance contracts.

2.3. **Summary of significant accounting policies**

2.3.1. 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 interim reporting date. Foreign exchange differences arising on translation and realized exchange gains and losses are recognised in the interim statement of profit and loss and other 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**
30.06.2019	1.1380	122.6000	0.89655	8.8866	1.1105
31.12.2018	1.1450	125.8500	0.8945	8.9675	1.1269

2.3.2. Cash and Cash equivalents

Cash and cash equivalents comprise only cash repayable on demand.

2.3.3. Financial instruments

The accounting principles related to financial instruments remain the same as of 31 December 2018.

2.3.3.1. Classification and measurement of financial assets

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 (hereafter “FFS”) 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.

Classification and measurement of financial liabilities

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

- Financial liabilities at fair value through profit or loss:

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

The Company has designated at fair value through profit or loss the notes issued because mirror transactions (Fully Funded Swaps or "FFS") that are used to hedge those notes are measured mandatorily at fair value through profit and loss and thus reduce the accounting mismatch;

- Financial liabilities at amortised cost:

  These include the other non-derivative financial liabilities and are measured at amortized cost.

2.3.3.2. Valuation of financial instruments as financial assets and financial liabilities at fair value through profit or loss

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

- For unsecured Notes and Fully Funded Swaps

  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 Group's credit spread curve. A dedicated process has been implemented using Société Générale 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 (The Bank of New York MELLON (Luxembourg) S.A. hereafter "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 Société Générale 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 Société Générale and SGIS are mere risk pass-through, the credit risk premium (external bonds issuers) shall not be adjusted with Société Générale 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 and Options

  For financial instruments recognised at fair value in the interim 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 interim 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.

2.3.3.3. Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented on the interim 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.

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 SG.

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 interim 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."

In December 2014, a cash netting clause was added in the legal framework with Société Générale Personne Morale and the Company consequently 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 June 2017, the Company added a new cash netting clause in the legal framework with Société Générale Personne Morale and the Company consequently acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (OTC Options) and the liabilities (the Warrants) 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 impact of the off-setting for the non-sold Notes and the corresponding Fully Funded Swaps and impact of the off-setting for the non-sold Warrants and the corresponding options are described in note 4.1 and note 4.2.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to KEUR 92 164 as at 30 June 2019 (31 December 2018: KEUR 79 584) and are mainly composed of cash held with SGBT and Société Générale.

As at 30 June 2019 and 31 December 2018, this caption only contains cash that is repayable on demand.

NOTE 4 – FINANCIAL INSTRUMENTS

4.1. Financial assets measured at fair value through profit or loss

	30.06.2019 ('000 EUR)	31.12.2018 ('000 EUR)
Financial assets at fair value through profit or loss		
- Mandatorily at fair value through profit or loss (Fully Funded Swaps)	51 712 386	45 062 134
- Trading derivatives (Options)	3 598 402	4 168 362
Total	**55 310 788**	**49 230 496**

As at 30 June 2019, financial assets mandatorily at fair value through profit or loss (Fully Funded Swaps) amount to KEUR 51 712 386 (31 December 2018: KEUR 45 062 134) and replicate all the Notes issued by the Company (see Note 4.2). Differences between Fully Funded Swaps and Notes arise due to late settlements.

As at 30 June 2019, Trading derivatives (Options) amount to KEUR 3 598 402 (31 December 2018: KEUR 4 168 362) and replicate all the Warrants issued by the Company (see Note 4.2). Differences between Options and Warrants arise due to late settlements.

As at 30 June 2019, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is KEUR 59 866 543 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2018: KEUR 40 786 626) and KEUR 7 779 040 for the non-sold Warrants and the corresponding Options (31 December 2018: KEUR 5 281 042) (see Note 4.2).

