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).

6,700,000 European Style Cash Settled Short Certificates

relating to the ordinary H shares of PetroChina Company 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$1.20 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 an inverse leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

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

The Certificates constitute general unsecured obligations of the Issuer and of no other person, and the guarantee dated 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 30 March 2021.

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.

29 March 2021

[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 risen 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 30 to 34 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Short 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 Inverse Strategy (as described below) including the Stock Borrowing Cost (as defined below) and Rebalancing Cost (as defined below);

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

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

(m) investors should note that there are leveraged risks because the Certificates integrate an inverse 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;

(n) 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 inverse performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(o) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);

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

(q) 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 increase 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 increase 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 49 to 50 of this document for more information;

(r) 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 36 to 38 of this document for more information;

(s) 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;

(t) 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;

(u) 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;

(v) 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;

(w) 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;

(x) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may rise. 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;

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

(z) 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;

(aa) 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;

(bb) the reform of HIBOR may adversely affect the value of the Certificates

The Hong Kong Inter-bank Offered Rate ("**HIBOR**") benchmark is referenced in the Leverage Inverse Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate;

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

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

Issuer could be required to close an account of an investor who does not comply with the FATCA certification procedures.

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

(dd) U.S. withholding tax

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

(ee) 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:	6,700,000 European Style Cash Settled Short Certificates relating to the ordinary H shares of PetroChina Company Limited (the **"Underlying Stock**")
ISIN:	LU2184321581
Company:	PetroChina Company Limited (RIC: 0857.HK)
Underlying Price[3] and Source:	HK$2.85 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	-5x (within the Leverage Inverse Strategy as described below)
Notional Amount per Certificate:	SGD 1.20
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	4.60%, is a hedging cost against extreme market movements overnight.
Stock Borrowing Cost[6]:	The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily inverse performance of the Underlying Stock.
Launch Date:	23 March 2021
Closing Date:	29 March 2021

[3] These figures are calculated as at, and based on information available to the Issuer on or about 29 March 2021. 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 29 March 2021.
[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 Inverse Strategy. Please note that the Stock Borrowing Cost may be changed on giving 5 Business Days' notice to investors. Any change in the Stock Borrowing Cost will be announced on the SGXNET.

Expected Listing Date:	30 March 2021
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 21 March 2022
Expiry Date:	28 March 2022 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	25 March 2022 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 41 to 55 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: "**t**" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and

including) the Underlying Stock 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 Underlying Stock 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 Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock 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 Underlying Stock 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 Inverse Strategy and the value of the Certificate on that fifth Underlying Stock 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.

An "**Underlying Stock Business Day**" is a day on which The Stock Exchange of Hong Kong Limited (the "**HKEX**") is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 41 to 55 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 Inverse Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Inverse Strategy is set out in the "Specific Definitions relating to the Leverage Inverse Strategy" section on pages 21 to 24 below.

Initial Exchange Rate[3]: 0.1733

Final Exchange Rate:	The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.
Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Inverse Strategy and which is designed to reduce the Leverage Inverse Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock rises by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times inverse leverage), the Air Bag Mechanism is triggered and the Leverage Inverse Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall 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 Inverse Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 22 to 24 below and the "Description of Air Bag Mechanism" section on pages 47 to 48 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:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	Singapore Dollar ("**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:	HKEX

Business Day and Exchange Business Day:	A “**Business Day**” is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore. An “**Exchange Business Day**” is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited (“**CDP**”)
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy including the Stock Borrowing 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 Inverse Strategy

Description of the Leverage Inverse Strategy

The Leverage Inverse Strategy is designed to track a 5 times daily leveraged inverse exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Inverse Strategy to the Underlying Stock is reset within the Leverage Inverse Strategy in order to retain a daily leverage of 5 times the inverse 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 Inverse 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 Inverse Strategy Formula

$\mathbf{LSL_t}$ means, for any Observation Date(t), the Leverage Inverse Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the **Leverage Inverse Strategy Closing Level** as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$\mathrm{LSL_1} = 1000$

On each subsequent Observation Date(t):

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

$\mathbf{LR_{t-1,t}}$ means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

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

$\mathbf{FC_{t-1,t}}$ means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :

$$\mathrm{FC_{t-1,t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{t-1}} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$$

$\mathbf{SB_{t-1,t}}$ means the Stock Borrowing Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :

$$\mathrm{SB_{t-1,t}} = -\mathrm{Leverage} \times \frac{\mathrm{CB} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$$

CB means the Cost of Borrowing applicable that is equal to: 3.00%

$\mathbf{RC_{t-1,t}}$ means the Rebalancing Cost of the Leverage Inverse Strategy on Observation Date (t), calculated as follows :

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

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

0.10%

Leverage -5

$\mathbf{S_t}$ means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the

Conditions.

$\mathbf{Rate_t}$ means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, 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.

$\mathbf{Rfactor_t}$ means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula:

$$Rfactor_t = 1 - \frac{Div_t}{\mathbf{S_{t-1}}}$$

where

Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered gross of any applicable withholding taxes.

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

DayCount BasisRate 365

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

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

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

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

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

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

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

(1) for k = 1 :

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

(2) for k > 1 :

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

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

$$\text{ILR}_{\text{IR(k}-1),\text{IR(k)}} = \text{Leverage} \times \left(\frac{\text{IS}_{\text{IR(k)}}}{\text{IS}_{\text{IR(k}-1)}} - 1\right)$$

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

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

$IS_{IR(k)}$ means the Underlying Stock Price in respect of IR(k) computed as follows :

(1) for k=0

$$\text{IS}_{\text{IR(0)}} = \text{S}_{\text{IRD}-1} \times \text{Rfactor}_{\text{IRD}}$$

(2) for k=1 to n

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

(3) with respect to IR(C)

$$\text{IS}_{\text{IR(C)}} = \text{S}_{\text{IRD}}$$

In each case, subject to the adjustments and provisions of the Conditions.

IR(k) For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;

For k=1 to n, means the k^{th} Intraday Restrike Event on the relevant Intraday Restrike Date.

IR(C) means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.

n means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.

Intraday Restrike Event means in respect of an Observation Date(t) :

(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock

Price $\mathbf{IS_{IR(0)}}$ as of such Calculation Time.

(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(k)}}$ as of such Calculation Time.

Calculation Time means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Inverse Strategy Level.

TimeReferenceOpening means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

TimeReferenceClosing means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

Intraday Restrike Event Observation Period means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

Intraday Restrike Event Time means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

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

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 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:	PetroChina Company Limited
The Certificates:	European Style Cash Settled Short Certificates relating to the Underlying Stock
Number:	6,700,000 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 30 March 2021.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

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

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

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

European style cash settled short 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 Inverse 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 decrease and are seeking short-term leveraged inverse 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 Inverse Strategy including the Stock Borrowing Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

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

Illustration of the Calculation of Cash Settlement Amount

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

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

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

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

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

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

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

[7] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Inverse Strategy daily performance is computed as the Leverage Inverse Strategy Closing Level on Business Day (t) divided by the Leverage Inverse 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 H shares of PetroChina Company 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:	**1.20 SGD**
Notional Amount per Certificate:	**1.20 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**4.60%**
Strike Level:	Zero

Hedging Fee Factor

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

HFF(0) = 100%

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

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

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

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

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

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

= [(1200 x 1) / (1000 x 1) – 0] x 99.7919%

= 119.75%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.75% x 1.20 SGD

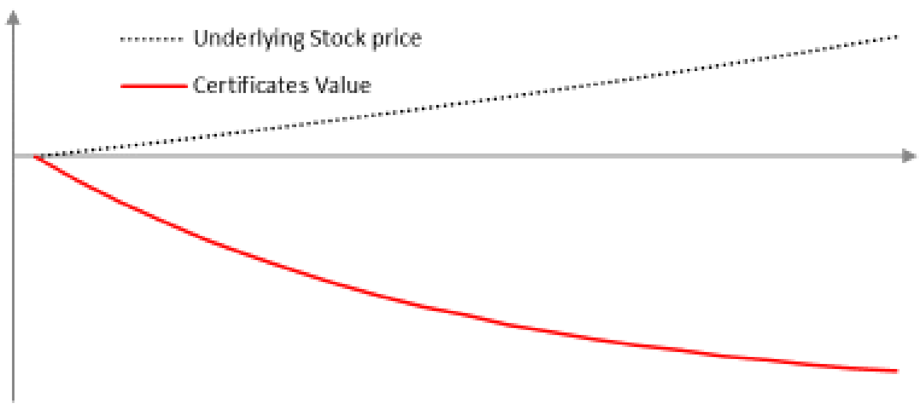
= 1.437 SGD

Illustration on how returns and losses can occur under different scenarios

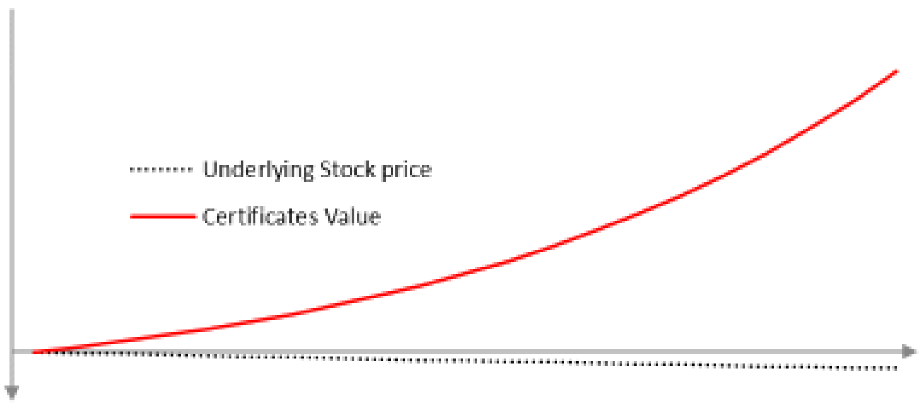
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

1. Illustrative examples

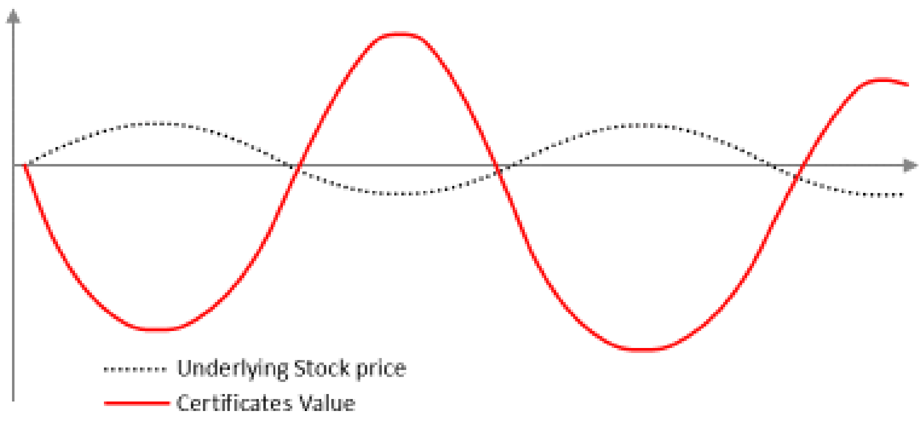
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	1.2	1.08	0.97	0.87	0.79	0.71
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

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	1.2	1.32	1.45	1.60	1.76	1.93
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

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	1.2	1.08	1.19	1.07	1.18	1.06
Accumulated Return		-10.00%	-1.00%	-10.90%	-1.99%	-11.79%

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 maximum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Inverse Strategy is reset using the maximum 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 Inverse 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.

