

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).

**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 19 June 2020 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.

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 products¹ 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 19 June 2020 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred 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 22 September 2020.

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.

21 September 2020

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.

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RISK FACTORS

The following are risk factors relating to the Certificates:

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute general unsecured obligations of the Issuer and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred 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;
- (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 may 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 29 to 33 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 sideways 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 within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 48 to 49 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 35 to 37 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 not 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 and Luxembourg 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. The BRRD has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the “**BRR Act 2015**”). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

Moreover, 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 (“**SRM**”) and a Single Resolution Fund (the “**SRM Regulation**”) has established a centralised power of resolution entrusted to a Single Resolution Board (the “**SRB**”) in cooperation with the national resolution authorities.

Since 2014, the European Central Bank (“**ECB**”) has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism (“**SSM**”). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States' resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the “**SSM Regulation**”) and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution 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 centralised power of resolution is established and entrusted to the SRB acting in cooperation with the national resolution authorities. 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 institutions’ resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

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 SRM Regulation are deemed to be met when: (i) the Resolution 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 Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the 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 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.

The application of any measure under the BRRD and the SRM Regulation 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 Issuer, the Guarantor or the 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.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. 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.

The current regime will evolve as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts have been published in the Official Journal of the EU 14 May

2019:

- 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 (the “**BRRD II**”); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity (“**TLAC**”) of credit institutions and investment firms (the “**SRM II Regulation**” and, together with the BRRD II, the “**EU Banking Package Reforms**”).

The EU Banking Package Reforms will introduce, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet (“**FSB TLAC Term Sheet**”), by adapting, among others, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions’ ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC will be implemented in accordance with the FSB TLAC Term Sheet, which impose a level of “Minimum TLAC” that will be determined individually for each global systemically important bank (“**G-SIB**”), such as Societe Generale, 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).

According to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**”), as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the “**CRR II**”), EU G-SIBs, such as Societe Generale, will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale will have to comply at the same time with TLAC and MREL requirements.

Consequently, criteria for MREL-eligible liabilities will be closely aligned with those laid down in the CRR, as amended by the CRR II for the TLAC-eligible liabilities, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet the MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance while only an additional return is linked to that derivative component and depends on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL will be set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance any may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The scope of liabilities used to meet the MREL will include, in principle, all liabilities resulting

from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in the BRRD, as amended by the BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that the MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail-in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements will apply to resolution groups with assets above EUR 100 billion (top-tier banks).

If the SRB finds that there could exist any obstacles to resolvability by the Issuer or the Guarantor and/or the Group, a higher MREL requirement could be imposed. Any failure by the Issuer or the Guarantor, as applicable, and/or the Group to comply with its MREL may have a material adverse effect on the Issuer's business, financial conditions and results of operations.

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:	5,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Keppel Corporation Limited (the “ Underlying Stock ”)
ISIN:	LU1986501705
Company:	Keppel Corporation Limited (RIC: KPLM.SI)
Underlying Price ³ and Source:	S\$4.19 (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.
Launch Date:	15 September 2020
Closing Date:	21 September 2020

³ These figures are calculated as at, and based on information available to the Issuer on or about 21 September 2020. 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 21 September 2020.

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.

Expected Listing Date:	22 September 2020
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 13 September 2023
Expiry Date:	20 September 2023 (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:	19 September 2023 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	<p>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.</p>
Cash Settlement Amount:	<p>In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:</p> <p>Closing Level multiplied by the Notional Amount per Certificate</p> <p>Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 40 to 54 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.</p>
Hedging Fee Factor:	<p>In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of $(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))$, where:</p> <p>“$t$” refers to “Observation Date” which means each Exchange Business Day (subject to Market Disruption Event) from (and</p>

including) the Exchange Business Day immediately preceding the Expected Listing Date 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).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation 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 an Observation Date. In that case, that fifth Exchange Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Strategy and the value of the Certificate on that fifth Exchange Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 40 to 54 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 19 to 23 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 21 to 23 below and the “Description of Air Bag Mechanism” section on pages 46 to 47 of this document for further information of the Air Bag Mechanism.

Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
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 (the “ 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

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):

$$LSL_1 = 1000$$

On each subsequent Observation Date(t):

$$LSL_t = \text{Max}[LSL_{t-1} \times (1 + LR_{t-1,t} - FC_{t-1,t} - RC_{t-1,t}), 0]$$

LR_{t-1,t}	<p>means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:</p> $LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right)$
FC_{t-1,t}	<p>means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :</p> $FC_{t-1,t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{t-1} \times \text{ACT}(t - 1, t)}{\text{DayCountBasisRate}}$
RC_{t-1,t}	<p>means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows :</p> $RC_{t-1,t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right \right) \times \text{TC}$
TC	<p>means the Transaction Costs applicable (including Stamp Duty) that are equal to : 0.04%</p>
Leverage	5
S_t	<p>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.</p>
Rate_t	<p>means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:</p> $\text{Rate}_t = \text{CashRate}_t + \% \text{SpreadLevel}_t$
Rfactor_t	<p>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 :</p> $Rfactor_t = 1 - \frac{Div_t}{S_{t-1}}$ <p>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.</p>
CashRate_t	<p>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 being the rate as of day (t-2), provided that if such rate is not available, then such rate shall be determined by reference to the last available rate that was published on Reuters RIC SGDTRDONF=ABSG or any successor page.</p>
%SpreadLevel_t	<p>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</p>

as the difference between (1) the ICE LIBOR USD 12 Month, as published on Reuters RIC USD1YFSR= and (2) US Federal Funds Effective Rate, as published on Reuters RICUSONFFE= or any successor page, each being the rate as of day (t-2), provided that if any of such rates is not available, then that rate shall be determined by reference to the last available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification or cessation in the provision of LIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, %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

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

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

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

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

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

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

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

(1) for $k = 1$:

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

(2) for $k > 1$:

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

ILR_{IR(k-1),IR(k)}	<p>means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :</p> $ILR_{IR(k-1),IR(k)} = \text{Leverage} \times \left(\frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right)$
IRC_{IR(k-1),IR(k)}	<p>means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :</p> $IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right \right) \times TC$
IS_{IR(k)}	<p>means the Underlying Stock Price in respect of IR(k) computed as follows :</p> <p>(1) for k=0 $IS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$</p> <p>(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</p> <p>(3) with respect to IR(C) $IS_{IR(C)} = S_{IRD}$</p> <p>In each case, subject to the adjustments and provisions of the Conditions.</p>
IR(k)	<p>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;</p> <p>For k=1 to n, means the kth Intraday Restrike Event on the relevant Intraday Restrike Date.</p>
IR(C)	<p>means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.</p>
n	<p>means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.</p>
Intraday Restrike Event	<p>means in respect of an Observation Date(t) :</p> <p>(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 $iS_{IR(0)}$ as of such Calculation Time.</p> <p>(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 $iS_{IR(k)}$ as of such Calculation Time.</p>

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	<p>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.</p> <p>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.</p>
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 19 June 2020, 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) on the Issuer’s liabilities under the Certificates, 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 the Guarantor 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 the Guarantor 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

that 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,

(the “**Statutory Bail-In**”);

- (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**M&F Code**”):

- (A) ranking:

- (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;
- (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and
- (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

- (B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and

- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer’s obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself, and as if any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the “**Contractual Bail-in**”).

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor 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 or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in 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 the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in 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.

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, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

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

"Bail-In Power" means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled and/or converted into shares or other securities or obligations of the obligor or any other person.

"MREL" means the Minimum Requirement for own funds and Eligible Liabilities as defined in 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).

"Relevant Resolution Authority" means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

“**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.

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 or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

- (i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence 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. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

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(d).

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

For the purposes of this Condition:

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

Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

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

- (b) *Early Termination for Holding Limit Event.* The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

"Holding Limit Event" means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

- (c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (d) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and

to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event 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:	5,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 19 June 2020 (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 22 September 2020.
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 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) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees
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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)

Value of Certificates	=	$t^7=0$	x	$t=1$	x	$t=2$	x ...	$t=i$
		Notional Amount		Leverage Strategy daily performance ⁸ x Daily Fees		Leverage Strategy daily performance x Daily Fees		Leverage Strategy Daily performance x Daily Fees

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

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

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^7 ” refers to “**Observation Date**” which means each Exchange Business Day (subject to Market Disruption Event) 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:

$$\text{HFF}(0) = 100\%$$

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

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

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

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

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

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

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

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

The same principle applies to the following Exchange Business Days:

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

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

$$\begin{aligned} \text{Closing Level} &= [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor} \\ &= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.7919\% \\ &= 119.75\% \end{aligned}$$

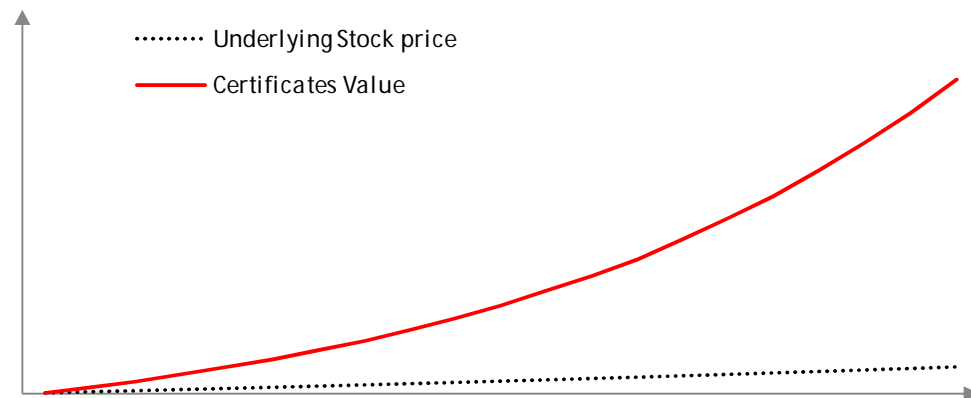
$$\begin{aligned} \text{Cash Settlement Amount} &= \text{Closing Level} \times \text{Notional Amount per Certificate} \\ &= 119.75\% \times 0.40 \text{ SGD} \\ &= \mathbf{0.479 \text{ SGD}} \end{aligned}$$

Illustration on how returns and losses can occur under different scenarios

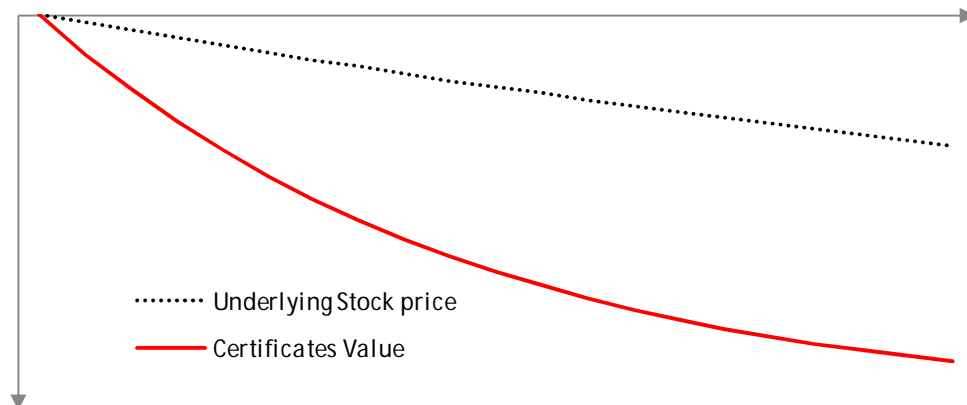
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

1. Illustrative examples

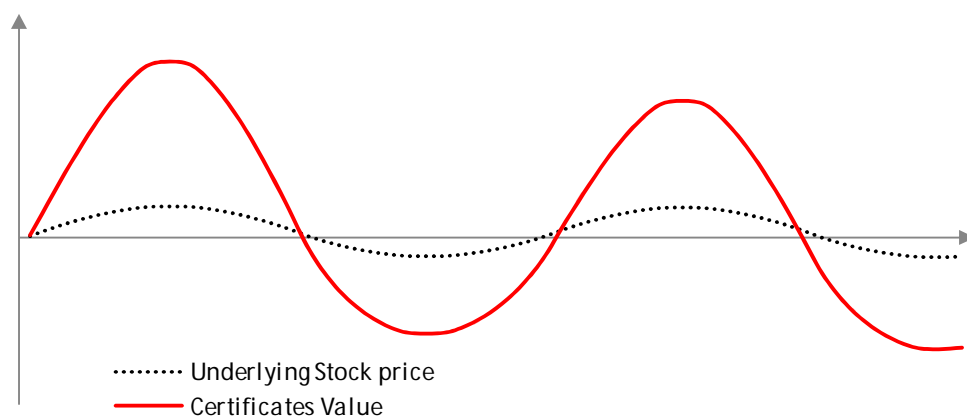
Scenario 1 – Upward Trend



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

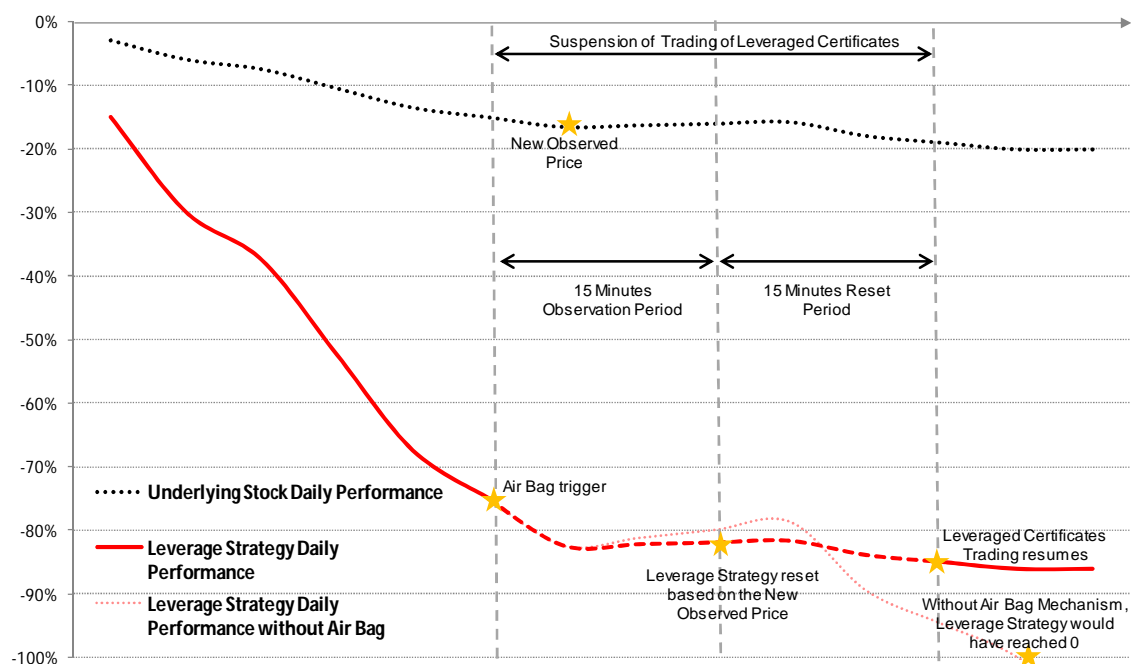
Air Bag Trigger	Observation Period	Resumption of Trading
More than 45 minutes before Market Close	First 15 minutes after Air Bag Trigger	Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger
45 minutes before Market Close		Next trading day at Market Open
30 to 45 minutes before Market Close		
30 minutes before Market Close		
15 to 30 minutes before Market Close		
15 minutes before Market Close	From Air Bag Trigger to Market Close	
Less than 15 minutes before Market Close		

With **Market Close** defined as:

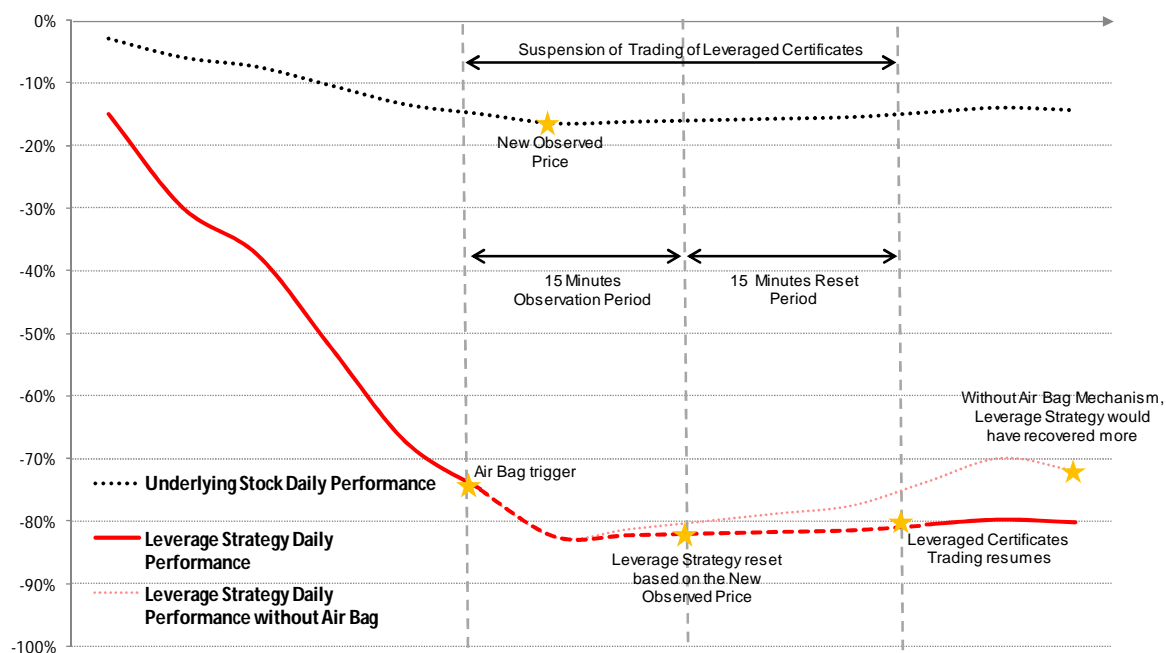
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

Illustrative examples of the Air Bag Mechanism⁹

Scenario 1 – Downward Trend after Air Bag trigger



Scenario 2 – Upward Trend after Air Bag trigger



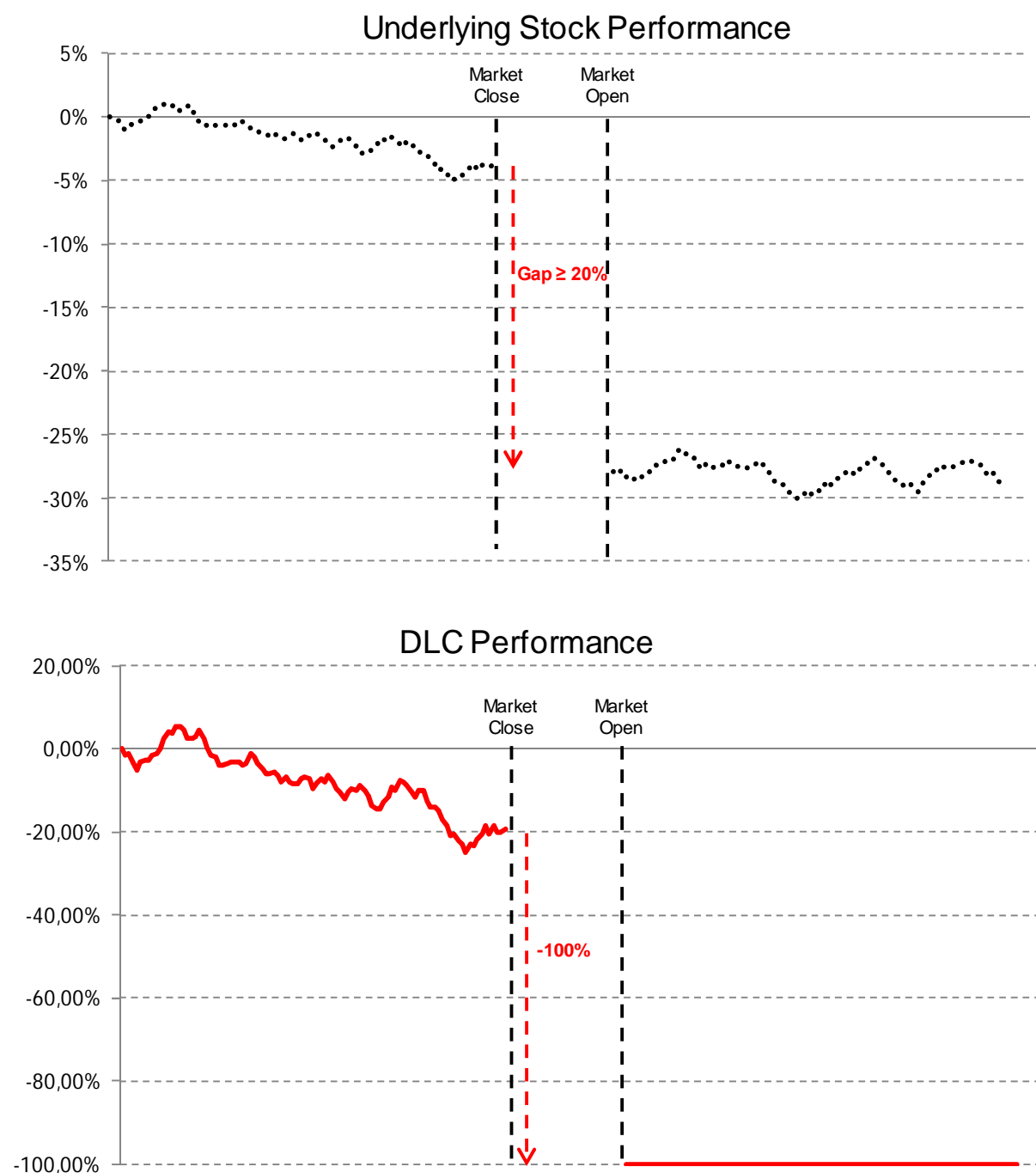
⁹The illustrative examples are not exhaustive.

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.

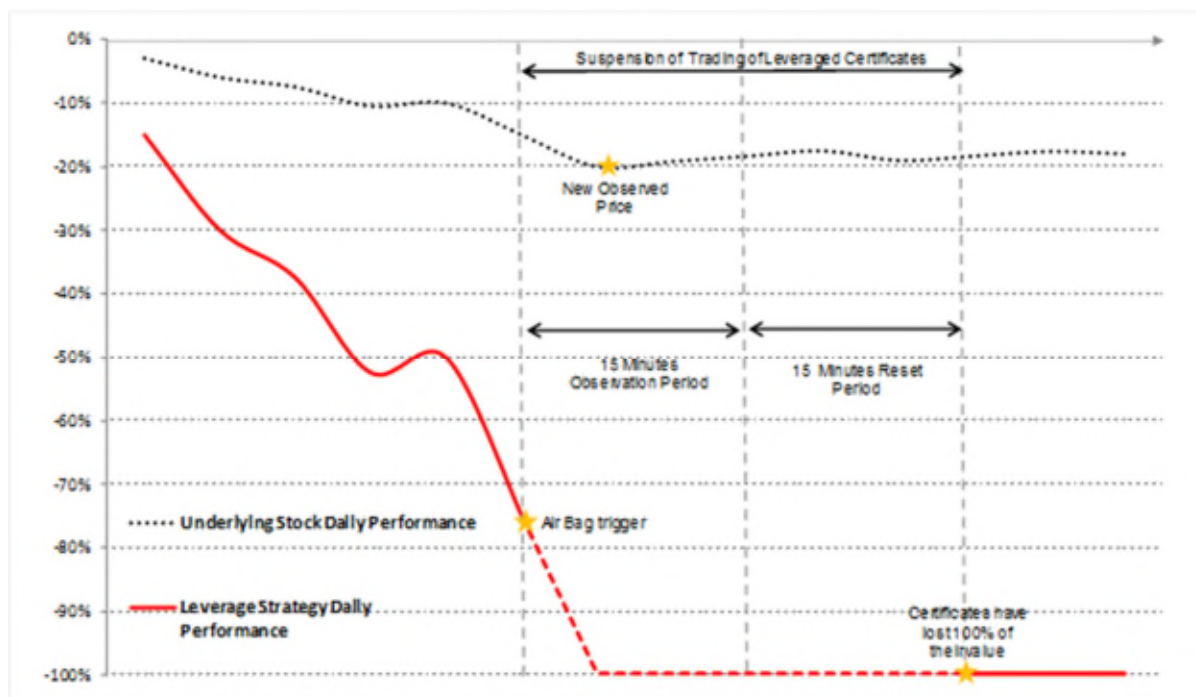
Scenario 1 – Overnight fall of the Underlying Stock

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 within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. 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 :

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

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:

$DivExc_t$ 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):

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

$$S_t = \$51$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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:

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

S_{t-1}	$S_{t-1} \times Rfactor_t$	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):

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

$$S_t = \$202$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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:

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

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. Rights Issues

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.

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

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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

$$M = 0.5 \text{ (i.e. 1 new share for every 2 existing shares)}$$

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

As a consequence:

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

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:

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

$$S_t = \$85$$

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

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

$$R = \$0$$

$$M = 0.2 \text{ (i.e. 1 new share for 5 existing shares)}$$

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

As a consequence:

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

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.

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

$$S_t = \$84$$

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

$$\text{DivExc}_t = \$20$$

$$R = \$0$$

$$M = 0$$

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

As a consequence:

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

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.

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 2020 and has been extracted and reproduced from an announcement by the Company dated 30 July 2020 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 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);
- (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 Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix II of this document is a reproduction of the press release dated 3 August 2020 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 2020.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 105 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 second 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 since 31 December 2019 or the Guarantor since 30 June 2020, 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 be 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:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (CWUMPO) or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) 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 and any rules made under that Ordinance.

European Economic Area and the United Kingdom

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 this document to any retail investor in the European Economic Area or in the United Kingdom. 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 Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); 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.

In respect of the United Kingdom, each dealer has further represented and agreed, and each further dealer appointed in respect of the Certificates will be required to further 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 (the “**CFTC Rules**”), 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 2020 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 2020 and has been extracted and reproduced from an announcement by the Company dated 30 July 2020 in relation to the same.

Media Release

Keppel reports net loss of S\$537m for 1H 2020 due to Offshore & Marine impairments

- *Excluding impairments, the Group would have registered 1H 2020 net profit of S\$393 million, 5% higher year-on-year, with resilient performance by other key business units*
- *Interim dividend of 3.0 cents per share declared for 1H 2020.*

Singapore, 30 July 2020 – Keppel Corporation Limited (Keppel) reported a net loss of S\$537 million for the half year ended 30 June 2020, compared to a net profit of S\$356 million for 1H 2019, after S\$930 million of impairments mainly related to Keppel Offshore & Marine's (Keppel O&M) stranded assets, receivables, stocks and share of impairment provisions from Floatel. Excluding impairments, the Group would have registered net profit of S\$393 million for 1H 2020, 5% higher year-on-year, underpinned by resilient operations from other businesses in the Group.

The Group's 1H 2020 revenue of S\$3,182 million, was slightly lower compared to the S\$3,315 million achieved in 1H 2019. Lower contributions from property trading projects in China, power and gas sales, environmental engineering projects and asset management were partially offset by higher revenues from O&M projects and the consolidation of M1 from March 2019.

The Group's net gearing rose to 1.0x as at 30 June 2020, compared to 0.85x as at 31 December 2019, mainly due to investments, working capital requirements, and the payment of the final dividends for FY 2019, as well as the impact from lower equity resulting from the significant impairments recorded in the current period. Cash outflow was S\$278 million in 1H 2020, compared to an outflow of S\$563 million in 1H 2019.

The Group's net loss for 2Q 2020 was S\$697 million, compared to a net profit of S\$153 million for 2Q 2019, due mainly to impairments and weaker performance by Keppel O&M. Excluding impairments, net profit would have been S\$222 million for 2Q 2020, up 45% from S\$153 million in 2Q 2019.

Group revenue of S\$1,325 million for 2Q 2020 was 26% lower than the S\$1,784 million a year ago, with lower contributions from across business divisions due in part to a

significantly lower level of activities as a result of COVID-19 and measures to contain its spread.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, “Notwithstanding COVID-19, most of Keppel’s businesses have remained resilient, underpinned by the essential services that we provide. However, due to the impact of the pandemic on the global economy and oil prices, we had to take significant impairments related to the Offshore & Marine business. Without the impairments, Keppel’s net profit for 1H 2020 would have been higher year-on-year, even after including the loss of S\$69 million by Keppel O&M.”

“We will forge ahead in this difficult landscape, guided by our Vision 2030, a long-term roadmap which transcends the current crisis. Harnessing the Group’s capabilities and synergy, I am confident that we can emerge stronger.”

Against this challenging backdrop, further rightsizing will be required at Keppel O&M to ensure that its fixed overhead costs can be brought down in line with the realities for the industry. To this end, the CEO and management of Keppel O&M have volunteered to take a base salary reduction of between 5% and 10% as a demonstration of collective resolve and to set the tone from the top. In solidarity with Keppel O&M, the senior executive management of Keppel Corporation will also take a base salary reduction of between 5% and 10%, while the directors of Keppel Corporation and Keppel O&M will take a 10% reduction in their annual fees.

Offshore & Marine

The Offshore & Marine Division reported a net loss of S\$959 million for 1H 2020, compared to a net profit of S\$10 million a year ago, due mainly to S\$890 million of impairments for contract assets, receivables, stocks and investments, including share of impairment provisions from Floatel. Excluding impairments for 1H 2020, Keppel O&M’s EBITDA was positive at S\$40 million.

As a result of COVID-19 and measures to contain its spread, Keppel O&M’s Singapore workforce was reduced to about 1,200 persons for most of 2Q 2020, from about 24,000 in March 2020. The workforce has since risen to about 5,000 presently.

As at end-June 2020, the net orderbook stood at S\$3.5 billion, which is expected to keep the Division busy for at least two years. In the year to date, the O&M Division has secured S\$107 million worth of offshore wind and FPSO projects.

Property

The Property Division recorded a net profit of S\$197 million for 1H 2020, 25% lower year on year, due to the absence of divestment gains from Dong Nai Waterfront City in Vietnam and lower investment income, which was partly offset by higher fair value gains on investment properties, as well as the disposal of interests in a mixed-use project in Jiangyin, China.

About 1,230 homes were sold in 1H 2020, underpinned by continued recovery in the Chinese market. In Singapore, residential sales have slowed, although the impact on office properties has been relatively muted. The Vietnamese property market remains healthy albeit the delay in government approvals for new project launches.

Infrastructure

The Infrastructure Division recorded a net profit of S\$252 million in 1H 2020, compared to S\$59 million a year ago, mainly due to a mark-to-market gain of S\$131 million from the reclassification of the Group's interest in Keppel Infrastructure Trust (KIT) from an associated company to an investment, as well as a gain from the sale of Keppel DC REIT units. Keppel Infrastructure performed well in the first half of 2020, with all underlying businesses remaining resilient and reporting higher earnings despite the impact of the COVID-19 pandemic.

In 2Q 2020, Keppel Infrastructure led a consortium in securing a S\$1.5 billion Engineering Procurement Construction contract for Singapore's Tuas Nexus Integrated Waste Management Facility, and also commenced operations of the Keppel Marina East Desalination Plant. More recently in July 2020, Keppel DHCS, as part of a consortium, secured a contract worth over THB 7.5 billion (S\$329 million) for a district cooling system in Bangkok, Thailand.

Meanwhile, demand remains strong for data centres. In June 2020, Keppel T&T secured government approval to develop a new data centre at Genting Lane, in partnership with SPH. In July 2020, the Group announced its first greenfield data centre development in China, through the Alpha Data Centre Fund.

Investments

The Investments Division recorded a net loss of S\$27 million for 1H 2020, compared to a net profit of S\$25 million a year ago. This was mainly due to the absence of a remeasurement gain on previously held interests in M1 at acquisition date, as well as mark-to-market losses from investments, which were partly offset by higher contributions from M1's consolidation from March 2019, the sale of a residential plot in the Sino-Singapore Tianjin Eco-City and Keppel Capital's improved results.

In the year-to-date, Keppel Capital-managed funds have received total commitments of US\$1.5 billion from investors including pension and sovereign wealth funds, reflecting investors' demand for cashflow-generating real assets that can serve as an inflationary hedge over the long term.

With the joint license and ownership of the infrastructure for 5G, M1 will be able to share costs with StarHub to push out 5G services more aggressively. M1's share of the initial investment to rollout 5G is expected to fall under S\$200 million over a five-year period. As part of its transformation from a telco into a digital connectivity platform, M1 is currently undertaking a comprehensive rebuild of its technology stack that aims to transform customer experience. M1 is also actively collaborating with other Keppel entities to create

smarter and future-ready offerings, as well as working closely with Singapore government agencies, industry players and enterprises to co-develop 5G use cases for selected markets.