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

	('000 EUR)	('000 EUR)	('000 EUR)
	Mandatorily 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	31 615 388	34 831 815	66 447 203
Maturity/Disposal/Liquidation/Cancellation	(15 594 453)	(32 877 694)	(48 472 147)
Change in fair value	(2 247 871)	(2 054 287)	(4 302 158)
Exchange difference	1 144 519	63 069	1 207 588
Offsetting of Assets and Liabilities (Change)	(13 668 588)	(43 617)	(13 712 205)
As at 30 June 2018	**45 300 532**	**3 726 108**	**49 026 640**
Acquisition	30 120 091	(920 418)	29 199 673
Maturity/Disposal/Liquidation/Cancellation	(17 894 969)	169 074	(17 725 895)
Change in fair value	(9 819 706)	(632 465)	(10 452 171)
Exchange difference	842 729	118 021	960 750
Offsetting of Assets and Liabilities (Change)	(3 486 543)	1 708 042	(1 778 501)
As at 31 December 2018	**45 062 134**	**4 168 362**	**49 230 496**
Acquisition	33 277 613	20 820 233	54 097 846
Maturity/Disposal/Liquidation/Cancellation	(17 375 767)	(17 574 915)	(34 950 682)
Change in fair value	9 520 579	(1 350 072)	8 170 507
Exchange difference	307 744	32 792	340 536
Offsetting of Assets and Liabilities (Change)	(19 079 917)	(2 497 998)	(21 577 915)
As at 30 June 2019	**51 712 386**	**3 598 402**	**55 310 788**

4.2. Financial liabilities measured at fair value through profit or loss

	30.06.2019 ('000 EUR)	**31.12.2018 ('000 EUR)**
Financial liabilities at fair value through profit or loss		
- Designated at fair value through profit or loss (Notes)	51 704 692	45 053 728
- Trading derivatives (Warrants)	3 622 675	4 170 486
Total	**55 327 367**	**49 224 214**

As at 30 June 2019, the Company has issued secured and unsecured Notes for a total amount of KEUR 51 704 692 (31 December 2018: KEUR 45 053 728):

- 33 037 unsecured Notes were issued (stock) for a total amount of KEUR 47 571 960 (31 December 2018: 29 736 unsecured Notes were issued (stock) for a total amount of KEUR 41 584 165);
- 888 secured Notes were issued (stock) for a total amount of KEUR 4 132 732 (31 December 2018: 871 secured Notes were issued (stock) for a total amount of KEUR 3 469 563).

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 30 June 2019, securities deposited at BNY Mellon as collateral for secured issuances amount to KEUR 4 243 480 (31 December 2018: KEUR 3 609 288).

As at 30 June 2019, the Company also issued Warrants for a total amount of KEUR 3 622 675 (31 December 2018: KEUR 4 170 486). Refer to Note 9 for further details on Off-balance sheet items related to the Warrants activity.

As at 30 June 2019, the impact of the offsetting (decrease in the balance sheet) is KEUR 59 866 543 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2018: KEUR 40 786 626) and KEUR 7 779 040 for the non-sold Warrants and the corresponding Options (31 December 2018: KEUR 5 281 042) (see Note 4.1).

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

	('000 EUR)	('000 EUR)	('000 EUR)
	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**
Issuance	31 615 388	34 831 815	66 447 203
Maturity/Disposal/Liquidation/Cancellation	(15 616 360)	(32 886 766)	(48 503 126)
Change in fair value	(2 247 871)	(2 054 287)	(4 302 158)
Exchange difference	1 144 519	63 069	1 207 588
Offsetting of Assets and Liabilities (Change)	(13 668 588)	(43 617)	(13 712 205)
As at 30 June 2018	**45 275 231**	**3 728 893**	**49 004 124**
Issuance	30 759 451	(896 908)	29 862 543
Maturity/Disposal/Liquidation/Cancellation	(18 372 899)	(462 165)	(18 835 064)
Change in fair value	(9 984 059)	(256 637)	(10 240 696)
Exchange difference	862 547	349 261	1 211 808
Offsetting of Assets and Liabilities (Change)	(3 486 543)	1 708 042	(1 778 501)
As at 31 December 2018	**45 053 728**	**4 170 486**	**49 224 214**
Issuance	33 743 010	20 821 781	54 564 791
Maturity/Disposal/Liquidation/Cancellation	(17 794 541)	(17 350 616)	(35 145 157)
Change in fair value	9 473 510	(1 574 971)	7 898 539
Exchange difference	308 902	53 993	362 895
Offsetting of Assets and Liabilities (Change)	(19 079 917)	(2 497 998)	(21 577 915)
As at 30 June 2019	**51 704 692**	**3 622 675**	**55 327 367**