The performance of the Leverage Inverse Strategy will be the inverse of the Underlying Stock.

Air Bag Mechanism timeline

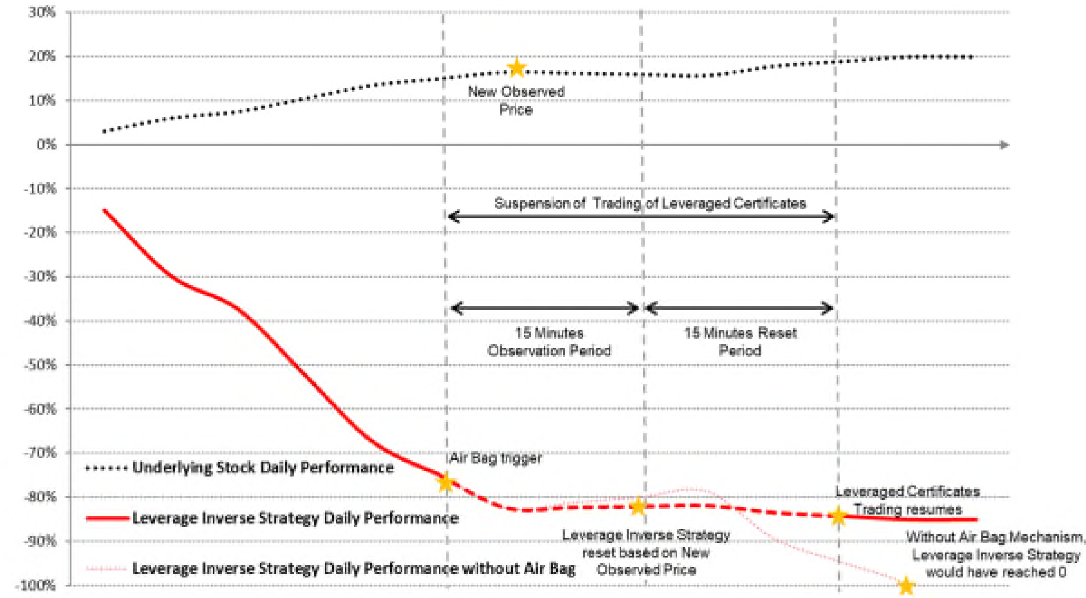
<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="5">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>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

With **Market Close** defined as:

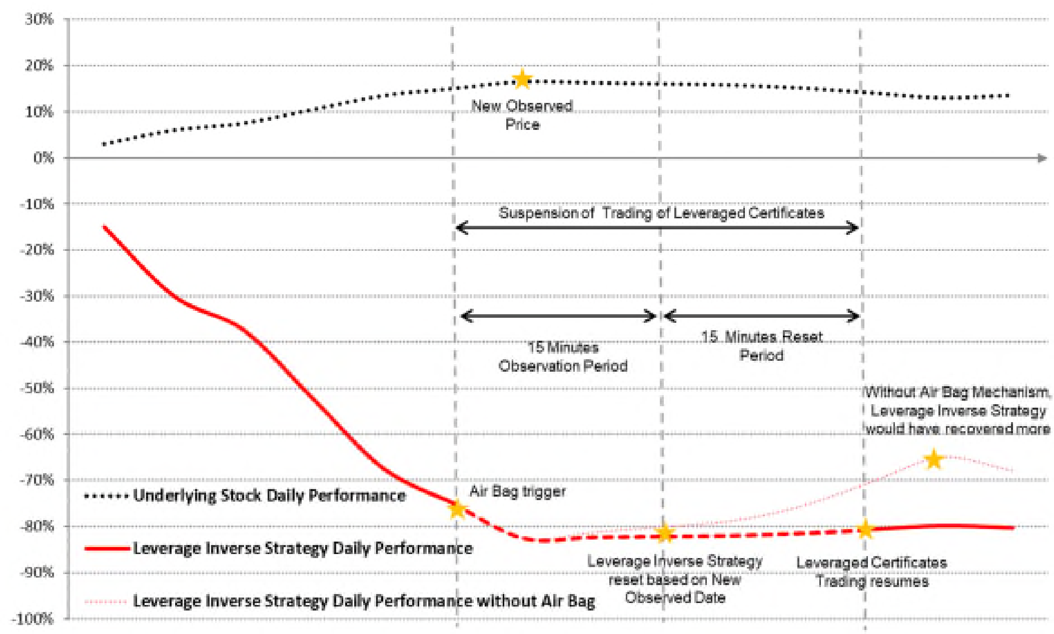
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

Illustrative examples of the Air Bag Mechanism[9]

Scenario 1 – Upward Trend after Air Bag trigger



Scenario 2 – Downward Trend after Air Bag trigger



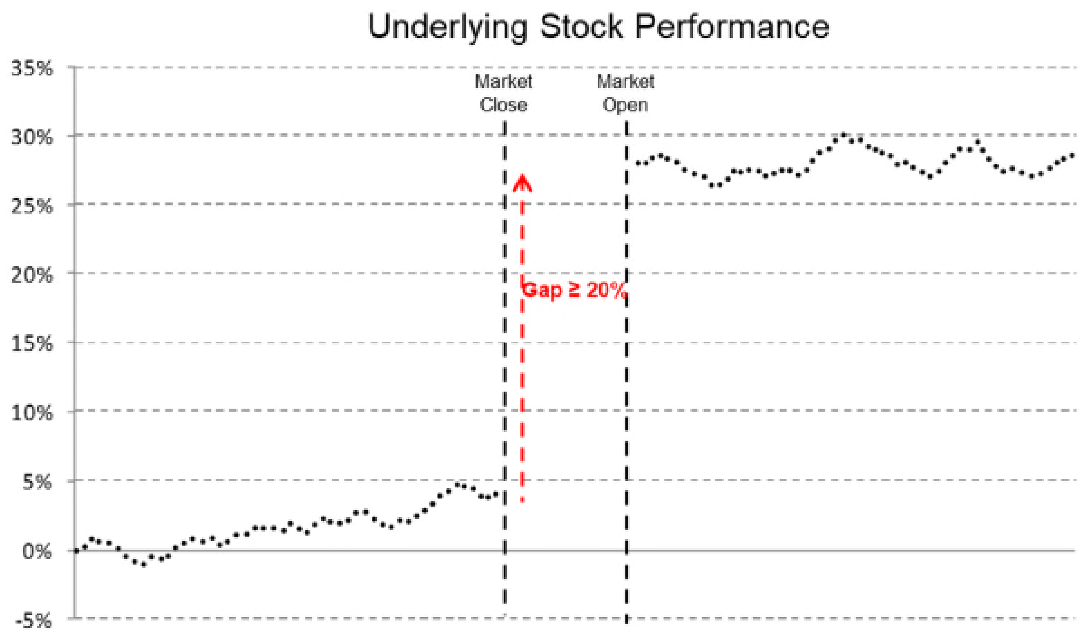
[9] The illustrative examples are not exhaustive.

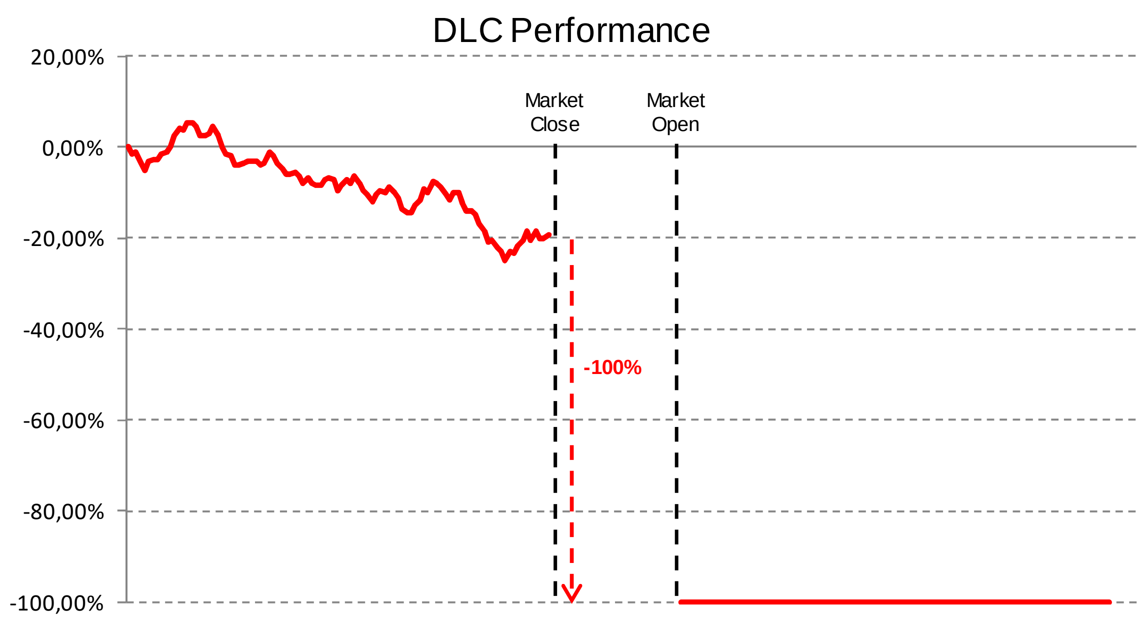
Scenarios where the investor may lose the entire value of the investment

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.