Financial Highlights

				Excluding Impairments		
	1H 2020 (S\$ m)	1H 2019 (S\$ m)	Change (%)	1H 2020 (S\$ m)	1H 2019 (S\$ m)	Change (%)
Revenue	3,182	3,315	(4)	3,182	3,315	(4)
Operating (Loss)/Profit	(149)	482	n.m.f.	553	501	10
Net (Loss)/Profit	(537)	356	n.m.f.	393	375	5
(Loss)/Earnings per Share	(29.5) cents	19.6 cents	n.m.f.	21.6 cents	20.7 cents	4

*n.m.f. denotes - No Meaningful Figure.

				Excluding Impairments		
	2Q 2020 (S\$ m)	2Q 2019 (S\$ m)	Change (%)	2Q 2020 (S\$ m)	2Q 2019 (S\$ m)	Change (%)
Revenue	1,325	1,784	(26)	1,325	1,784	(26)
Operating (Loss)/Profit	(422)	160	n.m.f.	270	160	69
Net (Loss)/Profit	(697)	153	n.m.f.	222	153	45
(Loss)/Earnings per Share	(38.3) cents	8.4 cents	n.m.f.	12.2 cents	8.4 cents	45

*n.m.f. denotes - No Meaningful Figure.

- Net gearing was 1.0x at end-June 2020
- Free cash outflow was S\$278m in 1H 2020 compared to an outflow of S\$563m in 1H 2019
- Declared interim cash dividend of 3.0 cents per share for 1H 2020

Shareholders and investors are advised to exercise caution when dealing with their shares and to refrain from taking any action in relation to their shares which may be prejudicial to their interests. Shareholders and investors should note that there is no certainty that the pre-conditions to the voluntary conditional cash partial offer ("Partial Offer") announced by Morgan Stanley Asia (Singapore) Pte., for and on behalf of Kyanite Investment Holdings Pte. Ltd, on 21 October 2019, will be satisfied and/or waived and that the Partial Offer will be made. In the event of any doubt, they should consult their stockbrokers, bankers, solicitors, accountants or other professional advisors.

– END –

For more information, please contact:

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KEPPEL CORPORATION LIMITED

Co. Reg. No. 196800351N

(Incorporated in the Republic of Singapore)

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KEPPEL CORPORATION LIMITED

Second Quarter 2020 Financial Statements and Dividend Announcement

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2020

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the second quarter and half year ended 30 June 2020.

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

	Note	Second Quarter			Half Year		
		30.6.2020 \$'000	30.6.2019 \$'000	+/- %	30.6.2020 \$'000	30.6.2019 \$'000	+/- %
Revenue		1,325,047	1,784,510	-25.7	3,182,478	3,315,178	-4.0
Materials & subcontract costs	(i)	(876,002)	(1,224,501)	-28.5	(2,206,864)	(2,248,284)	-1.8
Staff costs	(ii)	(295,935)	(274,435)	+7.8	(583,801)	(536,285)	+8.9
Depreciation & amortisation	(iii)	(100,569)	(102,155)	-1.6	(201,097)	(169,779)	+18.4
Impairment loss on financial assets and contract assets	(iv)	(633,231)	(2,334)	>+500	(634,524)	(3,761)	>+500
Other operating income/(expense) - net	(v)	157,731	(21,064)	n.m.f.	294,387	124,564	+136.3
Operating (loss)/profit		(422,959)	160,021	n.m.f.	(149,421)	481,633	n.m.f.
Investment income	(vi)	10,267	35,708	-71.2	12,384	40,121	-69.1
Interest income		47,894	41,995	+14.0	105,126	83,440	+26.0
Interest expenses	(vii)	(77,201)	(81,592)	-5.4	(156,846)	(150,626)	+4.1
Share of results of associated companies	(viii)	(162,137)	50,079	n.m.f.	(168,565)	34,404	n.m.f.
(Loss)/profit before tax		(604,136)	206,211	n.m.f.	(357,322)	488,972	n.m.f.
Taxation	1b	(94,713)	(53,068)	+78.5	(178,810)	(99,299)	+80.1
(Loss)/profit for the period		(698,849)	153,143	n.m.f.	(536,132)	389,673	n.m.f.
Attributable to:							
Shareholders of the Company		(697,592)	153,388	n.m.f.	(537,131)	356,283	n.m.f.
Non-controlling interests		(1,257)	(245)	+413.1	999	33,390	-97.0
		(698,849)	153,143	n.m.f.	(536,132)	389,673	n.m.f.
Earnings per ordinary share							
- basic		(38.3) cts	8.4 cts	n.m.f.	(29.5) cts	19.6 cts	n.m.f.
- diluted		(38.2) cts	8.4 cts	n.m.f.	(29.4) cts	19.5 cts	n.m.f.

n.m.f. - No Meaningful Figure

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Note	Second Quarter			Half Year		
		30.6.2020 \$'000	30.6.2019 \$'000	+/- %	30.6.2020 \$'000	30.6.2019 \$'000	+/- %
Share-based payment expenses		9,917	6,865	+44.5	18,212	15,111	+20.5
Loss/(profit) on sale of fixed assets and investment properties	(ix)	203	(649)	n.m.f.	(63)	(806)	-92.2
Provision/(write-back of provision)							
- Stocks	(x)	41,657	798	>+500	41,657	800	>+500
- Contract assets	(xi)	430,842	–	n.m.f.	430,842	–	n.m.f.
- Doubtful debts	(xii)	202,389	2,316	>+500	203,682	3,749	>+500
Fair value loss/(gain)							
- Investments	(xiii)	12,539	(5,893)	n.m.f.	57,577	10,989	+424.0
- Forward contracts	(xiv)	2,214	(5,346)	n.m.f.	(24,823)	11,713	n.m.f.
- Financial derivatives		257	121	+112.4	712	(67)	n.m.f.
Foreign exchange loss/(gain)	(xv)	5,777	(6,697)	n.m.f.	33	(8,801)	n.m.f.
Impairment /(write-back of impairment) of associated companies	(xvi)	7,829	(329)	n.m.f.	17,543	18,342	-4.4
Gain on disposal of subsidiaries	(xvii)	(7,688)	–	n.m.f.	(40,086)	(64,534)	-37.9
Gain on disposal of an associated company	(xviii)	–	–	n.m.f.	–	(54)	n.m.f.
Gain from sale of units in associated companies	(xix)	(48,275)	–	n.m.f.	(48,275)	–	n.m.f.
Fair value gain on investment properties	(xx)	(173,643)	(38,347)	+352.8	(173,643)	(38,347)	+352.8
Loss/(gain) from change in interest in associated companies	(xxi)	1,677	(497)	n.m.f.	761	(4,618)	n.m.f.
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	(xxii)	–	–	n.m.f.	–	(158,376)	n.m.f.
Gain from reclassification of an associated company to an investment carried at fair value through other comprehensive income	(xxiii)	–	–	n.m.f.	(130,547)	–	n.m.f.

n.m.f. - No Meaningful Figure

Note:

- (i) Materials & subcontract costs decreased for the half year ended 30 June 2020 mainly as a result of lower revenue from the Property and Infrastructure Divisions.
- (ii) Staff costs increased for the half year ended 30 June 2020 mainly due to consolidation of M1 results from March 2019 and higher manpower cost in the Offshore & Marine Division.
- (iii) Depreciation & amortisation increased for the half year ended 30 June 2020 mainly due to consolidation of M1 results from March 2019 and higher depreciation & amortisation costs in the Offshore & Marine Division.
- (iv) The impairment loss on financial assets and contract assets increased for the half year ended 30 June 2020 mainly due to provision for contract assets (Note xi) and provision for doubtful debts (Note xii).

- (v) Other operating income increased for the half year ended 30 June 2020 mainly due to higher fair value gain on investment properties (Note xx), gain from reclassification of Keppel Infrastructure Trust from an associated company to an investment carried at fair value through comprehensive income (Note xxiii), gain from sale of units in associated companies (Note xix) and fair value gain on forward contracts (Note xiv), partly offset by absence of fair value gain on remeasurement of previously held interest upon acquisition of M1 Limited (Note xxii), higher fair value loss on investments (Note xiii), provision for stocks (Note x) and lower gain on disposal of subsidiaries (Note xvii).
- (vi) Investment income for the half year ended 30 June 2020 was lower mainly due to lower distributions received from funds invested by the Property Division, partly offset by higher distributions received by the Infrastructure Division, including dividend paid by Keppel Infrastructure Trust during the quarter.
- (vii) Higher interest expense was mainly attributable to higher average borrowings.
- (viii) Share of losses of associated companies for the half year ended 30 June 2020, as compared to share of profits for the same period in 2019 mainly due to share of losses of associated companies in the Offshore & Marine Division, including share of impairment from Floatel International Ltd.
- (ix) Profit on sale of fixed assets for the half year ended 30 June 2020 was largely attributable to disposal of assets in the Investments Division. Profit on sale of fixed assets & investment properties in the prior period was largely attributable to disposal of assets in the Property Division.
- (x) The provision for stocks for both periods arose mainly from the Offshore & Marine Division due to the lower net realisable value for certain stocks under work-in-progress.
- (xi) The provision for contract assets for the half year ended 30 June 2020 arose mainly from several rigs that were under construction for Offshore & Marine Division's customers who had requested for deferral of delivery dates of the rigs in prior years. Please refer to Section 9b for more details.
- (xii) The provision for doubtful debts arose mainly from the Offshore & Marine Division which had delivered rigs to customers where receipts of the construction revenue have been deferred under certain financing arrangements (please refer to Section 9b for more details), as well as the expected credit loss for a receivable in the Property Division.
- (xiii) Fair value loss (mark-to-market) on investment portfolio for the second quarter and half year ended 30 June 2020 were due to decrease in prices of listed stocks and lower valuations of unquoted investments.
- (xiv) Fair value gain on forward contracts for the half year ended 30 June 2020 arose mainly from the hedging differential on forward exchange contracts due to elapse of time and fluctuations in interest rate and fair value gain in relation to fair value hedge of Euro loan. The corresponding effects from revaluation of the Euro loan was recorded under foreign exchange loss (Note xv). In the prior year, 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 xv).
- (xv) Foreign exchange loss for the half year ended 30 June 2020 was mainly attributable to the revaluation of Euro loan which was hedged using forward exchange contracts. This was partly offset by foreign exchange gain attributable to the revaluation of net assets denominated in United States dollar, which appreciated against Singapore dollar. The effects from fair value on forward contracts was recorded under fair value gain on forward contracts (Note xiv). In the prior year, foreign exchange gain 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 xiv).

- (xvi) The impairment of associated companies for the half year ended 30 June 2020 was mainly attributable to the Infrastructure and Investments Divisions. The impairment of associated companies in the prior period was mainly attributable to impairment of an associated company in the Investments Division.
- (xvii) Gain on disposal of subsidiaries arose from the sale of First FLNG Holdings Pte Ltd, First FLNG Sub-Fund Holdings Pte Ltd, and Jiangyin Evergro Properties Co., Ltd ("JEP"). First FLNG Holdings Pte Ltd owns 30% interest in Gimi MS Corporation, while JEP owns a residential and commercial mixed-use sited located in Jiangyin, China. In the prior period, gain on disposal of subsidiaries arose from the sale of 70% interest in Dong Nai Waterfront City LLC.
- (xviii) In the prior period, the gain on disposal of an associated company arose from the sale of interest in Anew Corporation Limited.
- (xix) Gain from sale of units in associated companies relates to sale of units in Keppel REIT and Keppel DC REIT units.
- (xx) Fair value gain on investment properties arose from the Group's mid-year revaluation of significant investment properties. The higher fair value gain on investment properties for the current period was underpinned by the Group's commercial portfolio comprising mainly office assets in China and Singapore, including a property which was reclassified from stocks, previously carried at cost, to an investment property carried at fair value.
- (xxi) Loss from change in interest in associated companies arose mainly from change in interest in Keppel REIT. In the prior period, gain from change in interest in associated companies relates to change in interest in Keppel REIT and Keppel DC REIT.
- (xxii) In the prior period, fair value gain on remeasurement of previously held interest upon acquisition of M1 Limited.
- (xxiii) The gain from reclassification of an associated company to an investment carried at fair value through other comprehensive income arose from the loss of significant influence over the Group's former associated company, Keppel Infrastructure Trust.
- 1b. Taxation expenses for the half year ended 30 June 2020 were higher mainly due to absence of write-backs of tax provision in the Property, Investments and Offshore & Marine Divisions as compared to the prior period.
- 1c. Earnings per ordinary share

	Second Quarter			Half Year		
	30.6.2020	30.6.2019	+/-%	30.6.2020	30.6.2019	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	(38.3) cts	8.4 cts	n.m.f.	(29.5) cts	19.6 cts	n.m.f.
- Weighted average number of shares (excluding treasury shares) ('000)	1,819,159	1,815,955	+0.2	1,819,159	1,815,955	+0.2
(ii) On a fully diluted basis	(38.2) cts	8.4 cts	n.m.f.	(29.4) cts	19.5 cts	n.m.f.
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	1,828,872	1,825,302	+0.2	1,828,872	1,825,302	+0.2

n.m.f. - No Meaningful Figure

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

	Second Quarter			Half Year		
	30.6.2020 \$'000	30.6.2019 \$'000	+/- %	30.6.2020 \$'000	30.6.2019 \$'000	+/- %
(Loss)/profit for the period	(698,849)	153,143	n.m.f.	(536,132)	389,673	n.m.f.
<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) 314	(179,962)	n.m.f.	(216,595)	12,979	n.m.f.
- Realised and transferred to profit & loss account	(ii) 57,552	18,064	+218.6	46,173	32,984	+40.0
Foreign exchange translation						
- Exchange differences arising during the period	(iii) (60,493)	(32,109)	+88.4	45,854	12,228	+275.0
- Realised and transferred to profit & loss account	(501)	(89)	+462.9	10,604	8,300	+27.8
Share of other comprehensive income of associated companies						
- Cash flow hedges	(10,428)	(9,352)	+11.5	(17,369)	(10,135)	+71.4
- Foreign exchange translation	16,429	13,171	+24.7	60,685	(10,192)	n.m.f.
	2,873	(190,277)	n.m.f.	(70,648)	46,164	n.m.f.
<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) 101,120	(23,187)	n.m.f.	(10,668)	(18,159)	-41.3
Foreign exchange translation						
- Exchange differences arising during the period	(iii) (2,038)	(1,377)	+48.0	2,466	1,542	+59.9
Share of other comprehensive income of associated companies						
- Financial assets, at FVOCI	(304)	(3)	>+500	(396)	116	n.m.f.
	98,778	(24,567)	n.m.f.	(8,598)	(16,501)	-47.9
Other comprehensive income/(expense) for the period, net of tax	101,651	(214,844)	n.m.f.	(79,246)	29,663	n.m.f.
Total comprehensive income/(expense) for the period	(597,198)	(61,701)	>+500	(615,378)	419,336	n.m.f.
Attributable to:						
Shareholders of the Company	(592,990)	(60,072)	>+500	(618,047)	384,228	n.m.f.
Non-controlling interests	(4,208)	(1,629)	+158.3	2,669	35,108	-92.4
	(597,198)	(61,701)	>+500	(615,378)	419,336	n.m.f.

n.m.f. - No Meaningful Figure

Note:

- (i) Fair value differences were mainly due to the hedging differential on 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 2020 and 30 June 2019 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	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019
	\$'000	\$'000	\$'000	\$'000
Share capital	1,305,668	1,291,722	1,305,668	1,291,722
Treasury shares	(246)	(14,009)	(246)	(14,009)
Reserves	9,075,338	9,933,140	7,565,609	6,772,318
Share capital & reserves	10,380,760	11,210,853	8,871,031	8,050,031
Non-controlling interests	432,551	435,178	–	–
Total equity	10,813,311	11,646,031	8,871,031	8,050,031
Represented by:				
Fixed assets	2,830,530	2,901,845	6,264	7,273
Investment properties	4,070,196	3,022,091	–	–
Right-of-use assets	735,951	759,929	13,508	12,833
Subsidiaries	–	–	7,962,538	7,962,528
Associated companies	5,955,704	6,350,845	–	–
Investments	1,146,540	649,069	20,839	19,230
Long term assets	1,955,675	1,656,362	11,134	23,469
Intangibles	1,658,508	1,682,981	–	–
	18,353,104	17,023,122	8,014,283	8,025,333
Current assets				
Stocks	5,047,817	5,542,755	–	–
Contract assets	2,778,275	3,497,476	–	–
Amounts due from:				
- subsidiaries	–	–	9,364,715	7,280,724
- associated companies	419,905	563,578	13	705
Debtors	2,770,631	2,748,484	7,451	8,844
Derivative assets	72,240	41,050	31,473	18,544
Short term investments	119,606	121,581	–	–
Bank balances, deposits & cash	2,426,429	1,783,514	2,148	1,047
	13,634,903	14,298,438	9,405,800	7,309,864
Current liabilities				
Creditors	4,360,938	4,604,544	73,330	78,725
Derivative liabilities	193,709	119,481	52,545	19,988
Contract liabilities	1,913,227	1,824,965	–	–
Provisions for warranties	34,230	36,448	–	–
Amounts due to:				
- subsidiaries	–	–	167,412	156,867
- associated companies	319,304	490,286	29	–
Term loans	5,426,045	4,555,237	3,796,966	3,400,430
Lease liabilities	66,774	67,387	4,118	4,154
Taxation	319,440	248,425	37,523	31,523
	12,633,667	11,946,773	4,131,923	3,691,687
Net current assets	1,001,236	2,351,665	5,273,877	3,618,177
Non-current liabilities				
Term loans	7,256,863	6,504,394	4,258,950	3,498,203
Lease liabilities	493,432	530,052	9,598	11,498
Deferred taxation	434,440	399,028	–	–
Other non-current liabilities	356,294	295,282	148,581	83,778
	8,541,029	7,728,756	4,417,129	3,593,479
Net assets	10,813,311	11,646,031	8,871,031	8,050,031
<i>Group net debt</i>	10,816,685	9,873,556	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing ratio</i>	1.00x	0.85x	<i>n.a.</i>	<i>n.a.</i>

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

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

As at 30.6.2020		As at 31.12.2019	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
164,629	5,328,190	165,986	4,456,638

(ii) Amount repayable after one year

As at 30.6.2020		As at 31.12.2019	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,139,311	6,610,984	840,911	6,193,535

(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 \$2,247,176,000 (31 December 2019: \$963,984,000) to banks for loan facilities. Included in secured borrowings are current lease liabilities of \$66,774,000 and non-current lease liabilities of \$493,432,000 which are secured over the right-of-use assets of \$735,951,000.