4.3. Financial instruments measured at amortised cost

As at 30 June 2019 and 31 December 2018, 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 of 2.05% (total rate of 1.705% as at 30 June 2019) 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.

As at 30 June 2019 and 31 December 2018, the value of the equity component is estimated to be nil.

As at 30 June 2019, the Company also has amounts due to banks related to the Company's bank current accounts for KEUR 2 031 (31 December 2018: KEUR 16 673).

NOTE 5 – LOANS AND RECEIVABLES

As at 30 June 2019 and 31 December 2018, loans and receivables only consist in term deposits with SGBT, which represent the reinvestment of the Company's share capital, reserves and other available funds.

The amount of expected credit loss calculated on loans and receivables in accordance with IFRS 9 is KEUR 2 as at 30 June 2019 (31 December 2018: KEUR 2).

NOTE 6 – TAXATION

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

Since 2007, the Company has been 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.

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.

6.1. 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 period. The related tax charge is included under Income tax in the interim statement of profit and loss and other comprehensive income.

Current tax was adjusted further to the fiscal law reform on December 2016. The rate of current tax applied as of 30 June 2019 is 24.94% (31 December 2018: 26.01%). The current tax rate includes the corporate tax and the municipal tax.

6.2. 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.

There is no need to recognize deferred tax asset (or liability) considering mirror transactions are concluded to hedge the financial liabilities and net result consists only in the net banking income from investing activities (equity investment).

NOTE 7 – SHAREHOLDERS' EQUITY

7.1. Share capital and Share premium

As at 31 December 2018, the subscribed and fully paid share capital, 100% held by SGBT, was EUR 2 000 200, divided into 50 005 shares with nominal value of EUR 40 each.

By resolution 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 a new share with a nominal value of EUR 40, subscribed by the sole shareholder. In the context of the capital increase, the 2018 activity related interests amounting to EUR 31 604 629 have been allocated to the Share premium.

As at 30 June 2019, the subscribed and fully paid share capital, 100% held by SGBT, is EUR 2 000 240, divided into 50 006 shares with 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 amount may be increased, subject to the approval or the Sole Shareholder, if the Company's activity evolves, incurring specific additional risks.

7.2. Reserves

7.2.1. 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 30 June 2019, the legal reserve amounts to KEUR 200 (31 December 2018: KEUR 200).

7.2.2. Other reserves

Since 2013, the Company is fiscally integrated in its parent company SGBT. 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.

As at 30 June 2019, other reserves are nil (31 December 2018: KEUR 1 662 corresponding to the remaining Net Wealth Tax reserve that was constituted by the Company before 2013 and released since).

NOTE 8 – COMMISSION INCOME/NET GAINS FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Principles of the revenue recognition are set out in the paragraph 2.2.1.1.

Commission income/net gains from financial instruments at fair value through profit or loss can be breakdown as follows:

	30.06.2019 ('000 EUR)	**30.06.2018 ('000 EUR)**
Issuing upfront fees on Notes	30 041	21 789*
Servicing fees on Notes	925	3 845*
Commission on Warrants	1 916	3 584*
Total	**32 882**	**29 218***

As at 30 June 2019, KEUR 4 377 are retained as differed income under the caption "other liabilities".