<u>*Scenario 1 – Overnight rise of the Underlying Stock*</u>

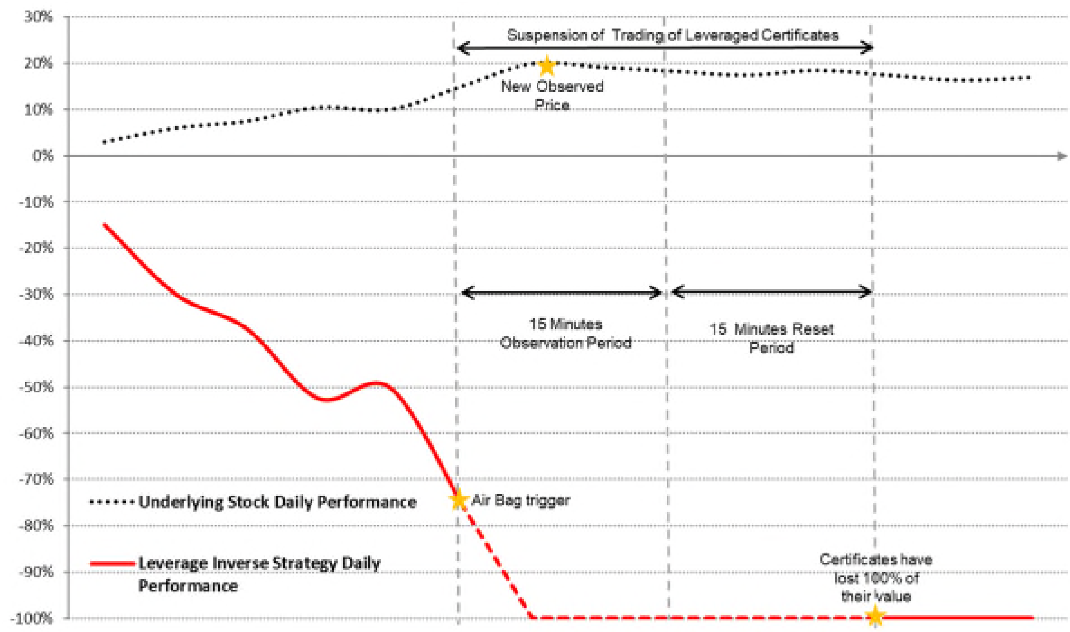
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more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

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

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 rises by 15% exclusively because of the dilutive effect of a corporate action.

Where:

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

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

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

1. Stock split

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

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

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

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

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

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

As a consequence:

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

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)
1.20	1.08	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $57.5, which is 15% above$50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

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

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

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

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

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

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

As a consequence:

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

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)
1.20	1.14	-5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $230, which is 15% above $200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

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

S_{t-1} = $100

S_t = $84

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

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

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	0.90	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $92, which is 15% above $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

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

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

R = \$0

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

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

As a consequence:

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

S_{t-1}	$\mathrm{S}_{t-1} \times Rfactor_t$	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)
1.20	1.08	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$95.83, which is 15% above \$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

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

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

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)
1.20	0.90	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $92, which is 15% above $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 Hong Kong Exchanges and Clearing Limited (the "**HKExCL**") at http://www.hkex.com.hk and/or the Company's web-site at http://www.petrochina.com.cn.The Issuer has not independently verified any of such information.*

PetroChina Company Limited ("**PetroChina**" or the "**Company**") is the largest oil and gas producer and distributor, playing a dominant role in the oil and gas industry in China. It is not only one of the companies with the biggest sales revenue in China, but also one of the largest oil companies in the world. PetroChina was established as a joint stock company with limited liabilities by China National Petroleum Corporation ("**CNPC**") under the Company Law and the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies on 5 November 1999. The American Depositary Shares (ADS) and H shares of PetroChina were listed on the New York Stock Exchange on 6 April 2000 (stock code: PTR) and the Stock Exchange of Hong Kong Limited on 7 April 2000 (stock code: 857) respectively. It was listed on Shanghai Stock Exchange on 5 November 2007 (stock code: 601857).

PetroChina commits itself to becoming an international energy company with strong competitiveness and one of the major producers and distributors of petroleum and petrochemical products in the world. It engages in wide range of activities related to oil and natural gas, including: exploration, development, production and marketing of crude oil and natural gas; refining, transportation, storage and marketing of crude oil and oil products; the production and marketing of primary petrochemical products, derivative chemicals and other chemicals; transportation of natural gas, crude oil and refined oil, and marketing of natural gas.

CNPC is the sole sponsor and controlling shareholder of PetroChina. It is a large petroleum and petrochemical corporate group, established in July 1998, in accordance with Plan for the Organizations Structure Reform of the State Council. CNPC is a large state-owned enterprise managed by the investment organs authorized by the state and State-owned Assets Supervision and Administration Commission.

The information set out in Appendix I of this document relates to the results announcement of the Company and its subsidiaries for the year ended 31 December 2020 and has been extracted and reproduced from an announcement by the Company dated 25 March 2021 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

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	:	(i) when the best bid price of the Certificate is S$10 and below: 10 ticks or S$0.20 whichever is greater; and (ii) when the best bid price of the Certificate is above S$10: 5% of the best bid price of the Certificate.
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Exchange Business Days immediately preceding the Expiry Date

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

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

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;

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

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

(vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;

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

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

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

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

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

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

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

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix II of this document is a reproduction of the press release dated 10 February 2021 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 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 31 December 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 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 RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 OF PETROCHINA COMPANY LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the results announcement of the Company and its subsidiaries for the year ended 31 December 2020 and has been extracted and reproduced from an announcement by the Company dated 25 March 2021 in relation to the same.

中國石油天然氣股份有限公司
PETROCHINA COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Hong Kong Stock Exchange Stock Code: 857

Shanghai Stock Exchange Stock Code: 601857)

Results Announcement for the year ended December 31, 2020 (Summary of the 2020 Annual Report)

1 Important Notice

1.1 This Results Announcement is a summary of the full version of the 2020 Annual Report. To get a full understanding of the operating results, financial position and future development plans of PetroChina Company Limited (the "Company"), investors should read the full version of the 2020 Annual Report carefully. The full version of the 2020 Annual Report is published on the websites of the Shanghai Stock Exchange (website: http://www.sse.com.cn), "HKExnews" of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (website: http://www.hkexnews.hk) and the Company (website: http://www.petrochina.com.cn).

1.2 The Board of Directors (the "Board" or "Board of Directors") of the Company, the supervisory committee ("Supervisory Committee") and the all directors ("Directors"), supervisors ("Supervisors") and senior management of the Company warrant the truthfulness, accuracy and completeness of the information contained in the annual report and that there are no material omissions from, or misrepresentation or misleading statements contained in the annual report, and jointly and severally accept full responsibility thereof.

1.3 Except that Mr. Jiao Fangzheng, a non-executive Director, was absent from the meeting due to the work arrangement, and Mr. Simon Henry, an independent non-executive Director, was absent from the meeting due to the impact of Coronavirus Disease 2019 (the "**COVID-19**") and timing differences, other members of the Board have attended the eighth meeting of the eighth session of the Board.

1.4 The financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with China Accounting Standards ("CAS") and International Financial Reporting Standards ("IFRS"), respectively. The financial statements of the Group for 2020, which have been prepared in accordance with CAS and IFRS, have been audited by KPMG Huazhen LLP and KPMG, respectively. Both firms have issued unqualified opinions on the financial statements.

1.5 Corporate Information

The Company was established as a joint stock company with limited liability under the Company Law of the People's Republic of China (the "PRC" or "China") on November 5, 1999 as part of the restructuring of China National Petroleum Corporation (its Chinese name 中國石油天然氣集團公司 having been changed into 中國石油天然氣集團有限公司, abbreviated as "CNPC" before and after the change of name). The Group is the largest oil and gas producer and seller occupying a leading position in the oil and gas industry in the PRC and one of the largest companies in the PRC in terms of revenue and one of the largest oil companies in the world. The Group principally engages in, among others, the exploration, development, production and sales of crude oil and natural gas; the refining of crude oil and petroleum products; the production and sales of basic and derivative chemical products and other chemical products; the marketing and trading of refined products; and the transmission of natural gas, crude oil and refined products, and the sales of natural gas.

The American Depositary Shares (the "ADSs"), H shares and A shares of the Company were listed on the New York Stock Exchange, the Hong Kong Stock Exchange and Shanghai Stock Exchange on April 6, 2000, April 7, 2000 and November 5, 2007, respectively.

Stock name	PetroChina	PetroChina	PetroChina
Stock code	857	PTR	601857
Place of listing	Hong Kong Stock Exchange	The New York Stock Exchange, Inc.	Shanghai Stock Exchange

Contact persons and means of communication	Secretary to the Board of Directors	Representative on Securities Matters	Chief Representative of the Hong Kong Representative Office
Name	Chai Shouping	Liang Gang	Wei Fang
Address	No. 9 Dongzhimen North Street, Dongcheng District, Beijing, PRC		Suite 3705, Tower 2, Lippo Centre, 89 Queensway, Hong Kong
Postal code	100007		
Telephone	86 (10) 5998 2622	86 (10) 5998 6959	(852) 2899 2010
Facsimile	86 (10) 6209 9557	86 (10) 6209 9559	(852) 2899 2390
Email address	zhanghuayi@petrochina.com.cn	liangg@petrochina.com.cn	hko@petrochina.com.hk

1.6 In overall view of the operating results, financial position, cash flow and gains from pipeline assets restructuring of the Company, to procure return for the shareholders, the eighth meeting of the eighth session of the Board recommends a final cash dividend of RMB0.08742 yuan (inclusive of applicable tax) per share for 2020 to all shareholders, based on the total share capital of the Company as at December 31, 2020, namely 183,020,977,818 shares. The total amount of cash dividend reaches RMB16 billion. The proposed final dividend is subject to shareholders' review and approval at the forthcoming 2020 annual general meeting to be held on June 10, 2021.