3b. Net asset value

	Group			Company		
	30.6.2020	31.12.2019	+/-%	30.6.2020	31.12.2019	+/-%
Net asset value per ordinary share *	\$5.70	\$6.17	-7.6	\$4.87	\$4.43	+9.9
Net tangible asset per ordinary share *	\$4.79	\$5.25	-8.8	\$4.87	\$4.43	+9.9

* Based on share capital of 1,820,517,031 ordinary shares (excluding treasury shares) as at the end of the financial period (31 December 2019: 1,816,379,444 ordinary shares (excluding treasury shares)).

3c. Balance sheet analysis

Group shareholder's funds decreased by \$0.83 billion to \$10.81 billion at 30 June 2020. The decrease was mainly attributable to retained losses for the half year ended 30 June 2020, payment of final dividend of 12.0 cents per share in respect of financial year 2019, fair value losses from cash flow hedges and investments held at fair value through other comprehensive income, partly offset by foreign exchange translation gains.

Group total assets were \$31.99 billion at 30 June 2020, \$0.67 billion higher than the previous year end. Non-current assets increased mainly due to a reclassification from stocks to investment properties, fair value gains in investment properties, increase in investments and long term assets, partly offset by decrease in investments in associated companies. Decrease in current assets was mainly due to a reclassification from stocks to investment properties and decrease in contract assets, partly offset by increase in bank balances, deposits & cash.

Group total liabilities of \$21.17 billion at 30 June 2020 were \$1.50 billion higher than the previous year end. This was largely attributable to the increase in term loans and contract liabilities, partly offset by the decrease in creditors and amounts due to associated companies.

Group net debt increased by \$0.94 billion to \$10.82 billion at 30 June 2020.

Group net gearing ratio increased from 85% at 31 December 2019 to 100% at 30 June 2020. This was largely driven by increase in group net debt and a reduction in total equity.

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
2020								
As at 1 January	1,291,722	(14,009)	126,099	10,470,627	(663,586)	11,210,853	435,178	11,646,031
Total comprehensive income for first quarter								
Profit for first quarter	–	–	–	160,461	–	160,461	2,256	162,717
Other comprehensive (expense)/income *	–	–	(347,226)	–	161,708	(185,518)	4,621	(180,897)
Total comprehensive (expense)/income for first quarter	–	–	(347,226)	160,461	161,708	(25,057)	6,877	(18,180)
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
Share-based payment	–	–	7,796	–	–	7,796	–	7,796
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(8,137)	(8,137)
Purchase of treasury shares	–	(4,974)	–	–	–	(4,974)	–	(4,974)
Treasury shares reissued pursuant to share plans and share option scheme	13,946	18,983	(32,928)	–	–	1	–	1
Transfer of statutory, capital and other reserves from revenue reserves	–	–	1,493	(1,493)	–	–	–	–
Cash subscribed by non-controlling shareholders	–	–	–	–	–	–	1,527	1,527
Contributions to defined benefits plans	–	–	(110)	–	–	(110)	(1)	(111)
Total contributions by and distributions to owners	13,946	14,009	(23,749)	(1,493)	–	2,713	(6,611)	(3,898)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in a subsidiary	–	–	(3,021)	–	–	(3,021)	2,336	(685)
Total change in ownership interests in subsidiaries	–	–	(3,021)	–	–	(3,021)	2,336	(685)
Total transactions with owners	13,946	14,009	(26,770)	(1,493)	–	(308)	(4,275)	(4,583)
As at 31 March 2020	1,305,668	–	(247,897)	10,629,595	(501,878)	11,185,488	437,780	11,623,268

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
2020								
Total comprehensive income for second quarter								
Loss for second quarter	–	–	–	(697,592)	–	(697,592)	(1,257)	(698,849)
Other comprehensive income *	–	–	149,167	–	(44,565)	104,602	(2,951)	101,651
Total comprehensive (expense)/income for second quarter	–	–	149,167	(697,592)	(44,565)	(592,990)	(4,208)	(597,198)
Transactions with owners, recognised directly in equity								
<u>Contributions by and distributions to owners</u>								
Dividend paid	–	–	–	(218,462)	–	(218,462)	–	(218,462)
Share-based payment	–	–	8,712	–	–	8,712	–	8,712
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(13,965)	(13,965)
Purchase of treasury shares	–	(391)	–	–	–	(391)	–	(391)
Treasury shares reissued pursuant to share plans and share option scheme	–	145	(146)	–	–	(1)	–	(1)
Transfer of statutory, capital and other reserves from revenue reserves	–	–	309	(309)	–	–	–	–
Cash subscribed by non-controlling shareholders	–	–	–	–	–	–	13,898	13,898
Contributions to defined benefits plans	–	–	1	–	–	1	–	1
Other adjustments	–	–	(1,599)	–	–	(1,599)	–	(1,599)
Total contributions by and distributions to owners	–	(246)	7,277	(218,771)	–	(211,740)	(67)	(211,807)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in subsidiaries	–	–	2	–	–	2	(2)	–
Disposal of interest in subsidiaries	–	–	–	–	–	–	(952)	(952)
Total change in ownership interests in subsidiaries	–	–	2	–	–	2	(954)	(952)
Total transactions with owners	–	(246)	7,279	(218,771)	–	(211,738)	(1,021)	(212,759)
As at 30 June 2020	1,305,668	(246)	(91,451)	9,713,232	(546,443)	10,380,760	432,551	10,813,311

* 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
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	–	–	–	(10,448)	–	(10,448)	–	(10,448)
As restated at 31 December 2018	1,291,722	(45,073)	194,943	10,319,839	(493,669)	11,267,762	308,930	11,576,692
Adoption of SFRS(I) 16	–	–	–	(78,201)	–	(78,201)	(2,797)	(80,998)
As adjusted at 1 January 2019	1,291,722	(45,073)	194,943	10,241,638	(493,669)	11,189,561	306,133	11,495,694
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								
<u>Contributions by and distributions to owners</u>								
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
<u>Changes in ownership interests in subsidiaries</u>								
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	10,444,533	(464,306)	11,642,417	650,627	12,293,044

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								
<u>Contributions by and distributions to owners</u>								
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)
<u>Changes in ownership interests in subsidiaries</u>								
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	10,272,113	(483,333)	11,265,630	466,483	11,732,113

* 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
2020					
As at 1 January 2020	1,291,722	(14,009)	205,112	6,567,206	8,050,031
Profit / Total comprehensive income for first quarter	–	–	(1,936)	(19,671)	(21,607)
Transactions with owners, recognised directly in equity					
Share-based payment	–	–	7,796	–	7,796
Treasury shares reissued pursuant to share plans and share option scheme	13,946	18,983	(32,928)	–	1
Purchase of treasury shares	–	(4,974)	–	–	(4,974)
Total transactions with owners	13,946	14,009	(25,132)	–	2,823
As at 31 March 2020	1,305,668	–	178,044	6,547,535	8,031,247
Profit / Total comprehensive income for second quarter	–	–	464	1,049,462	1,049,926
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(218,462)	(218,462)
Share-based payment	–	–	8,712	–	8,712
Treasury shares reissued pursuant to share plans and share option scheme	–	145	(146)	–	(1)
Purchase of treasury shares	–	(391)	–	–	(391)
Total transactions with owners	–	(246)	8,566	(218,462)	(210,142)
As at 30 June 2020	1,305,668	(246)	187,074	7,378,535	8,871,031
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

4c. Share capital

Issued share capital and treasury shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 January 2020	1,818,394,180	2,014,736
Issue of shares under share plan	2,163,587	–
Treasury shares transferred pursuant to share plan	–	(2,754,836)
Treasury shares purchased	–	740,100
As at 31 March 2020	1,820,557,767	–
Treasury shares transferred pursuant to restricted share plan	–	(24,288)
Treasury shares purchased	–	65,024
As at 30 June 2020	1,820,557,767	40,736

Treasury shares

During six months ended 30 June 2020, the Company transferred 2,779,124 (30 June 2019: 4,668,482) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. There were 805,124 treasury shares purchased (30 June 2019: nil) during the period. As at 30 June 2020, the number of treasury shares held by the Company represented 0.0% (30 June 2019: 0.07%) 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 2020.

Share options

As at 30 June 2020, there were no unexercised options for unissued ordinary shares (30 June 2019: 1,688,485 ordinary shares) under the KCL Share Options Scheme. No options were exercised during the six months (6 months ended 30 June 2019: 44,000) and twelve months ended 30 June 2020 respectively. Unexercised options for 910,900 unissued ordinary shares (30 June 2019: 157,700) and 1,688,485 of unissued ordinary shares were cancelled during the six months and twelve months ended 30 June 2020 respectively.

KCL Performance Share Plan (“KCL PSP”)

As at 30 June 2020, the number of contingent shares granted but not released were 4,400,000 (30 June 2019: 3,885,000) 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 6,600,000 under KCL PSP.

KCL Performance Share Plan – Transformation Incentive Plan (“KCL PSP-TIP”)

As at 30 June 2020, the number of contingent shares granted but not released were 6,622,171 (30 June 2019: 5,920,967) 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 9,933,257 under KCL PSP-TIP.

KCL Performance Share Plan – M1 Transformation Incentive Plan (“KCL PSP-M1 TI”)

As at 30 June 2020, the number of contingent shares granted but not released were 423,500 (30 June 2019: nil) for KCL PSP-M1 TI. 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 635,250 under KCL PSP-M1 TI.

KCL Restricted Share Plan (“KCL RSP”)

There are no contingent shares granted but not released as at 30 June 2020 and 30 June 2019.

As at 30 June 2020, the number of awards released but not vested was 24,041 (30 June 2019: 27,241) 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 2020 and 30 June 2019.

As at 30 June 2020, the number of awards released but not vested was 4,825,499 (30 June 2019: 4,078,869) for KCL RSP-Deferred Shares.

The movements in the number of shares under KCL PSP, KCL PSP-TIP, KCL PSP-M1 TI, KCL RSP and KCL RSP-Deferred shares are as follows:

Contingent awards:

Date of Grant	Number of shares					
	At 1.1.20	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 30.6.20
<u>KCL PSP</u>						
28.4.2017	1,070,000	–	(417,300)	(652,700)	–	–
30.4.2018	1,180,000	–	–	–	–	1,180,000
30.4.2019	1,635,000	–	–	–	–	1,635,000
31.3.2020	–	1,585,000	–	–	–	1,585,000
	3,885,000	1,585,000	(417,300)	(652,700)	–	4,400,000
<u>KCL PSP-TIP</u>						
29.4.2016	3,585,967	–	–	–	(119,197)	3,466,770
28.4.2017	2,000,000	–	–	–	(124,599)	1,875,401
28.2.2020	–	1,280,000	–	–	–	1,280,000
	5,585,967	1,280,000	–	–	(243,796)	6,622,171
<u>KCL PSP-M1 TI</u>						
17.2.2020	–	127,900	–	–	–	127,900
17.2.2020	–	295,600	–	–	–	295,600
	–	423,500	–	–	–	423,500

Awards:

Date of Grant	Number of shares					
	At 1.1.20	Awards granted	Adjustment upon release	Released	Cancelled	At 30.6.20
<u>KCL RSP-Deferred shares</u>						
17.2.2020	–	5,318,164	(1,709)	(5,316,455)	–	–
	–	5,318,164	(1,709)	(5,316,455)	–	–

Awards released but not vested:

wards released but not vested.

Date of Grant	Number of shares					At 30.6.20
	At 1.1.20	Released	Vested	Cancelled	Other adjustments	
<u>KCL PSP</u>						
28.4.2017	–	652,700	(652,700)	–	–	–
	–	652,700	(652,700)	–	–	–
<u>KCL RSP</u>						
31.3.2014	3,600	–	–	–	–	3,600
31.3.2015	7,300	–	–	–	–	7,300
29.4.2016	15,341	–	(1,600)	(600)	–	13,141
	26,241	–	(1,600)	(600)	–	24,041
<u>KCL RSP-Deferred shares</u>						
23.2.2018	1,214,799	–	(1,176,272)	(35,068)	–	3,459
15.2.2019	2,488,090	–	(1,222,784)	(68,082)	–	1,197,224
18.4.2019	209,675	–	(103,668)	(2,262)	–	103,745
17.2.2020	–	5,316,455	(1,785,687)	(9,697)	–	3,521,071
	3,912,564	5,316,455	(4,288,411)	(115,109)	–	4,825,499

4d. Capital reserves

	Group		Company	
	30.6.2020 \$'000	30.6.2019 \$'000	30.6.2020 \$'000	30.6.2019 \$'000
Share option and share plans reserve	194,627	191,843	171,247	165,123
Fair value reserve	(27,548)	51,227	20,839	16,957
Hedging reserve	(380,655)	(162,734)	(3,081)	–
Bonus issue by subsidiaries	40,000	40,000	–	–
Others	82,125	74,417	(1,931)	(1,145)
	<u>(91,451)</u>	<u>194,753</u>	<u>187,074</u>	<u>180,935</u>