* The above amounts as at 30 June 2018 are presented in the interim statement of profit and loss and other comprehensive income under the caption "net gains from financial instruments at fair value through profit or loss" (Please see note 2.2.1.1.). The remaining amount of KEUR (67) corresponds to the fair value adjustment recorded during the six-month period ended 30 June 2018.

NOTE 9 – OFF-BALANCE SHEET

As at 30 June 2019, financial instruments to be issued (engagement taken before 30 June 2019 with value date after 30 June 2019) amount to KEUR 3 345 921 (31 December 2018: KEUR 2 790 111).

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

Notes to the condensed interim financial statements
as at 30 June 2019
- continued –

Warrants issuance summary

The Warrants issued as at 30 June 2019 and 31 December 2018 break down as follows:

				30 June 2019			31 December 2018		
Warrant Type	**Category of Underlying**	**Type of Underlying**	**Option Type**	**Quantity**	**Notional** (‘000 EUR)	**Fair Value** (‘000 EUR))	**Quantity**	**Notional** (‘000 EUR)	**Fair Value** (‘000 EUR)
Basket Warrant	Basket	Index	Call	2	15 648	17 520	2	15 581	14 584
		Equity	Call	1	3 163	776	4	3 144	4 350
Commodity Future Warrant	Future	Mutual Fund	Put	8	27 049	1 859	4	7 138	6
		Commodity Future	Call	98	391 245	31 045	76	381 303	11 361
			Put	100	279 409	44 157	148	439 664	119 532
Commodity Warrant	Commodity	Index	Call	9	48 075	27 613	-	-	-
		Mutual Fund	Call	124	880 993	101 871	63	161 967	40 489
			Put	73	264 484	15 213	80	240 430	27 319
		Precious metals	Call	12	26 036	5 498	12	24 767	3 657
			Put	10	24 789	543	14	34 545	2 235
Currency Warrant	Currency	Currency	Call	207	128 595	20 939	201	159 308	36 455
			Put	269	195 201	68 372	253	176 373	65 947
Equity Warrant	Equity	American Depositary Receipt	Call	61	229 687	13 562	21	25 218	1
			Put	38	72 567	4 973	18	17 817	0
		Mutual fund	Call	11	342 336	520	-	-	-
			Put	5	92 926	13	-	-	-
		Ordinary Share	Call	5 686	31 072 830	733 683	4 654	26 923 067	596 199
			Put	3 808	12 879 399	366 951	3 487	11 659 558	790 924
		Other Certificate	Call	1	303	3	1	300	0
			Put	7	4 454	-	8	4 894	459
		Other Receipt	Call	1	422	-	2	2 442	0
			Put	2	1 173	-	2	1 252	0
		Own Share	Call	119	212 410	5 973	92	193 993	3 526
			Put	72	66 562	15 235	82	112 290	28 196

		Preference	Call	33	66 183	1 543	23	35 672	331
			Put	29	54 332	868	29	41 791	888
REIT	REIT	REIT	Call	55	202 223	2 167	42	148 254	908
			Put	47	115 286	1 155	35	35 074	3 453
Index Warrant	Index	Index	Call	2 306	49 082 682	1 633 634	1 354	51 887 633	1 066 292
			Put	1 518	34 064 753	482 248	1 451	30 468 115	1 333 566
Fund Warrant	Fund	Mutual Fund	Call	221	1 232 301	23 892	196	1 171 799	19 733
			Put	12	210 272	849	10	137 095	75
Total Call			**Call**	**8 947**	**83 935 132**	**2 620 239**	**6 743**	**81 134 448**	**1 797 886**
Total Put			**Put**	**5 998**	**48 352 656**	**1 002 436**	**5 621**	**43 376 036**	**2 372 600**
Total Warrants				**14 945**	**132 287 788**	**3 622 675**	**12 364**	**124 510 484**	**4 170 486**

NOTE 10 – RISK MANAGEMENT

The Company and several of its service providers are subsidiaries of the Société Générale Group and therefore benefit from Société Générale's 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 (https://www.societegenerale.com).