2 Key Financial Data and Changes in Shareholders

2.1 Key Financial Data Prepared under IFRS

Unit: RMB million

Items	For the year 2020	For the year 2019	Changes from the preceding year to this year (%)	For the year 2018
Revenue	1,933,836	2,516,810	(23.2)	2,374,934
Profit attributable to owners of the Company	19,006	45,682	(58.4)	53,036
Net cash flows from operating activities	318,575	359,610	(11.4)	353,256
Basic earnings per share (RMB)	0.10	0.25	(58.4)	0.29
Diluted earnings per share (RMB)	0.10	0.25	(58.4)	0.29
Return on net assets (%)	1.6	3.7	(2.1) percentage points	4.4
Items	**As at the end of 2020**	**As at the end of 2019**	**Changes from the end of the preceding year to the end of this year (%)**	**As at the end of 2018**
Total assets	2,488,126	2,732,910	(9.0)	2,440,877
Equity attributable to owners of the Company	1,215,158	1,230,156	(1.2)	1,213,783

2.2 Key Financial Data Prepared under CAS

Unit: RMB million

Items	For the year 2020	For the year 2019	Changes from the preceding year to this year (%)	For the year 2018
Operating income	1,933,836	2,516,810	(23.2)	2,374,934
Operating profit	64,783	115,520	(43.9)	136,382
Net profit attributable to equity holders of the Company	19,002	45,677	(58.4)	53,030
Net (loss)/profit after deducting non-recurring profit/loss items attributable to equity holders of the Company	(11,991)	53,485	(122.4)	66,645
Net cash flows from operating activities	318,575	359,610	(11.4)	353,256
Weighted average returns on net assets (%)	1.6	3.7	(2.1)	4.4
Total share capital at the end of the period (hundred million share)	1,830.21	1,830.21	-	1,830.21
Basic earnings per share (RMB)	0.10	0.25	(58.4)	0.29
Diluted earnings per share (RMB)	0.10	0.25	(58.4)	0.29
Items	**As at the end of 2020**	**As at the end of 2019**	**Changes from the end of the preceding year to the end of this year (%)**	**As at the end of 2018**
Total assets	2,488,400	2,733,190	(9.0)	2,441,169
Equity attributable to equity holders of the Company	1,215,421	1,230,428	(1.2)	1,214,067
Items	**First Quarter 2020**	**Second Quarter 2020**	**Third Quarter 2020**	**Fourth Quarter 2020**
Operating income	509,098	419,947	497,125	507,666
Net (loss)/profit attributable to equity holders of the Company	(16,234)	(13,752)	40,050	8,938
Net (loss)/profit after deducting non-recurring profit/loss items attributable to equity holders of the Company	(15,187)	(16,603)	8,586	11,213
Net cash flows (used in)/generated from operating activities	(18,096)	97,176	84,223	155,272

2.3 Number of Shareholders and Shareholdings

The number of shareholders of the Company as at December 31, 2020 was 692,766, consisting of 686,532 holders of A shares and 6,234 registered holders of H shares (including 144 holders of the ADSs). The minimum public float requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Stock Listing Rules of the Shanghai Stock Exchange (the "SSE Listing Rules") are satisfied.

Number of shareholders as at the end of 2020	692,766	**Number of shareholders as at the end of one month preceding publication of this announcement (i.e. as at February 28, 2021)**		684,300	
Shareholdings of the top ten shareholders as at the end of 2020					
Name of shareholders	**Nature of shareholders**	**Percentage of shareholding (%)**	**Number of shares held**	**Number of shares with selling restrictions**	**Number of shares pledged or subject to lock-ups**
CNPC	State-owned legal person	80.25	146,882,339,136(1)	0	0
HKSCC Nominees Limited(2)	Overseas legal person	11.42	20,902,097,700(3)	0	0
CNPC－CSC－17 CNPC E2 Pledge and Trust Special Account	State-owned legal person	2.09	3,819,971,070	0	3,819,971,070
CNPC－CSC－17 CNPC EB Pledge and Trust Special Account	State-owned legal person	1.12	2,051,488,603	0	2,051,488,603
China Securities Finance Corporation Limited	State-owned legal person	0.62	1,139,138,704	0	0
Hong Kong Securities Clearing Company Limited(4)	Overseas legal person	0.32	578,402,044	0	0
China Metallurgical Group Corporation	State-owned legal person	0.31	560,000,000	0	0
Bosera Fund - Ansteel Group Corporation – Bosera Fund Xin'an No.1 Single Asset Management Plan	State-owned legal person	0.12	220,000,000	0	0
Central Huijin Asset Management Ltd.	State-owned legal person	0.11	206,109,200	0	0
ICBC-SSE 50 Exchange Traded Open-End Index Securities Investment Fund	Other	0.04	72,309,639	0	0

Notes: (1) *Such figure excludes the H shares indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC.*

(2) *HKSCC Nominees Limited is a wholly-owned subsidiary of the Hong Kong Exchanges and Clearing Limited and it acts as a nominee on behalf of other corporate or individual shareholders to hold the H shares of the Company.*

(3) *291,518,000 H shares were indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC, representing 0.16% of the total share capital of the Company. These shares were held in the name of HKSCC Nominees Limited.*

(4) *Hong Kong Securities Clearing Company Limited is a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited and acts as the nominee on behalf of investors of Hong Kong Stock Exchange to hold the A shares of the Company listed on Shanghai Stock Exchange.*

Statement on connected parties or concert parties among the above-mentioned shareholders:
Except that both HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are wholly-owned

subsidiaries of Hong Kong Exchanges and Clearing Limited, and China Securities Finance Corporation Limited and Central Huijin Asset Management Ltd. are shareholders of ordinary shares of Industrial and Commercial Bank of China Limited, the Company is not aware of any other connection among or between other shareholders of the above top ten shareholders or that they are persons acting in concert as provided for in the Measures for the Administration of Acquisitions by Listed Companies.

2.4 Disclosure of Substantial Shareholders under the Securities and Futures Ordinance of Hong Kong

As at December 31, 2020, so far as the Directors are aware, persons other than a Director, Supervisor or senior management of the Company who had interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance are as follows:

Unit: Shares

Name of shareholders	Nature of shareholding	Number of shares	Capacity	Percentage of such shares in the same class of the issued share capital (%)	Percentage of total share capital (%)
CNPC	A Shares	146,882,339,136 (L)	Beneficial Owner	90.71	80.25
	H Shares	291,518,000 (L) (1)	Interest of Corporation Controlled by the Substantial Shareholder	1.38	0.16
BlackRock, Inc. (2)	H Shares	1,263,923,364 (L)	Interest of Corporation Controlled by the Substantial Shareholder	5.99	0.69
		492,000 (S)		0.00	0.00

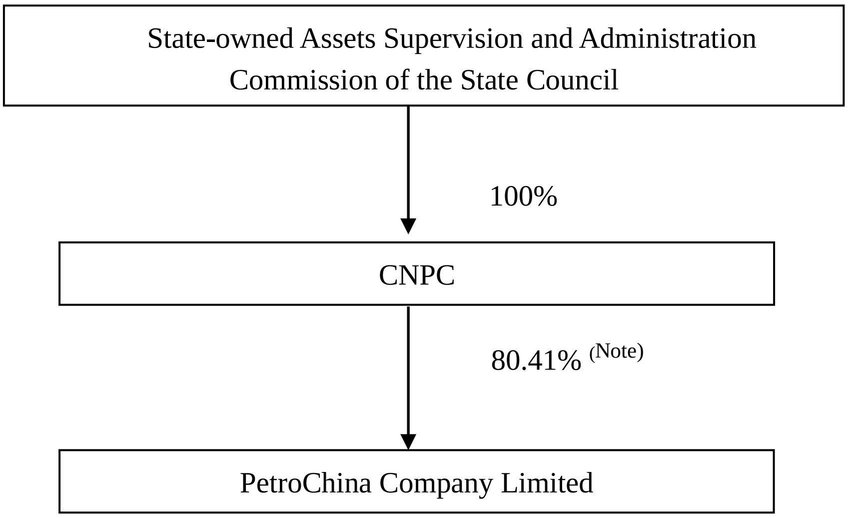
(L) Long position (S) Short position

Notes: (1) *291,518,000 H shares (long position) were held by Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC. CNPC is deemed to be interested in the H shares held by Fairy King Investments Limited.*

(2) *Blackrock, Inc., through various subsidiaries, had an interest in the H shares of the Company, of which 1,263,923,364 H shares (long position) and 492,000 H shares (short position) were held in its capacity as interest of corporation controlled by the substantial shareholder.*

As at December 31, 2020, so far as the Directors are aware, save as disclosed above, no person (other than a Director, Supervisor or senior management of the Company) had an interest or short position in the shares of the Company according to the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance.

2.5 Ownership and Controlling Relationship between the Company and the Ultimate



Note: Such figure includes the 291,518,000 H shares held by CNPC through its overseas wholly-owned subsidiary, Fairy King Investments Limited.

2.6 Corporate Bond Not Yet Overdue

Unit: RMB 100 million

Bond Name	Abbreviation	Code	Issue Date	Due Date	Bond Balance	Rate (%)
2012 Corporate Bond (First Tranche) (10-year term)	12 PetroChina 02	122210.SH	2012-11-22	2022-11-22	20	4.90
2012 Corporate Bond (First Tranche) (15-year term)	12 PetroChina 03	122211.SH	2012-11-22	2027-11-22	20	5.04
2013 Corporate Bond (First Tranche) (10-year term)	13 PetroChina 02	122240.SH	2013-03-15	2023-03-15	40	4.88
2016 Corporate Bond (First Tranche) (5-year term)	16 PetroChina 01	136164.SH	2016-01-19	2021-01-19	88	3.03
2016 Corporate Bond (First Tranche) (10-year term)	16 PetroChina 02	136165.SH	2016-01-19	2026-01-19	47	3.50
2016 Corporate Bond (Second Tranche) (5-year term)	16 PetroChina 03	136253.SH	2016-03-03	2021-03-03	127	3.15
2016 Corporate Bond (Second Tranche) (10-year term)	16 PetroChina 04	136254.SH	2016-03-03	2026-03-03	23	3.70
2016 Corporate Bond (Third Tranche) (5-year term)	16 PetroChina 05	136318.SH	2016-03-24	2021-03-24	95	3.08
2016 Corporate Bond (Third Tranche) (10-year term)	16 PetroChina 06	136319.SH	2016-03-24	2026-03-24	20	3.60

Indicators Reflecting the Solvency of the Issuer

Main Indicator	As the end of 2020	As the end of 2019
Asset-liability Ratio (%)	45.07	47.15
Main Indicator	**2020**	**2019**
Debt-to-EBIDTA Ratio	0.76	0.74
EBITDA Interest Protection Multiples	17.55	18.60

Note on Overdue Debts

☐ Applicable √ Not Applicable

3 Directors' Report

3.1 Discussion and Analysis of Operations

In 2020, affected by the outbreak of the COVID-19, the world economy has experienced a deep recession, with the exception of China, the economies of the world's major economies have declined to varying degrees. China's economy was affected by the COVID-19 in the first quarter; however relying on effective control of domestic COVID-19, China's resumption of work and production are progressing steadily. Since the second quarter, China's restored its economic growth with its GDP increased by 2.3% over last year. In 2020, the supply and demand in the global oil and gas market continued to ease up, and the annual average international oil prices decreased sharply as compared with last year.