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

	Note	Second Quarter		Half Year	
		30.6.2020	30.6.2019	30.6.2020	30.6.2019
		\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Operating profit		(422,959)	160,021	(149,421)	481,633
Adjustments:					
Depreciation and amortisation		100,569	102,155	201,097	169,779
Share-based payment expenses		9,917	6,865	18,212	15,111
Loss/(profit) on sale of fixed assets and investment properties		203	(649)	(63)	(806)
Impairment /(write-back of impairment) of associated companies		7,829	(329)	17,543	18,342
Gain on disposal of subsidiaries		(7,688)	–	(40,086)	(64,534)
Gain on disposal of associated companies		–	–	–	(54)
Gain from sale of units in associated companies		(48,275)	–	(48,275)	–
Loss/(gain) from change in interest in associated companies		1,677	(497)	761	(4,618)
Fair value gain on investment properties		(173,643)	(38,347)	(173,643)	(38,347)
Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary		–	–	–	(158,376)
Gain from reclassification of an associated company to fair value through other comprehensive income investment		–	–	(130,547)	–
Unrealised foreign exchange differences		24,582	30,860	58,518	16,007
Operational cash flow before changes in working capital		(507,788)	260,079	(245,904)	434,137
Working capital changes:					
Stocks		(337,094)	23,440	(295,872)	(160,870)
Contract assets		811,228	170,901	704,057	43,380
Debtors		(43,205)	(81,506)	(365,647)	(419,598)
Creditors		(398,157)	(532,460)	(13,122)	(311,011)
Contract liabilities		31,211	43,899	77,834	(70,729)
Investments		29,965	(47,285)	(74,420)	(128,747)
Amount due to/from associated companies		(17,711)	21,147	(16,680)	436
		(431,551)	(141,785)	(229,754)	(613,002)
Interest received		37,863	41,995	79,965	83,440
Interest paid		(77,098)	(81,589)	(156,842)	(150,621)
Income taxes paid, net of refunds received		(43,736)	(102,852)	(72,383)	(164,530)
Net cash used in operating activities		(514,522)	(284,231)	(379,014)	(844,713)
INVESTING ACTIVITIES					
Acquisition of a subsidiary	5a	–	–	–	(1,143,012)
Acquisition and further investment in associated companies		(121,077)	(149,587)	(374,638)	(334,451)
Acquisition of fixed assets and investment properties		(56,995)	(65,726)	(237,810)	(306,981)
Disposal of subsidiaries	5b	88,305	20,227	88,305	18,481
Proceeds from disposal of fixed assets		351	1,779	2,914	2,190
Proceeds from partial disposal of associated companies and return of capital		100,834	1,460	101,164	3,460
Advances to/from associated companies		89,548	152,865	25,389	189,940
Dividends received from investments and associated companies		61,643	100,087	109,488	147,817
Net cash from/(used in) investing activities		162,609	61,105	(285,188)	(1,422,556)

	Note	Second Quarter		Half Year	
		30.6.2020 \$'000	30.6.2019 \$'000	30.6.2020 \$'000	30.6.2019 \$'000
FINANCING ACTIVITIES					
Acquisition of additional interest in subsidiaries		–	(223,652)	(450)	(223,652)
Proceeds from share options exercised with issue of treasury shares		–	–	–	135
Proceeds from non-controlling shareholders of subsidiaries		–	–	336	180
Proceeds from term loans		1,073,243	1,230,461	2,016,154	3,191,453
Repayment of term loans		(308,915)	(436,253)	(440,401)	(601,875)
Principal element of lease payments		(12,658)	(23,596)	(25,476)	(34,804)
Purchase of treasury shares		(391)	–	(5,365)	–
Dividend paid to shareholders of the Company		(218,462)	(272,568)	(218,462)	(272,568)
Dividend paid to non-controlling shareholders of subsidiaries		(13,965)	(9,256)	(22,102)	(9,852)
Net cash from financing activities		518,852	265,136	1,304,234	2,049,017
Net increase/(decrease) in cash and cash equivalents		166,939	42,010	640,032	(218,252)
Cash and cash equivalents as at beginning of period		2,269,772	1,719,603	1,777,244	1,971,844
Effects of exchange rate changes on the balance of cash held in foreign currencies		(14,588)	(2,991)	4,847	5,030
Cash and cash equivalents as at end of period	5c	2,422,123	1,758,622	2,422,123	1,758,622

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	
	30.6.2020 \$'000	30.6.2019 \$'000	30.6.2020 \$'000	30.6.2019 \$'000
Fixed assets	–	–	–	772,654
Right-of-use assets	–	–	–	44,324
Intangible assets	–	–	–	610,516
Stocks	–	–	–	34,745
Contract assets	–	–	–	163,121
Debtors and other assets	–	–	–	197,211
Bank balances and cash	–	–	–	88,991
Creditors and other liabilities	–	–	–	(241,555)
Borrowings and lease liabilities	–	–	–	(496,189)
Current and deferred taxation	–	–	–	(253,589)
Total identifiable net assets at fair value	–	–	–	920,229
Non-controlling interests measured at fair value	–	–	–	(308,001)
Amount previously accounted for as associated company	–	–	–	(210,137)
Goodwill arising from acquisition	–	–	–	988,288
Gain on remeasurement of previously held equity interest at fair value at acquisition date	–	–	–	(158,376)
Total purchase consideration	–	–	–	1,232,003
Less: Bank balances and cash acquired	–	–	–	(88,991)
Cash outflow on acquisition	–	–	–	1,143,012

During the prior period, the Group acquired 81% interest in M1 Limited, bringing to a total of 100% as at 30 June 2019.

5b. Disposal of subsidiaries

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

	Second Quarter		Half Year	
	30.6.2020 \$'000	30.6.2019 \$'000	30.6.2020 \$'000	30.6.2019 \$'000
Fixed assets and investment properties	(20)	–	(20)	–
Stocks	(89,407)	–	(89,407)	(94,883)
Debtors and other assets	(6,283)	–	(9,005)	(707)
Associated companies	–	–	(158,670)	–
Bank balances and cash	(3,616)	–	(3,616)	(1,746)
Creditors and other liabilities	14,053	–	207,843	6,846
Non-controlling interests deconsolidated	952	–	952	–
Net assets disposed of	(84,321)	–	(51,923)	(90,490)
Net gain on disposal	(7,688)	–	(40,086)	(64,534)
Amount accounted for as associated company	–	–	–	18,320
Realisation of foreign currency translation reserve	88	–	88	(8,489)
Sale proceeds	(91,921)	–	(91,921)	(145,193)
Less: Bank balances and cash disposed	3,616	–	3,616	1,746
Less: (Deferred proceeds received)/proceeds receivable	–	(20,227)	–	124,966
Cash inflow on disposal	(88,305)	(20,227)	(88,305)	(18,481)

During the six months, disposal relates to the First FLNG Holdings Pte Ltd, First FLNG Sub-Fund Holdings Pte Ltd, and Jiangyin Evergro Properties Co., Ltd (JEP). First FLNG Holdings Pte Ltd owns 30% interest in Gimi MS Corporation, while JEP owns a residential and commercial mixed-use sited located in Jiangyin, China.

Disposal during the prior period relates to the sale of 70% interest in Dong Nai Waterfront City LLC.

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	
	30.6.2020	30.6.2019
	\$'000	\$'000
Bank balances, deposits and cash	2,426,429	1,768,238
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	(4,306)	(9,616)
	2,422,123	1,758,622

5d. Cash flow analysis

(i) Second Quarter

Net cash used in operating activities for the quarter was \$515 million as compared to \$284 million in the prior period mainly due to higher working capital requirements. The working capital changes were higher by \$194 million as compared to second quarter of 2019. The changes exclude the effects of provisions made for stocks, contract assets and doubtful debts amounting to \$675 million during the second quarter of 2020.

Net cash from investing activities for the quarter was \$163 million. Divestment and dividend income of \$251 million and receipts from associated companies of \$90 million, was partly offset by acquisitions and capital expenditure of \$178 million.

Net cash from financing activities was \$519 million as compared to \$265 million in the prior period. This was mainly attributable to net proceeds from term loans, partly offset by dividend paid to shareholders.

(ii) Half Year

Net cash used in operating activities was \$379 million as compared to \$845 million in the prior period mainly due to lower working capital requirements. The working capital changes were lower by \$392 million as compared to the first half of 2019. The changes exclude the effects of provisions made for stocks, contract assets and doubtful debts amounting to \$676 million during the first half of 2020.

Net cash used in investing activities was \$285 million compared to \$1,423 million in the prior period. Acquisitions and capital expenditure of \$612 million was partly offset by divestments and dividend income of \$302 million and receipts from associated companies of \$25 million. The acquisitions and capital expenditure comprised investment in associated companies as well as acquisitions of fixed assets and investment properties.

Net cash from financing activities was \$1,304 million. This was mainly attributable to net borrowings drawn down, partly offset by dividend of \$241 million that was paid to both shareholders of the Company and non-controlling shareholders of subsidiaries during the period.

6. REVIEW

The consolidated financial information of the Group for the second quarter and half year ended 30 June 2020 as set out in Section 1, 2, 3 (excludes the Balance Sheet of the Company and paragraphs 3a, 3b and 3c), 4 (excludes the Statement of changes in equity of the Company and the Statement of changes in equity for the second quarter ended 30 June 2020), 5 (excludes the Consolidated statement of cash flows for the second quarter ended 30 June 2020), 9 and 14 of this announcement, has been extracted from the condensed consolidated interim financial statements that were prepared in accordance with the Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting* and reviewed by the independent auditor, PricewaterhouseCoopers LLP, in accordance with the Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

7. REVIEW REPORT

The review report dated 30 July 2020, on the unaudited condensed consolidated interim financial statement of the Group for the second quarter and half year ended 30 June 2020 which has been prepared in accordance with Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting*, is as attached as Appendix A.

8. ACCOUNTING POLICIES

Except as disclosed 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 2019.

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2020. 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, SFRS(I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- Amendments to SFRS(I) 3 *Business Combinations*
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*
- Amendments to SFRS(I) 16 *Covid-19-Related Rent Concessions*

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.

9. CRITICAL ACCOUNTING ESTIMATES

The following are the critical accounting estimates in applying the Group's accounting policies in the financial statements for the half year ended 30 June 2020:

9a. Coronavirus Disease 2019 ("COVID-19") and volatility in oil prices

The evolving situation of the outbreak of the COVID-19 and volatility in oil prices, including the sharp reduction in global oil demand, could impact the assessment of the carrying amounts of the Group's assets and liabilities. As these events and conditions have significant financial reporting implications, ACRA had published a financial reporting practice guidance in May 2020 highlighting key focus areas when preparing and reviewing the financial statements, especially in areas where estimates, assumptions and judgment are required. In the assessment for the current period, management has carried out a review to assess the assumptions used in the assessment of the carrying values of certain assets of the Group. Management has exercised judgment in determining the significant assumptions used and has relied on information currently available, including the COVID-19 official updates from the authorities, the experts' consensus on global oil prices and the work performed by independent advisers on certain assets, in the assessment of the appropriateness of the carrying values of the Group's assets, including but not limited to the following assets as at 30 June 2020:

- Recoverability of contract assets and receivable balances in relation to Offshore & Marine construction contracts with Sete Brasil and other customers
- Valuation of investment properties
- Estimation of net realisable value of stocks
- Investments in associated companies, including KrisEnergy Limited and Floatec International Limited and related exposures

As the COVID-19 situation continues to evolve, the Group will proactively implement measures in mitigating the potential impact on the Group. Should the COVID-19 situation take a longer than expected period to recover and/or the recovery of the long term oil prices, dayrates or utilisation rates take a longer period or to a lower level than expected, the assessment of the carrying amounts of the assets of the Group could be impacted, and material provisions may be made and additional liabilities may arise in the subsequent financial periods.

9b. Recoverability of contract asset and receivable balances in relation to Offshore & Marine construction contracts

Contracts with Sete Brasil ("Sete")

The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. In October 2019, the Settlement Agreement as well as the winning bid proposal for Magni Partners (Bermuda) Ltd ("Magni") to purchase four Sete subsidiaries, two of which are special-purpose entities ("SPEs") for uncompleted rigs constructed by the Group, was approved by the creditors. As part of the Settlement Agreement, which is subject to fulfilment of certain conditions precedent, the Group will take over ownership of remaining four uncompleted rigs and will be able to explore various options to extract the best value from these assets. The EPC Contracts and related agreements entered into in relation to these four rigs will be deemed to be amicably terminated, with no penalties, refunds and/or any additional amounts being due to any party, and the parties will waive all rights to any claims. The Group has a receivable of approximately US\$260 million from Sete and this amount has been included in Sete's court-approved Judicial Reorganisation Plan. The outstanding amount will be paid to the Group proportionally and pari passu with other creditors of Sete as part of, and out of proceeds of, its Judicial Reorganisation Plan.

In December 2019, Petrobras issued a press release to communicate their Board's approval on the continuation of four charter agreements, and for Magni and their operator Etesco to step in as the new party to the agreements. Since then, the Group has been in constructive discussions with Magni to finalise the construction contracts for the two rigs and with Sete to close out the condition precedents in the Settlement Agreement. As a result of the global COVID-19 pandemic, finalisation of the agreements between the various parties have been delayed. On 25 June 2020, Petrobras issued a press release that their mediation agreement deadline with Sete has been extended to 30 September 2020 for Sete to conclude their sale transaction. Management continues to be in discussion with Magni and expects to finalise the agreements in due course.

Management performed an assessment to estimate the cost of discontinuance of related agreements of the EPC contracts, offset by possible options in extracting value from the uncompleted rigs and possible payout from the Judicial Reorganisation Plan. In addition, management has estimated the net present value of the cash flows relating to the impending construction contract for two rigs with Magni.

Arising from the above assessment, management is of the opinion that the loss allowance for trade debtors of \$183,000,000 (2019: \$183,000,000) and the provision for related contract costs of \$245,000,000 (2019: \$245,000,000) are adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to these EPC contracts.

Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to \$476,000,000 as at 30 June 2020 (31 March 2020 and 31 December 2019: \$476,000,000).

Other contracts

As at 30 June 2020, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years and have higher counterparty risks. In the event that the customers are unable to fulfill their contractual obligations, the Group can exercise the right to retain payments received to date, and retain title to the rigs.

The Group had also delivered rigs to customers where receipt of the construction revenue have been deferred under certain financing arrangements, amounting to \$1,077,000,000, of which \$931,000,000 is secured on the rigs and \$146,000,000 is unsecured but the Group has obtained parental guarantee from the customers.

Management has assessed each deferred construction project individually to make judgment as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates. Management has also performed an assessment of the expected credit loss on contract assets and trade receivables of deferred projects and of rigs delivered on financing arrangements to determine if a provision for expected loss is necessary.

The global economic environment continues to be significantly affected by COVID-19. The oil and gas industry is experiencing an unprecedented and very difficult period due to the collapse of oil prices as a result of lower expected demands. Oil majors have announced deferment of final investment decisions (FIDs) and significantly reduced capital expenditures. The events during the quarter have provided a clearer indication that the impact from COVID-19 and uncertainties in global economies would likely continue for a prolonged period. Against this backdrop, management has engaged independent professional firms to assist in their assessment if the values of the rigs would exceed the carrying values of contract assets and trade receivables.

As the Group is able to retain the undelivered rigs in the event of default by its customer, management has considered the most likely outcome for the rigs delivered or under construction is for the Group to take possession of the asset and charter it out to work with an operator. The value of the rig on this basis would be based on an estimation of the Value-in-use ("VIU") of the rig, i.e. through estimating the net present value of cash flows from operating the rig over the useful life of the asset.

The VIU model used by the independent firm is consistent with prior periods and is based on Discounted Cash Flow calculations that cover each class of rig under construction. In addition to the independent firm responsible for the valuation based on VIU calculations, management has also engaged a separate industry expert to independently provide a view of the market outlook, assumptions and parameters which are used in the valuations based on estimation of VIU. Key inputs into the estimation of the VIU include dayrates and cost assumptions, utilisation rates, discount rates and estimated commencement of deployment. The valuation of the rigs would decrease if the expected income from operating the rigs decline, or discount rates were higher, or the estimated commencement of deployment were delayed. The parameters and input from the independent advisors resulted in declines in expected income to be generated from rig operations, a further delay in the commencement date of deployment and a higher discount rate, reflecting the current outlook for the industry. The results of the independent assessments (based on industry expert inputs) derived an indicative valuation of the rigs below the carrying values of the contract assets and receivables.

In addition, management has also appointed an independent advisor to conduct an assessment of the recoverability of unsecured receivables.

Accordingly, the Group recognised an expected credit loss allowance of \$430,842,000 on contract assets, and \$165,460,000 on long term receivables for the quarter as follows:

	Balance before 2Q2020 impairment \$ million 3,038 ⁽¹⁾	Impairment recognised in 2Q2020 ⁽²⁾ \$ million (431)
Contract assets in Offshore & Marine Division		
Financing to customers		
- unsecured	146	(62)
- secured	931	(104)
	1,077	(166)

¹ Net of prior year expected credit loss allowance of \$21 million.

² In addition to the expected credit loss recognised above, the Group has recognised a \$14 million expected credit loss on a trade debtor.

The valuation of the rigs based on estimated VIU are most sensitive to discount rates and dayrates.

- A discount rate of 7.4% has been used in the valuation as at 30 June 2020. An increase of 1% of the discount rate would increase the expected credit loss by approximately S\$242 million.
- A decrease in dayrates of US\$5,000 per day across the entire asset useful life of 25 years would increase the expected credit loss by approximately S\$175 million.

9c. Revaluation of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in profit and loss account, determined annually by independent professional valuers on the highest and best use basis except for significant investment properties which are revalued on a half-yearly basis.