10.1. 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 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.

10.2. 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 30 June 2019 and 31 December 2018, 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 30 June 2019, the rating of Société Générale is A from Standard & Poor's and A1 from Moody's.

10.3. 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.

10.4. 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.

10.5. Fair Value measurement

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 interim 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.

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.

Transfers from Level 2 to Level 3 are determined at the end of each month and occur in case of a modification within a parameter (e.g. no longer linked to the deal, modification of the observability rule of the parameter).

10.5.1. Estimate of Level 3 instruments and other most significant unobservable inputs as at 30 June 2019 (by type of underlyings):

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	19 606	19 606	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	[4.4% ; 67.6%]
					Equity dividends	[0.0% ; 13.2%]
					Correlations	[-89.5% ; 98.5%]
					Hedge funds volatilities	[8.5% ; 20.0%]
					Mutual funds volatilities	[1.5% ; 42.3%]
Rates and Forex	3 942	3 942	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	[-46.5% ; 90%]
			Forex derivatives	Forex option pricing models	Forex volatilities	[1.0% ; 32.8%]
			Interest rate derivatives whose notional is indexed on the prepayment behaviour on European collateral pools	Prepayement modeling	Constant prepayment rates	[0.0% ; 20.0%]
			Inflation instruments and derivatives	Inflation pricing models	Correlations	[50.5%; 88.9%]
Credit	4 925	4 925	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	15	15	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	[14%; 96%]

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.

10.5.2. Analysis per remaining maturities:

As at 30 June 2019, analysis per remaining maturities is as follows:

30.06.2019 - 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	92 164	-	-	-	-	**92 164**
Financial assets at fair value through profit or loss						
- *Mandatorily at fair value through profit or loss*	2 108 644	10 811 451	21 699 122	17 093 169	-	**51 712 386**
- *Trading derivatives*	577 557	799 943	814 702	1 406 200	-	**3 598 402**
Loans and receivables	-	200	48 849	1 000	-	**50 049**
Other assets	12 072	-	-	-	-	**12 072**
Total assets	**2 790 437**	**11 611 594**	**22 562 673**	**18 500 369**	**-**	**55 465 073**
Financial liabilities at amortised cost	2 031	17 919	48 000	-	-	**67 950**
Financial liabilities at fair value through profit or loss						
- *Designated at fair value through profit or loss*	2 175 838	10 786 526	21 691 968	17 050 360	-	**51 704 692**
- *Trading derivatives*	623 140	780 120	814 144	1 405 271	-	**3 622 675**
Other liabilities	10 601	-	-	-	-	**10 601**
Tax liabilities	87	-	-	-	-	**87**
Total liabilities	**2 811 697**	**11 584 565**	**22 554 112**	**18 455 631**	**-**	**55 406 005**

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**

10.5.3. The fair values together with the carrying amounts shown in the interim statement of financial position are as follows:

30.06.2019 - EUR' 000	**Carrying amount**	**Fair value**
Cash and cash equivalents	92 164	92 164
Financial assets at fair value through profit or loss		
- *Mandatorily at fair value through profit or loss*	51 712 386	51 712 386
- *Trading derivatives*	3 598 402	3 598 402
Loans and receivables *	50 049	52 324
Other assets	12 072	12 072
Total	**55 465 073**	**55 467 348**
Financial liabilities at amortised cost *	67 950	70 225
Financial liabilities at fair value through profit or loss		
- *Designated at fair value through profit or loss*	51 704 692	51 704 692
- *Trading derivatives*	3 622 675	3 622 675
Other liabilities	10 601	10 601
Tax liabilities	87	87
Total	**55 406 005**	**55 408 280**

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	**49 362 650**	**49 365 073**
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	**49 333 601**	**49 335 768**

* 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 Société Générale Group credit spread curve (EUR swap curve from Bloomberg and Société Générale 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.