Facing the unprecedented severe impacts and challenges including the COVID-19 and cliff-like drop in international oil prices, the Group earnestly implemented requirements on high-quality development, coordinated the advancement of COVID-19 prevention and control, resumption of work and production, production and operation, as well as reform and innovation to ensure the health and safety of employees, while maintaining the stable and controlled advancement of production and operation, deepen the improvement of quality and profitability, and successfully complete the pipeline assets restructuring. As a result, the operating results of the Group were better than expectation. In 2020, the Group achieved a revenue of RMB1,933,836 million, representing a decline of 23.2% as compared with last year, and the net profit attributable to owners of the Company was RMB19,006 million, representing a decrease of 58.4% as compared with last year. The financial position of the Group remained stable. The cash flow was good, and the free cash flow remained positive.

3.1.1 Market Review

(1) Crude Oil Market

In 2020, the COVID-19 had a huge adverse impact on the oil market. The world's oil demand and supply have both declined sharply. In view of market fundamentals, the supply have largely exceeded demand, oil inventories stay high, and international oil prices have sharply dropped. For the first time in history, oil future price once fell into negative level. After the world's major oil-producing countries reached an agreement on production reduction and the world's major economies took measures to boost the economy, the international oil prices rebound in volatility. The annual average spot price of North Sea Brent crude oil was US$41.78 per barrel, representing a decrease of 34.9% as compared with last year. The annual average spot price of the West Texas Intermediate ("WTI") crude oil was US$39.28 per barrel, representing a decrease of 31.1% as compared with last year.

(2) Refined Products Market

In 2020, due to the impact of the COVID-19, the domestic consumption of refined products declined slightly over last year, and the export volume of refined products also declined. The domestic refining capabilities continued to grow, and the output of refined products declined over last year. The domestic gasoline and diesel prices were adjusted 13 times during the year. As a result, the reference gasoline price, in aggregate, decreased by RMB1,295 yuan per ton and the reference diesel price, in aggregate, decreased by RMB1,250 yuan per ton. The price trend of domestic refined products was broadly in line with that of oil prices in the international markets.

(3) Chemical Products Market

In 2020, due to the impact of the COVID-19, the production and sales of domestic chemical products were suppressed in the first half of the year. In the second half of the year, with the rebound of oil prices and the rapid progress of resumption of work and production, the demand steadily increased and surged in the third quarter, which led to the accelerated recovery of the relevant chemical product market. The spread of the overseas COVID-19 resulted in the shutdown of overseas refineries and reduced imports of chemical products, which has promoted the stability of domestic prices of plastics and other products.

(4) Natural Gas Market

In 2020, the consumption of global natural gas declined for the first time in ten years with the oversupply in the market intensifying and natural gas prices in major markets hitting a record low. The growth of domestic natural gas consumption has slowed down with production maintaining rapid growth and the growth of import volume slowing down slightly. The supply and demand in the natural gas market basically remained loose throughout the year, while temporary supply constraints occurred at the end of the year.

3.1.2 Business Review

(1) Exploration and Production

Domestic Exploration and Development

In 2020, the Group's domestic exploration and development business focused on risk exploration, promoted concentrated exploration, fine exploration and high-efficiency evaluation in key basins and key areas. We achieved multiple strategic breakthroughs and important exploration results in Sichuan, Ordos, Junggar, Tarim and other basins, discovered and implemented large-scale reserve areas such as Chang 7 shale oil in Qingcheng area, Ordos, and natural gas in Tainei, central Sichuan. We focused on the profitability of the new area to build production, effectively controlled the decline rate of old oilfields, and increased the recovery rate. We optimised the structure of oil and gas products according to the profitability position, increased the intensity of natural gas exploration and development, and promoted rapid growth of domestic natural gas output. In 2020, the domestic business achieved a crude oil output of 743.8 million barrels, representing an increase of 0.6% as compared with last year, a marketable natural gas output of 3,993.8 billion cubic feet, representing an increase of 9.9% as compared with last year, and an oil and natural gas equivalent output of 1,409.7 million barrels, representing an increase of 4.8% as compared with last year.

Overseas Oil and Gas

In 2020, the Group's overseas oil and gas business developed steadily. A number of important discoveries have been made in a number of exploration projects in Chad, Kazakhstan, etc., some renewal agreements to block exploration have been executed and the transfer of partial equity in the Abu Dhabi offshore project has been completed, procuring continuous optimisation of business layout and asset structure. In 2020, the oil and natural gas equivalent output from overseas operations amounted to 215.8 million barrels, representing an increase of 0.2% as compared with last year, accounting for 13.3% of the total oil and natural gas equivalent output of the Group.

In 2020, the Group’s crude oil output amounted to 921.8 million barrels, representing an increase of 1.4% as compared with last year. The marketable natural gas output reached 4,221.0 billion cubic feet, representing an increase of 8.0% as compared with last year. The oil and natural gas equivalent output amounted to 1,625.5 million barrels, representing an increase of 4.1% as compared with last year. As at the end of the reporting period, the total area to which the Group had the prospecting and mineral right of oil and natural gas (including coalbed methane) amounted to 272.4 million acres, among which the area of prospecting right was 240.3 million acres and the area of mineral right was 32.1 million acres. The number of net wells in the process of being drilled was 363. The number of wells with multilayer completion during the reporting period was 6,459.

Summary of Operations of the Exploration and Production Segment

	Unit	2020	2019	Year-on-year change (%)
Crude oil output	Million barrels	921.8	909.3	1.4
of which: domestic	Million barrels	743.8	739.7	0.6
overseas	Million barrels	178.0	169.6	4.9
Marketable natural gas output	Billion cubic feet	4,221.0	3,908.0	8.0
of which: domestic	Billion cubic feet	3,993.8	3,633.0	9.9
overseas	Billion cubic feet	227.2	275.0	(17.4)
Oil and natural gas equivalent output	Million barrels	1,625.5	1,560.8	4.1
of which: domestic	Million barrels	1,409.7	1,345.4	4.8
overseas	Million barrels	215.8	215.4	0.2
Proved reserves of crude oil	Million barrels	5,206	7,253	(28.2)
Proved reserves of natural gas	Billion cubic feet	76,437	76,236	0.3
Proved developed reserves of crude oil	Million barrels	4,654	5,474	(15.0)
Proved developed reserves of natural gas	Billion cubic feet	42,077	39,870	5.5

Note: Figures have been converted at the rate of 1 ton of crude oil = 7.389 barrels and 1 cubic metre of natural gas = 35.315 cubic feet.

(2) Refining and Chemicals

In 2020, the Group's refining and chemical business adhered to the principles of market orientation and profitability to scientifically arranged refining and chemical production and sales of chemical products and continue to optimise production layout and product mix through rationally adjusting diesel-gasoline ratios, promoting the reduction of refined products and the increase in chemical products. The Group maintained high-load operation of chemical facilities in accordance with market demand and increased the production of high value-added products. In 2020, the Group processed 1,177.5 million barrels of crude oil, representing a decrease of 4.1% as compared with last year. Among that, 678.0 million barrels of crude oil were from the Group's exploration and production segment, accounting for 57.6%, which showed good synergy. In 2020, the Group produced 107.042 million tons of refined products, representing a decrease of 9.1% as compared with last year, 6.345 million tons of ethylene, representing an increase of 8.2% as compared with last year, and 28.853 million tons of commodity volume of chemical products, representing an increase of 12.0% as compared with last year.

The refining restructuring of Daqing Petrochemical, the ethylene capacity recovery project of Lanzhou Petrochemical, and a batch of aviation kerosene production increase and low-sulfur marine fuel oil projects were completed and launched. The construction of the key projects such as the integration project of refining and chemicals of Guangdong Petrochemical and the projects in relation to the ethylene production out of ethane at Tarim and Changqing were proceeded in an orderly manner.

Summary of Operations of the Refining and Chemicals Segment

	Unit	2020	2019	Year-on-year change (%)
Processed crude oil	Million barrels	1,177.5	1,228.4	(4.1)
Gasoline, kerosene and diesel output	’000 tons	107,042	117,791	(9.1)
of which: Gasoline	’000 tons	46,280	50,430	(8.2)
Kerosene	’000 tons	10,043	12,733	(21.1)
Diesel	’000 tons	50,719	54,628	(7.2)
Crude oil processing load	%	79.9	85.1	(5.2) percentage points
Light products yield	%	78.4	80.1	(1.7) percentage points
Refining yield	%	93.5	93.5	-
Ethylene	’000 tons	6,345	5,863	8.2
Synthetic Resin	’000 tons	10,287	9,580	7.4
Synthetic fibre materials and polymers	’000 tons	1,278	1,309	(2.4)
Synthetic rubber	’000 tons	1,001	910	10.0
Urea	’000 tons	2,163	1,208	79.1

Note: Figures have been converted at the rate of 1 ton of crude oil = 7.389 barrels.