For the purpose of this condensed consolidated interim financial statements for the half year ended 30 June 2020, valuations were obtained from the valuers for certain significant investment properties, and the resultant fair value changes were recognised in the profit and loss account.

In determining the fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, price of comparable plots and properties, net initial yield and discount rate. The valuation reports obtained from the valuers for certain properties have highlighted the heightened uncertainty of the COVID-19 outbreak may have on the valuation of these properties.

In relying on the valuation reports, management has exercised its judgment to ensure that the valuation methods and estimates are reflective of current market conditions.

9d. Estimating net realisable value of stocks

The net realisable value of stocks represent the estimated selling price for these stocks less all estimated cost of completion and costs necessary to make the sale.

As at 30 June 2020, stocks under work-in-progress amounted to \$887,101,000 (after a provision of \$50,000,000 made in prior years). This amount included \$284,164,000 of contract assets which were reclassified to stocks during the quarter as the Group cancelled a construction contract with a customer due to its non-fulfillment of their payment obligations. Non-payment of any instalment by the customer is a default in accordance with the Contract, entitling the Group to terminate the Contract, retain all payments received to date (approximately US\$54 million), seek compensation for the work done to date and claim ownership of the rig.

Arising from the same rig construction contract mentioned in the preceding paragraph, the customer has alleged a breach of contract by the Group and purportedly terminated the Contract on and sought recovery of the payments already made to the Group with interest, or to pay for the work done by the Group and take over the rig. The allegations by the customer were refuted and the purported termination of the contract was rejected by the Group. The Group has engaged legal advisors and commenced arbitration to enforce its rights. Through this process, the Group will continue to evaluate the potential financial impact in consultation with its advisors. Based on

currently available information, management is of the opinion that no provision is required for the recovery of the payments already made to the Group by the customer.

The assessment of carrying value of these stocks were performed in conjunction with the valuation assessment of contract assets as described above.

Based on the results of the independent assessments, the Group recognised an impairment provision of \$41,508,000 on stocks under work-in-progress during the quarter.

The valuation of the rigs based on estimated VIU are most sensitive to discount rates and dayrates.

- An increase of 1% of the discount rate would increase the impairment by approximately S\$138 million.
- A decrease in dayrates of US\$5,000 per day across the entire asset life of 25 years would increase the impairment by approximately S\$40 million.

For properties held for sale, provision is arrived at after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. The estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

9e. Investments in KrisEnergy Limited and related exposures

	30 June 2020 \$'000	31 December 2019 \$'000
Equity interest	–	–
Zero-coupon notes	56,084	74,284
Warrants	–	–
Loan receivable	27,685	–
Total carrying amount	83,769	74,284
Other related exposures:		
Contract assets ¹	33,943	20,541
Guarantee ²	250,368	262,825

¹ In relation to a construction contract for a production barge for KrisEnergy.

² In relation to a bilateral agreement between the Group and a bank, on the bank loan granted to KrisEnergy.

On 14 August 2019, KrisEnergy has made an application to the High Court of the Republic of Singapore to commence a court-supervised process to reorganise its liabilities and seek a moratorium against enforcement actions and legal proceedings by creditors against KrisEnergy pursuant to section 211B of the Companies Act (Cap. 50). It has also requested a suspension of trading of its securities on Singapore Exchange Securities Trading Ltd. The High Court of Republic of Singapore approved the application for an initial period of 3 months up to 14 November 2019. At the date of these financial statements, the debt moratorium was extended to 27 August 2020. KrisEnergy published an initial restructuring plan on 16 June 2020.

In April 2020, the Group entered into a credit facility agreement with two wholly-owned indirect subsidiaries of KrisEnergy (the “Borrowers”), with the Group agreeing to grant a project financing loan in two or more tranches for an aggregate principal amount not exceeding US\$87 million (the “CBA Loan Facility”) to the Borrowers. As at 30 June 2020, the total aggregate amount of funds drawn down by the Borrowers through the CBA Loan Facility was \$27,685,000.

Management performed an impairment assessment to estimate the recoverable amount of the Group's exposures in KrisEnergy as at 30 June 2020. Management reviewed the cash flow projections prepared by its financial advisor who estimated the amount of cash available from producing assets and forecasted production from assets under development, taking into consideration the relative priority of each group of stakeholders to these cash flows based on their respective rights. The cash flow estimates were based on forecasted oil prices, determined by taking reference from external information sources, ranging from US\$40 to US\$62 per barrel for

2020 to 2028. The impairment assessment has taken into consideration the initial restructuring proposal published by KrisEnergy on 16 June 2020. The estimates and assumptions used are subject to risk and uncertainty. If the oil prices were to decrease by 5% across the forecasted period of 2020 to 2028, the estimated cash available from producing assets and forecasted production from assets under development would decrease, and this would result in an additional impairment of \$54 million.

Based on the assessment, there was no additional impairment provision required for the second quarter ended 30 June 2020. The Group recognised an impairment loss of \$18,200,000 on the zero-coupon notes during the first quarter ended 31 March 2020, and the carrying value of the Group's investment in the zero-coupon notes was reduced to \$56,084,000. No impairment allowance was made against the loan receivable, contract assets and no liabilities were recorded for the Group's guarantee given to the bank for the loan granted to KrisEnergy as the Group has priority over the cash flows on the assets of KrisEnergy. In the financial year ended 31 December 2019, management had performed a similar assessment and recognised an impairment charge of \$37,000,000 on the equity investment.

9f. Investments in Floatel International Limited

	30 June 2020 \$'000	31 December 2019 \$'000
Equity interest	–	311,000
Preference shares	–	10,449
Loan receivable	165,369	155,425
Total carrying amount	165,369	476,874

In February 2020, Floatel reported that its financial situation is unsustainable as liquidity is under pressure. There is a material uncertainty as to whether Floatel will be able to service its secured financial liabilities and net working capital requirements for the coming 12 months, which cast significant doubt on Floatel's ability to continue as a going concern. The long term viability of Floatel's business depends on it finding a solution to its financial situation and Floatel management has initiated discussions with key creditors, in which, in the view of Floatel's board of directors, there is reasonable expectations of success. In a situation where going concern for Floatel no longer can be assumed, there is a risk for significant write down of its assets. On 14 April 2020, Floatel announced that they are in constructive negotiations with all lenders under the Bank Vessel Facility and the RCFs (the "Lenders") and an adhoc committee of holders of the first lien (1L) Bonds holding in aggregate more than 56% of the outstanding amount of 1L ("AHC"). The lenders have confirmed in writing that they remain supportive of the Floatel group and do not intend to take any further action at this time.

As part of these negotiations, Floatel has entered into a forbearance and deferral agreement with the AHC, in relation to payments of amortisation, interest and commitment fees due under the Bank Vessel Facility and RCFs, and coupon payment under the Bonds. The forbearance and deferral agreement has been extended to 15 August 2020. Management has retained an independent financial advisor to support the review of Floatel's business plan and cash flow projections. Based on advice from the independent financial advisor, management is of the view that the ongoing restructuring discussions between the various stakeholders remain constructive and the imminent success of restructuring plans is critical in ensuring the long term viability of Floatel's business.

In June 2020, in view that Prosafe SE, which is a major competitor of Floatel in the same industry, had made a significant impairment to the book value of its vessels, management had requested for Floatel to perform an independent review of the assumptions used in the conduct of its impairment assessment, with a focus on the reasonableness of market outlook assumptions and parameters used in the valuation of its vessels. The parameters provided by the independent review was adopted by Floatel management in their VIU calculations resulting in a revised valuation which is lower than the current carrying value of the vessels. Consequently, Floatel has made an impairment provision of US\$398 million to the carrying value of its vessels as at 30 June 2020.

As the Group's share of the above impairment amount exceeds the carrying value of its investment in Floatel, the equity carrying value of \$281,076,000 as at 30 June 2020 has been written down to Nil.

With respect to the carrying value of preference shares, based on the fair value assessment conducted by the independent financial advisors using the dividend discount model, the carrying value of \$10,449,000 as at 30 June 2020 has similarly been written down to Nil.

In assessing the expected credit loss of the loan receivable repayable on 31 December 2025, based on the ongoing constructive discussions between various stakeholders and the review conducted by the independent financial advisor, management has concluded that no impairment provision was required in the current period ended 30 June 2020. This assessment was performed on the basis that despite the impairment recognised by Floatel on the value of Floatel's vessels in the current quarter, there is sufficient value for the loan to be repaid. This is premised upon the assumption that Floatel will continue as a going concern for the foreseeable future.

The carrying value of Floatel's vessels, after the impairment of US\$398 million recognised by Floatel during the current quarter, was US\$779 million. The recoverability assessment of the Group's loan to Floatel is primarily dependent on the ability of Floatel continuing as a going concern as set out above, and then on the recoverable amounts of Floatel's vessels, based on their estimated VIU, which are most sensitive to discount rates, utilisation and dayrates. The carrying values of Floatel's vessels ("Floatel's carrying values") will be impacted by these parameters as follows:-

- A 0.5% decrease in the discount rate would lead to US\$40 million increase in Floatel's carrying values and a 0.5% increase would lead to US\$37 million decrease in Floatel's carrying values.
- A 10% decrease in the long-term utilisation from 65% to 55% would lead to a decrease in Floatel's carrying values by US\$167 million whilst a change in approximately 10% of the long-term dayrates would lead to a change in Floatel's carrying values by approximately US\$130 million.

10. REVIEW OF GROUP PERFORMANCE

(i) Second Quarter

Group revenue for 2Q 2020 of \$1,325 million was \$459 million or 26% below that of 2Q 2019. Revenue from the Offshore & Marine Division decreased by \$211 million to \$270 million mainly due to significantly lower level of activities as a result of COVID-19 and the sharply reduced workforce in Singapore yards, as well as various other restrictions in overseas yards. Revenue from the Property Division declined by \$62 million to \$209 million mainly due to lower revenue from property trading projects in China, partly offset by higher revenue from property trading projects in Singapore. Revenue from the Infrastructure Division reduced by \$167 million to \$559 million mainly due to lower sales in the power and gas businesses, slowdown in progress of the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project as a result of COVID-19, as well as lower contribution from the logistics business following the divestment of some China logistics assets in November 2019. Revenue from the Investments Division was \$19 million lower at \$287 million mainly attributable to lower service revenue and equipment sales from M1 Limited ("M1"), as well as lower revenue from the asset management business.

The COVID-19 pandemic has severely impacted the global economy and brought about significant market volatility and uncertainty, including a sharp reduction in global demand for oil and oil prices. As these events and conditions have significant financial reporting implications, ACRA had published a financial reporting practice guidance in May 2020 highlighting key focus areas when preparing and reviewing the financial statements, especially in areas where estimates, assumptions and judgement are required. For its 2Q 2020 financial reporting, the Group has carried out a review to assess the assumptions used in the assessment of the carrying values of certain assets of the Group including the recoverability of contract assets, receivable balances and stocks under work-in-progress in relation to the Offshore & Marine (O&M) business, and investments in associated companies. Amidst the highly volatile environment and low oil prices, oil majors are curtailing exploration and production spending, which has adversely impacted dayrates and utilisation rates of the O&M industry generally and the Group's O&M business more specifically. Arising from this assessment, the Group recognised material impairments in 2Q 2020, pertaining mainly to the O&M business, and the Group's financial results was significantly and adversely impacted for 2Q 2020 and 1H 2020.

Group pre-tax loss was \$604 million as compared to pre-tax profit of \$206 million for the corresponding quarter in 2019. Pre-tax loss for the quarter included provisions, mainly from the Offshore & Marine Division, for contract assets, doubtful debts, stocks, associated company and investment, as well as share of impairment provision from Floatel International Ltd ("Floatel"), amounting to \$919 million. Excluding these impairments, pre-tax profit of the Group at \$315 million, was 53% or \$109 million higher than pre-tax profit of \$206 million in 2Q 2019.

The Offshore & Marine Division's pre-tax loss was \$967 million which included provisions for contract assets, doubtful debts and stocks, fair value loss on investment, as well as share of impairment provisions from Floatel, amounting to \$889 million. Excluding these impairments, pre-tax loss was \$78 million as compared to pre-tax profit of \$4 million in the second quarter of 2019. The weaker performance was mainly due to the impact from slower progress on projects as a result of significant downtime from COVID-19 and the sharply reduced workforce in Singapore yards and other restrictions in overseas yards, as well as share of losses from associated companies, partly mitigated by government relief measures for the COVID-19 pandemic. Pre-tax profit of the Property Division increased by \$72 million to \$233 million mainly due to higher fair value gains from investment properties, higher contribution from property trading projects in Singapore, as well as gain from the disposal of interest in the Jiangyin project in China, partly offset by lower investment income. Pre-tax profit of the Infrastructure Division grew by \$40 million to \$91 million mainly due to gain from sale of units in Keppel DC REIT, higher contribution from Environmental Infrastructure, and dividend income from Keppel Infrastructure Trust ("KIT"), partly offset by lower contribution from Energy Infrastructure and absence of fair value gain on Keppel DC Singapore 4 in the same quarter last year. Pre-tax profit of the Investments Division was \$39 million as compared to pre-tax loss of \$10 million in the same quarter in 2019. This was largely due to mark-to-market gains from investments, higher contribution from Sino-Singapore Tianjin Eco-City as a result of a land plot sale, as well as the absence of share of loss from KrisEnergy as compared to the same quarter in 2019.

Tax expenses increased by \$42 million. Non-controlling interests were \$2 million lower than those of 2Q 2019. After taking into account income tax expenses and non-controlling interests, net loss attributable to shareholders for 2Q 2020 was \$697 million as compared to net profit of \$153 million for the same quarter in the previous year. Excluding the impairments as mentioned above of \$919 million, the Group was profitable at \$222 million, 45% or \$69 million higher than net profit of \$153 million in 2Q 2019.

(ii) Half Year

Group net loss attributable to shareholders was \$537 million as compared to net profit of \$356 million for the same period in 2019. Loss per share was 29.5 cents as compared to earnings per share of 19.6 cents in the same period last year. Annualised return on equity was negative 10.3%.

The net loss for the half year 2020 included provisions for contract assets, doubtful debts, stocks, associated companies and investment, as well as share of impairment provision from Floatel, amounting to \$930 million. Excluding these impairments, the Group achieved a net profit of \$393 million which was 5% or \$18 million higher than net profit of \$375 million (excluding impairments) in 1H 2019.

Group revenue of \$3,182 million was \$133 million or 4% lower than that in the same period in 2019. Revenue from the Offshore & Marine Division is marginally higher by \$26 million, at \$839 million mainly due to higher revenue recognition from certain ongoing projects and revenue from new projects in the first quarter, offset by the significantly lower level of activities in the second quarter, as mentioned earlier. Major jobs delivered in 2020 include two jackup rigs, a dual-fuel bunker tanker and a Floating Production Storage and Offloading vessel (FPSO) modification and upgrading project. Revenue from the Property Division decreased by \$117 million to \$511 million mainly due to lower revenue from property trading projects in China, partly offset by higher revenue from property trading projects in Singapore. Revenue from the Infrastructure Division declined by \$169 million to \$1,256 million largely due to lower sales in the power and gas businesses, slowdown in progress of the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project as a result of COVID-19, as well as lower contribution from the logistics business following the divestment of some China logistics assets in November 2019. Revenue from the Investments Division was \$127 million higher at \$576 million mainly due to M1 which was

consolidated from March 2019, partly offset by lower revenue from the asset management business.

Group pre-tax loss was \$357 million, as compared to pre-tax profit of \$489 million for the same period in 2019. Excluding impairments of \$930 million, pre-tax profit of the Group was \$573 million which was \$65 million or 13% higher than \$508 million (excluding impairments) in 1H 2019. The Offshore & Marine Division's pre-tax loss was \$963 million as compared to pre-tax profit of \$5 million in the same period in 2019. Excluding impairments of \$890 million, the division's pre-tax loss was \$73 million which was largely due to impact from slower progress on projects due principally to significant downtime as a result of COVID-19 and the sharply reduced workforce in Singapore yards and various restrictions in overseas yards, as well as share of losses from associated companies, partly mitigated by government relief measures for the COVID-19 pandemic. The results of the same period last year were contributed by operating profits and share of profits from associated companies. Pre-tax profit from the Property Division decreased by \$16 million to \$326 million as a result of the absence of gain from the disposal of a partial interest in the Dong Nai project in Vietnam compared to the same period in 2019, lower contribution from property trading projects in China, as well as lower investment income. These were partly offset by the higher fair value gains from investment properties, higher contribution from property trading projects in Singapore, as well as gain from the disposal of interest in the Jiangyin project in China. Pre-tax profit of the Infrastructure Division grew by \$202 million to \$273 million. This was mainly due to mark-to-market gain recognised from the reclassification of the Group's interest in KIT from an associated company to an investment following the loss of significant influence over KIT. Excluding the mark-to-market gain, pre-tax profit doubled that of the same period last year, led by gain from sale of units in Keppel DC REIT, higher contributions from Energy Infrastructure, Environmental Infrastructure and Infrastructure Services, as well as lower losses from the logistics business. Pre-tax profit of the Investments Division decreased by \$64 million to \$7 million mainly due to the absence of fair value gain recognised in 2019 from the remeasurement of previously held interest in M1 at acquisition date, as well as mark-to-market losses from investments. These were partly offset by higher contribution from M1 due to the consolidation of M1 from March 2019, gain from divestment of interest in Gimi MS Corporation, as well as the absence of share of loss from KrisEnergy and fair value loss on KrisEnergy warrants as compared to the same period in 2019.