10.5.4. The fair value hierarchy of IFRS 13

As at 30 June 2019, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

30.06.2019 - 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	-	**23 376 690**	**28 335 696**	**51 712 386**
Commodities instruments	-	1 053 248	15 403	1 068 651
Credit derivatives/securities	-	1 238 585	4 926 440	6 165 025
Equity and index securities	-	16 943 347	18 036 519	34 979 866
Foreign exchange instruments/securities	-	1 694 892	819 926	2 514 818
Interest rate instruments/securities	-	2 332 615	3 122 212	5 454 827
Other financial instruments	-	114 003	1 415 196	1 529 199
- Trading derivatives	-	**3 339 841**	**198 561**	**3 598 402**
Equity and Index instruments	-	3 081 133	162 233	3 243 366
Other financial instruments	-	318 708	36 328	355 036
Financial liabilities at fair value through profit or loss				
- Designated at fair value through profit or loss	-	**23 373 363**	**28 331 329**	**51 704 692**
Commodities instruments	-	1 053 248	15 403	1 068 651
Credit derivatives/securities	-	1 238 180	4 925 442	6 163 622
Equity and index securities	-	16 940 816	18 033 305	34 974 121
Foreign exchange instruments/securities	-	1 694 440	819 850	2 514 290
Interest rate instruments/securities	-	2 332 611	3 122 170	5 454 781
Other financial instruments	-	114 068	1 415 159	1 529 227
- Trading derivatives	-	**3 420 668**	**202 007**	**3 622 675**
Equity and Index instruments	-	3 099 613	164 928	3 264 541
Other financial instruments	-	321 055	37 079	358 134

Notes to the condensed interim financial statements
as at 30 June 2019
- continued -

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 instruments	-	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

The following table describes the variation in Level 3 by financial instruments

Financial liabilities at fair value through profit or loss	**Balance at 01.01.2019**	Acquisitions	Change in fair value	Reimbursements/ Other	Transfers from Level 2 to Level 3	Transfers from Level 3 to Level 2	Offsetting of the assets and liabilities	**Balance 30.06.2019**
Designated at fair value through profit or loss	**24 454 237**	**21 693 529**	**4 258 082**	**(6 982 740)**	**401 684**	**(2 297 952)**	**(13 195 511)**	**28 331 329**
Equity and index instrument	15 031 014	18 559 296	3 293 959	(5 629 676)	269 139	(1 855 195)	(11 635 232)	18 033 305
Commodity instruments	40 872	93	1 366	(29 379)	-	-	2 451	15 403
Credit derivatives	4 488 869	1 338 946	429 010	(416 004)	37 917	(311 154)	(642 142)	4 925 442
Foreign exchange instruments	779 568	117 881	16 389	(71 615)	-	(10 259)	(12 114)	819 850
Interest rate instruments	2 624 147	1 449 474	421 111	(390 001)	75 488	(116 628)	(941 421)	3 122 170
Other financial instruments	1 489 767	227 839	96 247	(446 065)	19 140	(4 716)	32 947	1 415 159
Trading derivatives	**117 668**	**87 209**	**10 448**	**(22 461)**	**15 930**	**(1 479)**	**(4 768)**	**202 007**
Equity and index instruments	94 142	79 264	1 265	(18 901)	15 930	(1 479)	(4 753)	164 928
Other financial instruments	23 526	7 945	9 183	(3 560)	-	-	(15)	37 079

Transfers from Level 3 to Level 2

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…).

10.6. 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.

NOTE 11 – SUBSEQUENT EVENTS

There were no subsequent events which could have a significant impact on the condensed interim financial statements as at 30 June 2019.

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