(3) Marketing

Domestic Operations

In 2020, the Group's marketing business proactively responded to the severe challenges of shrinking market demand and high inventory, solidified the connection between production and sales so as to ensure the sales of products of the self-operated refineries and the maximization of the overall benefits of the industrial chain. We adjusted marketing strategies in a timely manner responding to market changes, implemented differentiated and precise marketing strategies by region, product variety, time period and customer type. The Group focused on the sales volume of retail and strived to improve sales quality. The Group strengthened sales network construction, actively seized high-profitability markets and high-quality sites in strategic regions, vigorously developed oil (gas) stations, increased retail capacity. The total number of service station operated by the Group reached 22,619. The Group intensified integration and mutual promotion of oil and non-oil businesses, accelerated on-line and off-line coordinated marketing and cross-sector integration and promoted the quality development of non-oil business.

International Trading Operations

In 2020, the Group's international trading business strived to increase its sales ability of overseas share of oil and flexibly adjusted its refined oil export plan to vigorously explore overseas markets. We also strengthened risk management and control of product prices, and steadily improved its service, marketing and transaction capabilities.

In 2020, the sales volume of gasoline, kerosene and diesel of the Group achieved a total of 161.230 million tons, representing a decrease of 14.1% over the same period last year, of which the domestic sales of gasoline, kerosene and diesel were 105.896 million tons, representing a decrease of 11.0% over the same period last year.

Summary of Operations of the Marketing Segment

	Unit	2020	2019	Year-on-year change (%)
Sales volume of gasoline, kerosene and diesel	’000 tons	161,230	187,712	(14.1)
of which: Gasoline	’000 tons	66,084	76,366	(13.5)
Kerosene	’000 tons	14,350	21,183	(32.3)
Diesel	’000 tons	80,796	90,163	(10.4)
Domestic sales volume of gasoline, kerosene and diesel	’000 tons	105,896	118,995	(11.0)
of which: Gasoline	’000 tons	49,188	53,546	(8.1)
Kerosene	’000 tons	8,331	8,696	(4.2)
Diesel	’000 tons	48,377	56,753	(14.8)
Market share in domestic retail market	%	35.9	36.7	(0.8) percentage point
Number of service stations	Units	22,619	22,365	1.1
of which: owned service stations	Units	21,042	20,955	0.4
Sales volume per service station	Tons/day	8.48	10.08	(15.9)
Number of convenience stores	Units	20,212	20,021	1.0

(4) Natural Gas and Pipeline

In 2020, the Group’s natural gas and pipeline business faced the unfavourable situation of the slowdown in market demand growth through taking various measures to develop new users and implemented precise strategies to expand sales. We also actively coordinated key regions and major users to increase gas consumption, sped up the sales through its own terminals and direct sales to new customers, and carried out pilot sales around oil and gas fields. We optimised the combination and flow of resources, increased the intensity of exploration of high-end and high-profitability markets, tapped the increment of self-owned terminals, promoted online bidding transactions, and continuously improved the capability to create profits. We orderly promoted the construction of key storage and transportation facilities such as Tangshan and Jiangsu LNG port terminals.

In 2020, the Group sold 248.745 billion cubic metres of natural gas, representing a decrease of 4.0% as compared with the same period last year. Among that, 172.593 billion cubic metres were sold in domestic market, representing an increase of 0.7% as compared with the same period last year. The Group completed the transaction of relevant pipeline assets and as at the end of the year, the Group’s domestic oil and gas pipelines measured a total length of 31,151 km, consisting of 22,555 km of natural gas pipelines, 7,190 km of crude oil pipelines and 1,406 km of refined product pipelines.

3.1.3 Review of Operating Results

The following discussion and analysis should be read in conjunction with the audited financial statements of the Group and the notes set out thereto in the Annual Report and other sections thereof. The financial data set out below is extracted from the audited financial statements of the Group prepared under IFRS.

(1) Consolidated Operating Results

In 2020, the Group achieved a revenue of RMB1,933,836 million, representing a decrease of 23.2% as compared with last year. Net profit attributable to owners of the Company was RMB19,006 million, representing a decrease of 58.4% as compared with last year. Basic earnings per share were RMB0.10 yuan, representing a decrease of RMB0.15 yuan as compared with last year.

Revenue The revenue decreased by 23.2% from RMB2,516,810 million for 2019 to RMB1,933,836 million for 2020. This was primarily due to the decrease in the sales volume and sharp decrease in selling prices of the majority of oil and gas products of the Group. The table below sets out external sales volume and average realised prices for major products sold by the Group in 2020 and 2019 and their respective percentage of change:

	Sales Volume ('000 ton)			Average Realised Price (RMB/ton)		
	2020	**2019**	**Percentage of Change (%)**	**2020**	**2019**	**Percentage of Change (%)**
Crude oil*	158,266	150,322	5.3	2,070	3,162	(34.5)
Natural gas (hundred million cubic metres, RMB/'000 cubic metre)**	2,487.45	2,590.91	(4.0)	1,170	1,313	(10.9)
Gasoline	66,084	76,366	(13.5)	5,561	6,487	(14.3)
Diesel	80,796	90,163	(10.4)	4,221	5,286	(20.1)
Kerosene	14,350	21,183	(32.3)	2,652	4,255	(37.7)
Heavy oil	30,253	18,095	67.2	2,313	3,249	(28.8)
Polyethylene	5,659	4,985	13.5	6,725	7,443	(9.6)
Lubricant	1,404	977	43.7	6,426	8,047	(20.1)

*The crude oil listed above represents all the external sales volume of crude oil of the Group.

**The natural gas listed above represents all the external sales volume of natural gas of the Group.

Operating Expenses Operating expenses decreased by 22.4% from RMB2,395,048 million for 2019 to RMB1,857,899 million for 2020, of which:

Purchases, Services and Other Purchases, services and other decreased by 25.3% from RMB1,697,834 million for 2019 to RMB1,267,797 million for 2020. This was primarily due to the fact that the Group's expenses for purchasing oil and gas products and trading decreased.

Employee Compensation Costs Employee compensation costs (including salaries, such additional costs as different types of insurances, housing provident funds and training fees for various types of employees) decreased by 4.4% from RMB154,318 million for 2019 to RMB147,604 million for 2020. This was primarily due to the fact that we implemented the linkage mechanism of work and performance and local governments reduced or exempted the social insurance fees.

Exploration Expenses Exploration expenses decreased by 6.9% from RMB20,775 million for 2019 to RMB19,333 million for 2020. This was primarily due to the fact that the Group optimised exploration plans responding to changes to the oil prices and controlled exploration expenses.

Depreciation, Depletion and Amortisation Depreciation, depletion and amortisation decreased by 5.1% from RMB225,262 million for 2019 to RMB213,875 million for 2020. This was primarily due to the comprehensive effect of Group's decrease of oil and gas reserves caused by the decline in oil prices and the pipeline assets restructuring.

Selling, General and Administrative Expenses Selling, general and administrative expenses decreased by 6.2% from RMB68,596 million for 2019 to RMB64,345 million for 2020. This was primarily due to the fact that the Group further promoted the improvement of quality and profitability, and strictly controlled non-production expenses.

Taxes other than Income Taxes Taxes other than income taxes decreased by 14.3% from RMB228,436 million for 2019 to RMB195,850 million for 2020, among which the consumption tax decreased by 11.8% from RMB164,973 million for 2019 to RMB145,525 million for 2020; the resource tax decreased by 24.3% from RMB24,388 million for 2019 to RMB18,468 million for 2020; and crude oil special gain levy decreased by 76.9% from RMB771 million for 2019 to RMB178 million for 2020.

Other Income, net Other income, net increased by RMB50,732 million from RMB173 million for 2019 to RMB50,905 million for 2020, primarily due to the gains from pipeline assets restructuring during the year.

Profit from Operations The profit from operations for 2020 was RMB75,937 million, representing a decrease of 37.6% from RMB121,762 million for 2019.

Net Exchange Gain Net exchange gain for 2020 was RMB108 million, representing an increase of RMB107 million from RMB1 million for 2019. This is primarily due to the impact of changes in exchange rate of US Dollar against Renminbi.

Net Interest Expense Net interest expense decreased by 12.2% from RMB26,778 million for 2019 to RMB23,505 million for 2020, primarily due to the control the scale of interest-bearing debts, optimisation of debt structure, and reduction of cost of debts by the Group.

Profit Before Income Tax Expense Profit before income tax expense decreased by 45.7% from RMB103,214 million for 2019 to RMB56,073 million for 2020.

Income Tax Expense The income tax expense decreased by 37.6% from RMB36,199 million for 2019 to RMB22,588 million for 2020, which was primarily due to the sharp decrease in the Group's profit before income tax expense over the same period last year.

Profit for the Year Net profit for 2020 decreased by 50.0% to RMB33,485 million from RMB67,015 million for 2019.

Profit Attributable to Non-controlling Interests Profit attributable to non-controlling interests decreased by 32.1% from RMB21,333 million for 2019 to RMB14,479 million for 2020, which was primarily due to the sharp decrease of profits of subsidiaries of the Group over the same period last year.

Profit Attributable to Owners of the Company Profit attributable to owners of the Company decreased by 58.4% from RMB45,682 million for 2019 to RMB19,006 million for 2020.

(2) Segment Results

Exploration and Production

Revenue The realised revenue of the Exploration and Production segment for 2020 was RMB530,807 million, representing a decrease of 21.5% from RMB676,320 million for 2019, which was primarily due to the comprehensive impact of the increase of the sales volume and the decrease of prices of gas and oil products including crude oil and natural gas. In 2020, the oil imported from Russia, Kazakhstan and others by the Group amounted to 39.03 million tons, representing a decrease of 2.3% over the 39.95 million tons of 2019. The revenue from the sales of imported oil from Russia, Kazakhstan and others was RMB85,080 million for 2020, representing a decrease of 35.4% from RMB131,723 million for 2019. The average realised crude oil price of the Group in 2020 was US$40.33 per barrel, representing a decrease of 33.8% from US$60.96 per barrel in 2019.

Operating Expenses Operating expenses of the Exploration and Production segment decreased by 12.5% from RMB580,223 million for 2019 to RMB507,715 million for 2020, which was primarily due to the decrease of procurement expenses and taxes other than income tax. In 2020, the cost from importing oil from Russia, Kazakhstan and others amounted to RMB86,388 million, representing a decrease of 34.0% from RMB130,941 million for 2019.

In 2020, the unit oil and gas lifting cost of the Group was US$11.10 per barrel, representing a decrease of 8.3% from US$12.11 per barrel for 2019.