Taxation expenses increased by \$80 million mainly due to absence of write-backs of tax provision compared to the same period in 2019. Non-controlling interests were \$33 million lower than the same period last year. Taking into account income tax expenses and non-controlling interests, net loss attributable to shareholders was \$537 million as compared to net profit of \$356 million for the same period in 2019. Losses at Offshore & Marine and Investments Divisions were partly offset by the profits generated from the Infrastructure and Property Divisions.

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 \$3.5 billion. The industry is going through unprecedented challenges from the severe downturn as well as the COVID-19 pandemic, and this is also affecting the performance of the Division. Despite these challenges, 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 gas solutions, offshore renewables, production assets, specialised vessels, 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 1,230 homes in the first half of 2020, comprising about 80 in Singapore, 1,050 in China, 10 in Vietnam, 60 in Indonesia and 30 in India. Keppel REIT's office buildings in Singapore, Australia and Korea maintained a high portfolio committed occupancy rate of 99% as at 30 June 2020. 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 actively 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 (Keppel T&T) will, in collaboration with Alpha DC Fund, continue to actively pursue new development opportunities to grow its data centre footprint beyond its traditional areas of operation while concurrently exploring innovative new solutions to strengthen its market position in the long run. Keppel T&T has also commenced a strategic review of its logistics portfolio in South-East Asia.

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 alternative asset classes.

Keppel Urban Solutions will harness opportunities as an integrated master developer of smart, sustainable cities. 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.

M1 will complement the Group's mission as a solutions provider for sustainable urbanisation, which includes connectivity. Through a multi-year transformation plan, M1 seeks to develop and implement new strategic and operational plans to sharpen its competitive edge, increase its momentum in digital transformation and undertake growth initiatives. It will focus on strengthening its consumer business to meet changing customer needs and expectations, developing platforms and initiatives to support enterprise customers, collaborating actively with other Keppel entities to create smarter and future-ready offerings, and working closely with Singapore government agencies, industry players and enterprises to co-develop 5G use cases for selected markets. With the final award of 5G network licence to M1 and Starhub Limited by the Infocomm Media Development Authority (IMDA), M1 will start to roll out its 5G network coverage across Singapore.

The Group will continue to execute its integrated business strategy to provide solutions for sustainable urbanisation, and deepen collaboration across divisions, while being agile and innovative, and investing in the future.

The COVID-19 pandemic shows no signs of abating and has impacted the lives of countless people around the world as well as the global economy. Many of the Group's businesses provide essential services, such as power, data centres and telecommunications, and continued to operate even during the circuit breaker in Singapore. Nevertheless, with the sharp fall in global economic activity, as well as the demand for oil and oil prices, lockdowns and movement restrictions in various countries, and disruptions to supply chains, the Group's businesses have inevitably also been affected. As a result of the sharp reduction in the number of personnel working in the yards due to COVID-19 and measures to contain its spread, several of the Offshore & Marine Division's projects have been delayed. Force majeure notices have been served to customers of the affected projects and the Group is working closely with them to mitigate the impact of COVID-19. Given the current highly volatile environment and low oil prices, oil majors are curtailing exploration and production spending, which has adversely impacted dayrates and utilisation rates of the O&M industry generally and the Group's O&M business more specifically. The Offshore & Marine Division will face very challenging conditions in the near future. The Property Division has limited retail and hospitality assets and our office portfolio is relatively resilient to COVID-19. The impact of the pandemic is therefore mainly on residential trading projects and its impact across markets is not uniform. Construction works at the Keppel Marina East Desalination Plant (KMEDP) and Hong Kong Integrated Waste Management Facility slowed as a result of COVID-19. Despite this, the KMEDP has commenced commercial operations on 29 June 2020. COVID-19 and work from home arrangements have further increased the demand for digital connectivity and accelerated digital transformation for many organisations. This will create new opportunities for the Group's connectivity business. As the COVID-19 situation continues to evolve, the Group will proactively implement measures to mitigate the potential impact on the Group, while at the same time safeguarding the health and well-being of our employees and stakeholders.

The Group continues to have a strong balance sheet and the necessary credit lines to finance its operations. Nevertheless, given the tightening liquidity and the difficult operating environment that

the Offshore & Marine Division is facing, we will continue to monitor cashflows and gearing closely, and exercise discipline in capital allocation and cost management.

We will continue to work as a Group and strive to provide better outcomes than what the underlying business conditions might otherwise allow. In times like these, it is important for the Group to be guided by a bold, long term vision, which transcends the impact of the current crisis. This is the reason why we had unveiled our Vision 2030 in May this year. We will work hard to make Vision 2030 a reality, and in the process, realise the long-term value of our business.

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 3.0 cents Tax exempt

The Directors are pleased to declare a tax exempt one-tier interim cash dividend of 3.0 cents per share (2019: tax exempt one-tier interim cash dividend of 8.0 cents per share) in respect of the half year ended 30 June 2020. The interim dividend will be paid to shareholders on 20 August 2020.

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
Dividend type Dividend per share Tax rate	Cash 8.0 cents Tax exempt

13c. Date Payable

20 August 2020.

13d. Books Closure Date

Notice is hereby given that, the Share Transfer Books and Register of Members of the Company will be closed on 11 August 2020 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, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 up to 5.00 p.m. on 11 August 2020 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 11 August 2020 will be entitled to the interim dividend.

14. SEGMENT ANALYSIS

Half year ended 30 June 2020

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimination \$'000	Total \$'000
Revenue						
External sales	838,958	511,346	1,255,644	576,530	–	3,182,478
Inter-segment sales	372	5,117	13,704	50,925	(70,118)	–
Total	839,330	516,463	1,269,348	627,455	(70,118)	3,182,478
Segment Results						
Operating profit	(682,264)	289,631	231,513	11,638	61	(149,421)
Investment income	995	253	8,536	2,600	–	12,384
Interest income	50,832	22,457	32,439	204,286	(204,888)	105,126
Interest expenses	(60,434)	(38,113)	(12,551)	(250,575)	204,827	(156,846)
Share of results of associated companies	(272,455)	52,366	12,680	38,844	–	(168,565)
Profit before tax	(963,326)	326,594	272,617	6,793	–	(357,322)
Taxation	1,960	(130,618)	(22,410)	(27,742)	–	(178,810)
Profit for the period	(961,366)	195,976	250,207	(20,949)	–	(536,132)
Attributable to:						
Shareholders of Company	(959,514)	197,492	251,717	(26,826)	–	(537,131)
Non-controlling interests	(1,852)	(1,516)	(1,510)	5,877	–	999
	(961,366)	195,976	250,207	(20,949)	–	(536,132)
Other Information						
Segment assets	8,929,801	14,320,832	4,223,129	13,730,440	(9,216,195)	31,988,007
Segment liabilities	7,155,189	7,371,250	2,641,077	13,223,375	(9,216,195)	21,174,696
Net assets	1,774,612	6,949,582	1,582,052	507,065	–	10,813,311
Investment in associated companies	324,495	3,543,750	817,565	1,269,894	–	5,955,704
Additions to non-current assets	22,603	219,201	93,883	281,381	–	617,068
Depreciation and amortisation	60,158	18,107	26,892	95,940	–	201,097
Impairment loss/(write- back of impairment loss)	472,376	–	(652)	18,318	–	490,042

GEOGRAPHICAL SEGMENT

	Singapore \$'000	China/ Hong Kong \$'000	Brazil \$'000	Far East & Other ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	2,414,321	403,878	21,425	118,534	224,320	–	3,182,478
Non-current assets	8,644,226	3,456,637	243,106	1,949,880	957,040	–	15,250,889

Half year ended 30 June 2019

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimination \$'000	Total \$'000
Revenue						
External sales	813,408	627,671	1,424,926	449,173	–	3,315,178
Inter-segment sales	91	5,481	14,363	49,673	(69,608)	–
Total	813,499	633,152	1,439,289	498,846	(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/ Hong Kong \$'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

Note:

- 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. M1 contributed about 16% and negative 7% of the Group's total revenue and net loss respectively for the half year ended 30 June 2020. M1 accounted for about 5% and 5% of the Group's total assets and total liabilities respectively as at 30 June 2020.
- Pricing of inter-segment goods and services is at fair market value.
- For the half year ended 30 June 2020 and 30 June 2019, other than Singapore and China/Hong Kong, no single country accounted for 10% or more of the Group's revenue.
- No single external customer accounted for 10% or more of the Group's revenue for half year ended 30 June 2020. Revenue of \$360,176,000 is derived from a single external customer and is attributable to the Infrastructure Division for the half year ended 30 June 2019.

15. REVIEW OF SEGMENT PERFORMANCE

15a. Revenue by Segments

Group revenue of \$3,182 million was \$133 million or 4% lower than that in the same period in 2019. Revenue from the Offshore & Marine Division is marginally higher by \$26 million, at \$839 million mainly due to higher revenue recognition from certain ongoing projects and revenue from new projects. Major jobs delivered in 2020 include two jackup rigs, a dual-fuel bunker tanker and a Floating Production Storage and Offloading vessel (FPSO) modification and upgrading project. Revenue from the Property Division decreased by \$117 million to \$511 million mainly due to lower revenue from property trading projects in China, partly offset by higher revenue from property trading projects in Singapore. Revenue from the Infrastructure Division declined by \$169 million to \$1,256 million largely due to lower sales in the power and gas businesses, slowdown in progress of the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project as a result of COVID-19, as well as lower contribution from the logistics business following the divestment of some China logistics assets in November 2019. Revenue from the Investments Division was \$127 million higher at \$576 million mainly due to M1 which was consolidated from March 2019, partly offset by lower revenue from the asset management business.

15b. Net profit by Segments

Group net loss was \$537 million, as compared to net profit of \$356 million for the same period in 2019. The net loss for the half year 2020 included provisions for contract assets, doubtful debts, stocks, associated companies and investment, as well as share of impairment provisions from Floatel, amounting to \$930 million. Excluding these impairments, net profit of the Group was \$393 million. Net loss from the Offshore & Marine Division was \$959 million as compared to net profit of \$10 million in 2019. Excluding impairments of \$890 million, the division's net loss was \$69 million which was largely due to the impact from slower progress on projects due principally to significant downtime as a result of COVID-19 and the sharply reduced workforce in Singapore yards and various restrictions in overseas yards, as well as share of losses from associated companies, partly mitigated by government relief measures for the COVID-19 pandemic. The results of the same period last year were contributed by operating profits and share of profits from associated companies. Net profit from the Property Division decreased by \$65 million to \$197 million as a result of the absence of gain from the disposal of a partial interest in the Dong Nai project in Vietnam and write-back of tax provision in relation to divestment of Beijing Aether and Sedona Mandalay, lower contribution from property trading projects in China, as well as lower investment income compared to the same period in 2019. These were partly offset by the higher fair value gains from investment properties, higher contribution from property trading projects in Singapore, as well as gain from the disposal of interest in the Jiangyin project in China. Net profit from the Infrastructure Division was \$252 million, \$193 million above the same period in 2019. This was mainly due to mark-to-market gain recognised from the reclassification of the Group's interest in KIT from an associated company to an investment following the loss of significant influence over KIT. Excluding the mark-to-market gain, net profit doubled that of the same period last year, led by gain from sale of units in Keppel DC REIT, higher contributions from Energy Infrastructure, Environmental Infrastructure and Infrastructure Services, as well as lower losses from the logistics business. Net loss from the Investments Division was \$27 million as compared to net profit of \$25 million for the corresponding period in the prior year mainly due to the absence of fair value gain recognised in 2019 from the remeasurement of previously held interest in M1 at acquisition date, as well as mark-to-market losses from investments and higher tax expenses. These were partly offset by higher contribution from M1 due to the consolidation of M1 from March 2019, gain from divestment of interest in Gimi MS Corporation, as well as the absence of share of loss from KrisEnergy and fair value loss on KrisEnergy warrants as compared to the same period in 2019. Losses at Offshore & Marine and Investments Divisions were partly offset by the profits generated from the Infrastructure and Property Divisions.

15c. Revenue by Geographical Segments

Revenue from Singapore of \$2,414 million was \$11 million lower than that of corresponding period in 2019, due largely to lower revenue from the Infrastructure and Offshore & Marine Divisions, partly offset by higher revenue from the Investments and Property 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 2 June 2020. During the financial period, the following interested person transactions were entered into by the Group:

		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)	
Name of Interested Person	Nature of Relationship				
		Half Year 30.6.2020 \$'000	Half Year 30.6.2019 \$'000	Half Year 30.6.2020 \$'000	Half Year 30.6.2019 \$'000
Transaction for the Sale of Goods and Services					
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	–	–	5,157	3,081
PSA International Group		–	–	–	2,995
SembCorp Marine Group		–	–	3,927	82
CapitaLand Group		–	–	576	419
Singapore Power Group		–	–	94	362
Singapore Technologies Engineering Group		–	–	2,471	47
Singapore Telecommunications Group		–	–	7,570	7,348
SMRT Corporation Group		–	–	1	–
Transaction for the Purchase of Goods and Services					
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	–	–	25,799	20,766
Certis CISCO Security Group		–	–	654	179
Pavilion Energy Group		–	–	55,163	62,000
PSA International Group		–	–	–	98
SembCorp Marine Group		–	–	14,435	99
CapitaLand Group		–	–	170	–
Singapore Power Group		–	–	149	–
Singapore Technologies Engineering Group		–	–	4,040	711
Singapore Telecommunications Group		–	–	35,845	33,353
MediaCorp Group		–	–	–	426
SMRT Corporation Group		–	–	1,533	1,258
Joint Venture and Related Transactions					
Temasek Holdings Group (other than the below)	Temasek Holdings (Private) Limited is a controlling shareholder of the Company. The other named Interested persons are its associates.	326,207	–	–	–
Clifford Capital Group		962	–	–	–
Total Interested Person Transactions		327,169	–	157,584	133,224

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/KENNY LEE
Company Secretaries

30 July 2020

Voluntary Pre-Conditional Cash Partial Offer

On 21 October 2019, an announcement was made by Morgan Stanley Asia (Singapore) Pte., for and on behalf of Kyanite Investment Holdings Pte. Ltd (the “Offeror”) that subject to the satisfaction and/or waiver of certain pre-conditions, the Offeror intends to make a voluntary conditional cash partial offer (“Partial Offer”) to acquire such number of ordinary shares (“Shares”) in the capital of the Company (other than those already owned, controlled or agreed to be acquired by the Offeror and persons acting or deemed acting in concert with the Offeror) which when aggregated with the existing Shares held by Temasek Holdings (Private Limited), would represent 51.00 per cent. of the total number of Shares in issue (excluding Shares held in treasury).

The Singapore Code on Take-overs and Mergers

The unaudited results of the Group for the second quarter and half year ended 30 June 2020 (“Unaudited 2Q Results”) have been reported in accordance with The Singapore Code on Take-overs and Mergers.

Auditor’s Consent

PricewaterhouseCoopers LLP has given and has not withdrawn its consent to the release of the Unaudited 2Q Results with the inclusion therein of its name and its report dated 30 July 2020 on the Unaudited 2Q Results (attached as Appendix A).

Independent Financial Adviser’s Consent

Evercore Asia (Singapore) Pte. Ltd., the independent financial adviser to the Recommending Directors (defined as directors of the Company who are independent of the Offeror and its concert parties) of the Company for the purpose of the Partial Offer, has given and has not withdrawn its consent to the release of the Unaudited 2Q Results with the inclusion therein of its name and its letter dated 30 July 2020 (attached as Appendix B).

Shareholders and investors are advised to exercise caution when dealing with their Shares and to refrain from taking any action in relation to their Shares which may be prejudicial to their interests. Shareholders and investors should note that there is no certainty that the pre-conditions will be satisfied and/or waived and that the Partial Offer will be made. In the event of any doubt, they should consult their stockbrokers, bankers, solicitors, accountants or other professional advisors.

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 2020 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, 30 July 2020



The Board of Directors
Keppel Corporation Limited
1 Harbourfront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Independent Auditor's Report on the Review of the Unaudited Condensed Consolidated Interim Financial Statements of Keppel Corporation Limited and its subsidiaries

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Keppel Corporation Limited ("the Company") and its subsidiaries ("the Group") as of 30 June 2020, the related condensed consolidated profit and loss account and condensed consolidated statement of comprehensive income for the quarter and for the six-month period ended 30 June 2020, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 June 2020 and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements 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 Singapore 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 consolidated interim financial statements is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting*.

Other matter

The comparative information for the condensed consolidated balance sheet is based on the audited financial statements as at 31 December 2019. The comparative information for the condensed consolidated profit and loss account and condensed consolidated statement of comprehensive income for the quarter and for the six-month period ended 30 June 2019, the condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and other explanatory notes, for the six-month period ended 30 June 2019 has not been audited or reviewed.

*PricewaterhouseCoopers LLP, 7 Straits View, Marina One, East Tower, Level 12, Singapore 018936
T: (65) 6236 3388, www.pwc.com/sg GST No.: M90362193L Reg. No.: T09LL0001D*

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Restriction of use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we can report to you on the condensed consolidated interim financial statements solely to assist the directors of the Company to meet the requirements set out under paragraph 3 of Appendix 7.2 of the Listing Manual of the Singapore Exchange Securities Trading Limited and for the purpose of complying with the Singapore Code on Take-overs and Mergers administered by the Securities Industry Council and for no other purpose.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 30 July 2020

LETTER FROM IFA ON THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF KEPPEL CORPORATION LIMITED FOR THE SIX MONTHS ENDED 30 JUNE 2020

30 July 2020

The Board of Directors

Keppel Corporation Limited
1 HarbourFront Avenue
#18-01, Keppel Bay Tower
Singapore 098632

Dear Sir/Madam:

THE VOLUNTARY PRE-CONDITIONAL CASH PARTIAL OFFER BY KYANITE INVESTMENT HOLDINGS PTE. LTD. (THE “OFFEROR”), AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF TEMASEK HOLDINGS (PRIVATE) LIMITED (“TEMASEK”), TO ACQUIRE SUCH NUMBER OF SHARES IN THE CAPITAL OF KEPPEL CORPORATION LIMITED (THE “COMPANY”) OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PERSONS ACTING OR DEEMED ACTING IN CONCERT WITH THE OFFEROR, WHICH WOULD RESULT IN THE OFFEROR AND TEMASEK HAVING AN AGGREGATE DIRECT HOLDING IN 51.00 PER CENT OF THE TOTAL NUMBER OF SHARES IN THE CAPITAL OF THE COMPANY IN ISSUE (EXCLUDING SHARES HELD IN TREASURY) AS AT THE RECORD DATE

On 30 July 2020, the Board of Directors of the Company (the “**Board of Directors**”) announced the unaudited consolidated interim financial statements of the Company and its subsidiaries for the six-month period ending 30 June 2020 (the “**Unaudited Interim Financial Statements**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

We have examined the Unaudited Interim Financial Statements and have discussed the same with the management of the Company. We have also considered the independent auditor’s report to the Board of Directors dated 30 July 2020 issued by PricewaterhouseCoopers LLP in relation to its review of the Unaudited Interim Financial Statements in accordance with the Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to, or discussed with, us by the management of the Company. Save as provided in this letter, we do not express any opinion on the Unaudited Interim Financial Statements. The Board of Directors remains solely responsible for the Unaudited Interim Financial Statements.

Based on the procedures performed and on the basis described above, we are of the opinion that the Unaudited Interim Financial Statements have been prepared by the Company and the Board of Directors after due and careful enquiry.

This letter is provided to the Board of Directors solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose.

We do not accept responsibility for any person(s), other than the Board of Directors, in respect of, arising out of, or in connection with this letter.

Yours faithfully,

For and on behalf of

EVERCORE ASIA (SINGAPORE) PTE. LTD.



Keith Magnus

Chief Executive Officer and
Senior Managing Director
Evercore Asia (Singapore) Pte. Ltd.

APPENDIX II

REPRODUCTION OF THE PRESS RELEASE DATED 3 AUGUST 2020 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

The information set out below is a reproduction of the press release dated 3 August 2020 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 2020.

RESULTS AT JUNE 30TH 2020

Press release

Paris, August 3rd 2020

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

French Retail Banking and International Retail Banking activities impacted in the first half of Q2 20; rebound from mid-May

Resilient activities in Insurance, Private Banking and Transaction Banking

Good performance in Financing & Advisory and Fixed Income & Currencies; ongoing unfavourable market conditions for structured products in April and May and gradual recovery from mid-May

Non-cash exceptional items related to the review of the trajectory of Global Markets & Investor Services:

impairment of goodwill for EUR -684m and deferred tax assets for EUR -650m

Group net income of EUR -1,264m in Q2 20 (EUR -1,590m in H1 20) and Group net income restated for non-cash exceptional items of EUR +70m in Q2 20

SHARP DECLINE IN COSTS

Decline in operating expenses of -9.6% in Q2 20 and -5.8% in H1 20, reinforcing the objective of

underlying operating expenses of EUR 16.5bn in 2020

Objective to decrease costs in the medium term

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

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

2020 cost of risk expected to be at the low end of the 70 to 100 basis points range

SOLID CAPITAL AND LIQUIDITY POSITION

CET1 ratio of 12.5%⁽¹⁾ (12.6% pro-forma⁽²⁾) at June 30th 2020, i.e. nearly 350 basis points above the regulatory requirement

81% of the financing programme achieved; LCR of 167%⁽³⁾

CET1 ratio expected to be at the high-end of the 11.5% to 12% range at end-2020

FINALISATION OF THE STRATEGIC REVIEW OF STRUCTURED PRODUCTS

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

Frédéric Oudéa, the Group's Chief Executive Officer, commented:

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

The footnote * in this document corresponds to data adjusted for changes in Group structure and at constant exchange rates

⁽¹⁾ including 20 basis points for IFRS9 phasing

⁽²⁾ pro-forma for the announced disposal of SG Finans (+10 basis points)

⁽³⁾ quarterly average

1. GROUP CONSOLIDATED RESULTS

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

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

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

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

Net banking income

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

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

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

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

Operating expenses

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

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

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

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

Cost of risk

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

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

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

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

Net profits or losses from other assets

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

Impairment loss on goodwill/Income tax

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

⁽¹⁾ NPL ratio calculated according to the new EBA methodology

⁽²⁾ Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings

Group net income

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

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

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

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

2. THE GROUP'S FINANCIAL STRUCTURE

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

The consolidated balance sheet totalled EUR 1,453 billion at June 30th, 2020 (EUR 1,356 billion at December 31st, 2019). The net amount of customer loan outstandings at June 30th, 2020, including lease financing, was EUR 447 billion (EUR 430 billion at December 31st, 2019) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 440 billion, vs. EUR 410 billion at December 31st, 2019 (excluding assets and securities sold under repurchase agreements).

At end-June 2020, the parent company had issued EUR 21.5 billion of medium/long-term debt, having an average maturity of 5.7 years and an average spread of 61 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 551 million. At June 30th, 2020, the Group had issued a total of EUR 22 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 180% at end-June 2020, vs. 119% at end-December 2019. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-June 2020.

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

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

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

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

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

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

⁽¹⁾ Including 2.5% of senior preferred debt

⁽²⁾ Total Liabilities and Own Funds

⁽³⁾ 4.4% including the "quick fix" in respect of the exclusion of deposits with central banks announced by the ECB at end-June, not yet applicable (estimation based on deposits with the ECB only)

3. FRENCH RETAIL BANKING

In EURm	Q2 20	Q2 19	Change	H1 20	H1 19	Change
Net banking income	1,754	1,994	-12.0%	3,634	3,910	-7.1%
Net banking income excl. PEL/CEL	1,749	2,021	-13.5%	3,654	3,949	-7.5%
Operating expenses	(1,233)	(1,348)	-8.5%	(2,683)	(2,834)	-5.3%
Gross operating income	521	646	-19.3%	951	1,076	-11.6%
Gross operating income excl. PEL/CEL	516	673	-23.3%	971	1,115	-12.9%
Net cost of risk	(442)	(129)	+242.6%	(691)	(223)	+209.9%
Operating income	79	517	-84.7%	260	853	-69.5%
Net profits or losses from other assets	5	1	+400.0%	136	2	x 68
Reported Group net income	60	356	-83.1%	279	590	-52.7%
RONE	2.1%	12.6%		4.9%	10.5%	
Underlying RONE (1)	1.4%	1.4%		6.0%	11.5%	

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

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

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

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

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

Net inflow for wealthy clients remained robust at EUR 1.1 billion in Q2 (EUR 1.6 billion in H1), taking assets under management to EUR 67.3 billion (including Crédit du Nord) at end-June 2020.

Life insurance outstandings totalled EUR 93 billion, with the unit-linked share accounting for 26% of outstandings.

The networks continued to develop their insurance business, with a penetration rate of 21.6% on Personal Protection and 9.8% on Property/Casualty insurance.

Average investment loan outstandings (including leases), largely bolstered by State Guaranteed Loans, rose 16.7% vs. Q2 19 to EUR 81.2 billion (+8.5% excluding State Guaranteed Loans).

Average outstanding loans to individuals were up 7.4% at EUR 122.3 billion: after a sharp decline in consumer and housing loan production in April and May, production was strong from mid-May.

As a result, average loan outstandings climbed 11.2% (+8.3% excluding PGE) vs. Q2 19 to EUR 216.0 billion.

Average outstanding balance sheet deposits⁽¹⁾ were 11.3% higher than in Q2 19 at EUR 228.7 billion, still driven by sight deposits (+18.3% vs. Q2 19)⁽²⁾.

As a result, the average loan/deposit ratio stood at 94% in Q2 20 (stable vs. Q2 19).

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

Net banking income excluding PEL/CEL

Q2 20: revenues (excluding PEL/CEL) totalled EUR 1,749 million, heavily impacted by the effects of the lockdown on customer activity (-13.5% vs. Q2 19; -10.8% excluding adjustment for tax related to commissions of EUR +61 million in Q2 19).

Net interest income (excluding PEL/CEL) was 6.0% lower than in Q2 19 with, in particular, a significant increase in deposits adversely affecting the margin in a low interest rate environment.

Commissions were 14% lower than in Q2 19 (-7.6% excluding adjustment tax related to commissions in Q2 19), driven by the sharp fall in service commissions (-11.6% excluding adjustment for tax related to commissions in Q2 19) against the backdrop of the lockdown, despite the increase in financial commissions (+8.1% vs. Q2 19).

“Other revenues” were lower in Q2 (-71% vs. Q2 19) with, in particular, the impact of the non-payment of Crédit Logement dividends.

H1 20: after a dynamic first few months, revenues were impacted by the effects of Covid-19 and the lockdown measures: revenues (excluding PEL/CEL) totalled EUR 3,654 million, down -7.5% vs. H1 19 and -6.0% excluding adjustment for tax related to commissions of EUR +61 million in H1 19.

Net interest income (excluding PEL/CEL) was 2.4% lower than in H1 19. Commissions were down -8.4% vs. H1 19 (-5.0% excluding adjustment for tax related to commissions in H1 19), with the sharp fall in service commissions against the backdrop of the lockdown more than offsetting the strong increase in financial commissions.

Operating expenses

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

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

Cost of risk

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

⁽¹⁾ Including BMTN (negotiable medium-term notes)

⁽²⁾ Including currency deposits

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

Net profits or losses from other assets

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

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

Contribution to Group net income

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

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

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

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

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

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

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

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

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

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

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

Net banking income

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

In International Retail Banking, net banking income totalled EUR 1,157 million in Q2 20, down -8.9%* (-18.1%) vs. Q2 19, marked by a fall in commissions due to the reduced activity in the lockdown environment and the impact of the decline in rates on net interest margin in the Czech Republic, Romania and Russia. In Africa, Mediterranean Basin and French Overseas Territories, revenues include an impact of EUR -31 million related to repayment moratoriums in Tunisia.

Net banking income amounted to EUR 2,450 million in H1 20, down -3.1%* excluding the structure and exchange rate effects (-12.5%) vs. H1 19.

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

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

Operating expenses

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

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

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

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

Cost of risk

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

H1 20: the cost of risk stood at 96 basis points (EUR 647 million). It was 39 basis points in H1 19.

Contribution to Group net income

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

5. GLOBAL BANKING & INVESTOR SOLUTIONS

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

(1) Adjusted for the linearisation of IFRIC 21

Finalisation of the strategic review of structured products in Global Markets

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

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

Net banking income

Q2 20: Global Banking & Investor Solutions' revenues were down -17.0% at EUR 1,880 million.

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

In Global Markets & Investor Services, net income banking totalled EUR 991 million, down -28.1% vs Q2 19 adjusted for restructuring.

In H1 20, when adjusted for restructuring and the revaluation of SIX securities (EUR +34 million in Q1 19), revenues were down -30.8% vs. H1 19.

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

In H1 20, revenues restated for restructuring were up +43.6% at EUR 1,309 million.

Equity net banking income declined by -79.5% vs. Q2 19. In April and May, structured product activities continued to be impacted by the cancellation of dividend payments (loss of EUR 200 million), a still strong correlation and strict production constraints. These activities saw a gradual recovery from mid-May.

Listed product revenues were significantly higher than in Q2 19, driven by flow investment solutions (notably due to EMC activities integration). This increase, combined with the strong performance of

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

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

Financing & Advisory revenues totalled EUR 657 million in Q2 20, up +2.0% vs. Q2 19. They amounted to EUR 1,286 million in H1 20, slightly lower (-1.1%) than in H1 19.

Investment banking enjoyed an excellent quarter, driven by a record number of issues in the debt capital markets and buoyant acquisition financing activity. The Group therefore strengthens its leadership position in the European market.

Financing activities proved resilient in this environment impacted by the crisis. New business remained stable.

After a challenging Q1, the Asset Backed Products platform delivered a good performance in Q2, against the backdrop of a stabilisation in the market environment.

Global Transaction and Payment Services proved resilient in light of the crisis and a significant decline in volumes.

Asset and Wealth Management's net banking income totalled EUR 232 million in Q2 20, slightly higher (+0.4%) than in Q2 19.

In H1 20, when adjusted in Q1 19 for the revaluation of SIX securities (EUR +32 million) and for the disposal of Private Banking in Belgium, net banking income was 2.9% higher.

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

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

Revenues were 5.3% lower in H1 20 than in H1 19, impacted by market effects on equity indices.

Operating expenses

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

H1 20: restated operating expenses were down -6.8%.

Net cost of risk

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

H1 20: the cost of risk amounted to 91 basis points (EUR 761 million).

Contribution to Group net income

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

6. CORPORATE CENTRE

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

The Corporate Centre includes:

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

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

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

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

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

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

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

7. CONCLUSION

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

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

Accordingly, in 2020 the Group anticipates:

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

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

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

8. 2020 FINANCIAL CALENDAR

2020 Financial communication calendar

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

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

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.

These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the Universal Registration Document filed with the French Autorité des Marchés Financiers.

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

9. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME AFTER TAX BY CORE BUSINESS

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

CONSOLIDATED BALANCE SHEET

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

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

10. APPENDIX 2: METHODOLOGY

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

2 – Net banking income

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

3 – Operating expenses

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

The Cost/Income Ratio is defined on page 43 of Societe Generale's 2020 Universal Registration Document.

4 - IFRIC 21 adjustment

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

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

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.

Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar for PEL/CEL provision allocations or write-backs. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

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

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

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

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

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

(*) exceptional item

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

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

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

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

7 - ROE, ROTE, RONE

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

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

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

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

ROTE calculation: calculation methodology

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

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

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

8 - Net assets and tangible net assets

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

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

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

In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.

9 - Calculation of Earnings Per Share (EPS)

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

The calculation of Earnings Per Share is described in the following table:

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

* Excluding exceptional items and including linearisation of the IFRIC 21 effect.

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

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

Table of the change in the CET1 ratio in the quarter

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

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

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

Societe Generale

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

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

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

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

For more information, you can follow us on Twitter [@societegenerale](https://twitter.com/societegenerale) or visit our website www.societegenerale.com

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