Profit from Operations In 2020, the domestic business of the exploration and production segment continued profitable development, optimised the development plan of each block based on the calculation of marginal profit, enhanced its integrated administration covering matters in respect of investment, reserve and costs, and strictly controlled the development cost; overseas business coordinated the COVID-19 prevention and control and production and operation, took various measures simultaneously to promote the improvement of quality and profitability, and strived to control and reduce investment and costs. In 2020, affected by the sharp decrease of oil and gas prices, the Exploration and Production segment realised an operating profit of RMB23,092 million, representing a decrease of 76.0% from RMB96,097 million for 2019.

Refining and Chemicals

Revenue The revenue of the Refining and Chemicals segment decreased by 22.5% from RMB1,000,062 million for 2019 to RMB774,775 million for 2020, primarily due to the comprehensive impacts including the decrease of the sales volume and prices of refined oil and the increase of sales volume but the decrease of the prices of chemical products.

Operating Expenses Operating expenses of the Refining and Chemicals segment decreased by 21.1% from RMB983,985 million for 2019 to RMB776,609 million for 2020, primarily due to decreasing procurement costs of crude oil and feedstock, and decrease of taxes and sales and administration expenses.

In 2020, the cash processing cost of refineries of the Group was RMB163.90 yuan per ton, decreased by 2.8% from RMB168.64 yuan per ton in 2019, primary due to the impact of decrease of power costs.

(Loss)/Profit from Operations In 2020, the Refining and Chemicals segment adhered to market orientation, timely adjusted processing load according to market changes and optimised product structure to make its best endeavour to ensure the safe operation of the industrial chain and maximization of profitability. We also strengthened technology research, and increased the production of high-end and high value-added chemical products to increase the profitability of chemical business. In the meantime, we strengthened cost control by continuously reducing processing costs. However, as affected by the narrowing margins of the refining business, the Refining and Chemicals segment in 2020 realised operating loss of RMB1,834 million, representing a decrease of 111.4% as compared with the realisation of operating profits of RMB16,077 million for 2019. Among that, the refining operations recorded an operating loss of RMB12,801 million, representing a decrease of 201.2% as compared with the realisation of operating profits of RMB12,650 million for 2019, while the chemical operations realised an operating profit of RMB10,967 million, representing an increase of 220.0%, as compared with RMB3,427 million for 2019.

Note: In 2020, in order to optimise production, operation and management, the Group shifted PetroChina Fuel Oil Company Limited and PetroChina Lubricant Company from the Marketing segment to the Refining and Chemicals segment. Accordingly, the comparative data in respect of Refining and Chemicals segment and also the Marketing segment against those of the same period of last year have been restated, which implies that the two companies mentioned above shall be deemed to have been incorporated in the Refining and Chemical segment since the earliest financial reporting period presented.

Marketing

Revenue The revenue of the Marketing segment decreased by 27.8% from RMB2,075,044 million for 2019 to RMB1,497,533 million for 2020, primarily due to decrease in sales volume and price of refined oil.

Operating Expenses Operating expenses of the Marketing segment decreased by 27.8% from RMB2,077,922 million for 2019 to RMB1,500,439 million for 2020, primarily due to a decrease in the expenditure arising from the external purchase of refined oil.

Loss from Operations In 2020, the Marketing segment strived to overcome the adverse impact of the COVID-19 on market demand by intensifying the efforts in market analysis and research and adjusted marketing tactics in a flexible manner. The Group used its best endeavour to increase the sales volume and output in key areas, to increase the retail sale of refined products, strengthened refined marketing and precision marketing to improve the price realisation rate. Based on the profitability projection, the Group strengthened the interaction between the domestic and international markets, optimised the refined oil export plan, which led to an improvement in the overall profitability of the value chain. In 2020, the Marketing segment recorded an operating loss of RMB2,906 million, representing an increase of loss of RMB28 million as compared with the operating loss of RMB2,878 million for 2019.

Natural Gas and Pipeline

Revenue The revenue of the Natural Gas and Pipeline segment amounted to RMB370,771 million for 2020, representing a decrease of 5.2% as compared with RMB391,023 million for 2019, primarily due to the comprehensive impacts including the increase of the sales volume and the decrease of the price of natural gas.

Operating Expenses Operating expenses of the Natural Gas and Pipeline segment amounted to RMB298,361 million for 2020, representing a decrease of 18.2% as compared with RMB364,915 million for 2019, primarily due to the decrease in the expenditure of natural gas purchase.

Profit from Operations In 2020, the Natural Gas and Pipeline segment actively optimised the resource structure, strived for full production and full sales of domestically produced gas, and reduced resource procurement costs. By formulating targeted marketing and service plans based on the customer needs and developing the profitable markets, the Group intensively enhanced its sales capability in respect of retail sales to end users. In 2020, benefiting from the income of pipeline assets restructuring and measures of quality and profitability enhancement, the Natural Gas and Pipeline segment realised an operating profit of RMB72,410 million, representing an increase of 177.3% as compared to RMB26,108 million in 2019.

In 2020, the sale of imported natural gas recorded a net loss of RMB14,159 million, representing a reduction of loss of RMB16,551 million as compared with last year and showing the remarkable achievement in loss control, primarily due to the comprehensive impact, including measures of quality improvement and profitability enhancement adopted by the Group and the sharp decline of the costs of imported natural gas caused by the decrease of oil prices. The Group will continue to adopt effective measures to control losses arising from sale of imported natural gas.

In 2020, the Group's international operations (Note) realised a revenue of RMB721,015 million, accounting for 37.3% of the Group's total revenue. Profit before income tax expense amounted to RMB8,093 million. The Group's international operations maintained a stable development with further improved international operating ability.

Note: The four operating segments of the Group are Exploration and Production, Refining and Chemicals, Marketing as well as Natural Gas and Pipeline. International operations do not constitute a *separate operating segment of the Group. The financial data of international operations are included in the financial data of respective operating segments mentioned above.*

(3) Assets, Liabilities and Equity

The following table sets out the key items in the consolidated balance sheet of the Group:

	As at December 31, 2020	As at December 31, 2019	Percentage of Change
	RMB million	RMB million	%
Total assets	2,488,126	2,732,910	(9.0)
Current assets	486,767	466,913	4.3
Non-current assets	2,001,359	2,265,997	(11.7)
Total liabilities	1,121,505	1,288,605	(13.0)
Current liabilities	605,418	661,419	(8.5)
Non-current liabilities	516,087	627,186	(17.7)
Equity attributable to owners of the Company	1,215,158	1,230,156	(1.2)
Share capital	183,021	183,021	-
Reserves	304,182	304,011	0.1
Retained earnings	727,955	743,124	(2.0)
Total equity	1,366,621	1,444,305	(5.4)

Total assets amounted to RMB2,488,126 million, representing a decrease of 9.0% from that as at the end of 2019, of which:

Current assets amounted to RMB486,767 million, representing an increase of 4.3% from that as at the end of 2019, primarily due to the increase in held-for-sale assets and monetary funds.

Non-current assets amounted to RMB2,001,359 million, representing a decrease of 11.7% from that as at the end of 2019, primarily due to the impact of pipeline assets restructuring.

Total liabilities amounted to RMB1,121,505 million, representing a decrease of 13.0% from that as at the end of 2019, of which:

Current liabilities amounted to RMB605,418 million, representing a decrease of 8.5% from that as at the end of 2019, primarily due to the decrease in the amount of short-term borrowings, accounts payable and accrued liabilities.

Non-current liabilities amounted to RMB516,087 million, representing a decrease of 17.7% from that as at the end of 2019, primarily due to the decrease in long-term borrowings and lease liabilities.

Equity attributable to owners of the Company amounted to RMB1,215,158 million, representing a decrease of 1.2% from that as at the end of 2019, primarily due to the decrease in retained earnings.

(4) Cash Flows

As at December 31, 2020, the primary source of funds of the Group was cash from operating activities and short-term and long-term borrowings. The funds of the Group were mainly used for operating activities, capital expenditures, repayment of short-term and long-term borrowings as well as distribution of dividends to shareholders of the Company.

The table below sets forth the net cash flows of the Group for 2020 and 2019 respectively and the amount of cash and cash equivalents as at the end of each year:

	Year ended December 31	
	2020	**2019**
	RMB million	**RMB million**
Net cash flows from operating activities	318,575	359,610
Net cash flows used for investing activities	(181,986)	(332,948)
Net cash flows used for financing activities	(99,400)	(27,276)
Translation of foreign currency	(4,967)	1,069
Cash and cash equivalents at end of the year	118,631	86,409

Net Cash Flows from Operating Activities

The net cash flows of the Group from operating activities in 2020 amounted to RMB318,575 million, representing a decrease of 11.4% from RMB359,610 million in 2019. This was mainly due to the combined impact from the profit reduction and the change in working capital during the reporting period. As at December 31, 2020, the Group had cash and cash equivalents of RMB118,631 million. The cash and cash equivalents were mainly denominated in US Dollar and Renminbi (approximately 55.1% were denominated in US Dollar, approximately 36.2% were denominated in Renminbi, approximately 6.5% were denominated in HK Dollar and approximately 2.2% were denominated in other currencies).

Net Cash Flows Used for Investing Activities

The net cash flows of the Group used for investing activities in 2020 amounted to RMB181,986 million, representing a decrease of 45.3% from RMB332,948 million in 2019. The increase was primarily due to the combined effects of reduction of capital expenditures arising from the Group’s optimisation of investment scale based on changes in oil prices, and pipeline assets restructuring during the reporting period.

Net Cash Flows Used for Financing Activities

The net cash used by the Group for financing activities in 2020 was RMB99,400 million, representing an increase of 264.4% from RMB27,276 million in 2019. This was primarily due to the increase in repayment for borrowings during the reporting period.

The net borrowings of the Group as at December 31, 2020 and December 31, 2019, respectively, were as follows:

	As at December 31, 2020	As at December 31, 2019
	RMB million	RMB million
Short-term borrowings (including current portion of long-term borrowings)	117,542	175,840
Long-term borrowings	251,379	290,882
Total borrowings	368,921	466,722
Less: Cash and cash equivalents	118,631	86,409
Net borrowings	250,290	380,313

The following table sets out the remaining contractual maturity of borrowings as at the respective dates according to the earliest contractual maturity dates. The amounts set out below are contractual undiscounted cash flows, including principal and interest:

	As at December 31, 2020	As at December 31, 2019
	RMB million	RMB million
Within 1 year	124,777	188,771
Between 1 and 2 years	53,526	30,090
Between 2 and 5 years	188,012	253,918
After 5 years	27,894	31,576
	394,209	504,355

Of the total borrowings of the Group as at December 31, 2020, approximately 52.1% were fixed-rate borrowings and approximately 47.9% were floating-rate borrowings. Of the borrowings as at December 31, 2020, approximately 71.2% were denominated in Renminbi, approximately 26.7% were denominated in US Dollar, and approximately 2.1% were denominated in other currencies.

As at December 31, 2020, the gearing ratio of the Group (gearing ratio = interest-bearing borrowings/ (interest-bearing borrowings + total equity), interest-bearing borrowings include various short-term and long-term borrowings) was 21.3% (24.4% as at December 31, 2019).

(5) Capital Expenditures

In 2020, the Group flexibly adjusted and optimised the scale and structure of investment in accordance with changes in oil prices, operating profitability and cash flow, and coordinated the promotion of key projects construction. In 2020, the capital expenditures of the Group amounted to RMB246,493 million, representing a decrease of 16.9% from RMB296,776 million in 2019. The table below sets out the capital expenditures of the Group for 2020 and 2019 and estimated capital expenditure of each business segment for 2021.

	2020		**2019**		**Estimated amount for 2021**	
	RMB million	**%**	**RMB million**	**%**	**RMB million**	**%**
Exploration and Production*	186,620	75.71	230,117	77.54	175,200	73.31
Refining and Chemicals	21,810	8.85	21,823	7.35	38,000	15.90
Marketing	16,294	6.61	17,074	5.76	12,200	5.10
Natural Gas and Pipeline	21,143	8.58	27,004	9.10	13,000	5.44
Head Office and Other	626	0.25	758	0.25	600	0.25
Total	246,493	100.00	296,776	100.00	239,000	100.00

* *If investments related to geological and geophysical exploration costs are included, the capital expenditures for the Exploration and Production segment for each of 2020 and 2019 and the estimated amount for 2021 would be RMB197,019 million, RMB241,992 million and RMB186,200 million, respectively.*

Exploration and Production

Capital expenditures for the Exploration and Production segment for 2020 amounted to RMB186,620 million, which were primarily used for oil and gas exploration and development in significant basins such as Songliao Basin, Ordos Basin, Tarim Basin, Sichuan Basin and Bohai Bay Basin, enhancing the development of unconventional resources such as shale gas and profitable development from existing projects in joint cooperation areas in the Middle East, Central Asia, America and the Asia Pacific region.

It is estimated that the capital expenditures for the Exploration and Production segment for 2021 will be RMB175,200 million, which will primarily be used for sizable and profitable exploration and development and profitability in key basins such as Songliao, Ordos, Tarim, Sichuan and Bohai Bay, enhancing the development of unconventional resources such as shale gas and shale oil, and promotion of new energy projects including clean energy alternatives. In adherence to the principle of optimised development, overseas operations will continue to focus on the operation of existing projects in joint cooperation areas in the Middle East, Central Asia, America and the Asia Pacific region when seeking new projects of high quality.

Refining and Chemicals

Capital expenditures for the Group's Refining and Chemicals segment for 2020 amounted to RMB21,810 million, which were primarily used in the construction of large-scale refining and chemical projects, such as integration project of refining and chemicals of Guangdong

Petrochemical, and the projects in relation to the ethylene production out of ethanes at Changqing and Tarim, and the refining-chemical transformation and upgrade projects.

It is estimated that the capital expenditures for the Refining and Chemicals segment for 2021 will be RMB38,000 million, which will be used primarily for the construction of large-scale refining and chemical projects, such as integration project of refining and chemicals of Guangdong Petrochemical, the projects in relation to the ethylene production out of ethane at Changqing and Tarim, and expansion and new establishment of ethylene projects, and refining reduction and chemicals enhancement and transformation and upgrading project for new materials and new technologies.

Marketing

Capital expenditures for the Group's Marketing segment for 2020 amounted to RMB16,294 million, which were mainly used for the network for the sales of end-products within the domestic refined oil markets, and the equipment construction of overseas oil and gas storage and sales.

It is estimated that the capital expenditures for the Marketing segment for 2021 will be RMB12,200 million used primarily for the network expansion for the sales of end-products within the domestic refined oil markets, expansion of new energy projects such as hydrogen refuelling stations and the equipment construction of overseas oil and gas storage and sales.

Natural Gas and Pipeline

Capital expenditures for the Group's Natural Gas and Pipeline segment for 2020 amounted to RMB21,143 million, which were mainly used for key natural gas transmission projects including the China-Russia East-route Gas Pipeline Project, the facilities for peak regulation and storage and transportation including Shen Zhen LNG equipment, as well as the gas branches and sales terminals.

It is estimated that the capital expenditures for the Natural Gas and Pipeline segment for 2021 will be RMB13,000 million, which will be used primarily for construction of LNG receiving stations, natural gas branch lines, development projects for urban gas market end-users, and new energy collaboration projects such as natural gas power generation.

Head Office and Other

Capital expenditures for the Head Office and Other segment for 2020 were RMB626 million, which were primarily used for improvement of scientific research facilities and development of the IT system.

It is estimated that the capital expenditures for the Head Office and Other segment of the Group for 2021 will be RMB600 million, which will be used primarily for enhancement of research facilities and development of the IT system.

3.1.4 Business Prospects

In 2021, the global economy is expected to achieve recovery, due to the COVID-19 control measures and economy stimulation measures adopted by major economies, but unstably and unevenly. The relax situation of supply and demand in the global oil market will be easing and the international oil price will stabilize and recover, and it is expected to remain in the low and medium range. China's overall economic performance is positive, but facing the risks of changes in the COVID-19 and uncertainties in the external environment. The Group will adhere to the new development concept and implement the requirements for high-quality development by vigorously carrying out the five development strategies of innovation, resources, market, internationalization, green and low-carbon. We will adhere to corporate governance by laws and regulations and lay a solid foundation for safety and environmental protection. While further implementing reform and innovation and endeavoring to develop the main businesses, we will also actively promote green and low-carbon transformation and focus on digital transformation and intelligent development. The Group will continue to enhance quality and profitability, and strive to create value for shareholders.

In terms of Exploration and Production Business, the Group will strengthen risk exploration, mainly engaging in six fields, namely marine carbonate rocks, foreland thrust belt, lithologic strata, shale oil and gas, new areas and offshore area, striving to achieve strategic discovery and breakthrough. Focusing on concentrated exploration in key areas, we will speed up the implementation of large-scale exploration areas such as Chang 7 shale oil in Ordos and the North Slope of the central Sichuan paleo uplift, and actively prepare for strategic replacement areas or major replacement fields such as the permian volcanic rocks in West Sichuan Basin and the Kuche Qiulitag structural belt in the Tarim Basin. We will highlight profitable exploration by strengthening the administration of mining rights, accelerating the process of exploration to production and innovating the selection and transfer of mining rights to strengthen the work of reserves value and continuously improve the replacement rate of reserves. The Group will focus on stable and profitable production in old oil and gas fields, so as to control the decline rate and increase the recovery rate. We will attach importance to the profitable development in the new areas, organize the implementation of production capacity construction projects in strict accordance with the design plan, and reach the standards and production targets set out in the objectives of the plan. In 2021, we plan to reach the crude oil output of 923.5 million barrels and the marketable natural gas output of 4,354.0 billion cubic feet, with a total oil and natural gas equivalent output of 1,649.4 million barrels.

In terms of Refining and Chemicals Business, the Group will adhere to the concept of "molecular refining", optimise the allocation of crude oil resources based on the conditions and locations of the devices, and giving preference to enterprises with sound profits or with integrated capacity of refining and chemicals production. We will adjust our product mix in light of market demands through intensifying our efforts in reducing oil and increasing chemicals production and increasing the output of high value-added oil refinery products such as high-grade gasoline, aviation kerosene, paraffin wax, lubricating oil, asphalt and low-sulfur fuel oil. The Group will also maintain the operation of chemical devices under high load and long cycle, accelerate the development of new materials and new products, and increase the proportion of high-end, high value-added and specialized chemical products. During the deepening benchmarking management, we will continue to improve economic and technical indicators and increase the comprehensive commodity rate. Two projects in relation to the ethylenes, namely, Tarim and Changqing, will be completed and launched on schedule, and the construction of key projects in Guangdong Petrochemical will be accelerated. In 2021, we plan to reach the processing volume of crude oil of 1,247.3 million barrels.

In terms of Marketing Business, the Group will strive to increase market share and go all out to expand sales in order to ensure smooth marketing channels for our own refineries. In order to comprehensively optimise marketing strategies, we will accurately study and judge the market and subdivide the market to establish a lattice client development and maintenance system, formulate marketing plans by region, enterprise and variety. In the meantime, we will adhere to the principle of focusing on retail and enlarge the scale of retailing, endeavoring to increase the price realisation rate, and realise the coordination of sales volume and profitability. We will develop new networks and optimise existing networks in a refined and differentiated way, while expanding the asset-light network in a diversified manner. To highlight the specialized operation of non-oil business, the Group will arrange for cross-sector cooperative retail outlets, speed up the construction of the ecosystem of "people, vehicles and life", and enhance the capability of customer service and profitability creation.

In terms of Natural Gas and Pipeline Business, the Group will strengthen our study and research on the whole natural gas industry chain, coordinate and allocate domestic and foreign resources to optimise the layout of the natural gas market. For stabilizing the existing markets and exploring new markets, we strive for that all domestically-produced natural gas is produced and sold as planned. We will also optimise the scale and pace of importation of natural gas, so as to endeavour to stable market supply and smooth operation of the industry chain. We will expand the terminal market and develop market layout in advance. We will make efforts in improving the mixing of oil and gas business by accelerating the integrated operation mode of oil and gas terminals. Actively exploring new markets in the field of comprehensive energy utilization, we will strengthen the integration of gas and power, deepen the cooperation with enterprises of power generation, power grid and energy Internet. The Group will spare no effort to develop direct sales customers, focus on and develop new markets such as new urban fuel and power generation projects, with a view to building a multi-energy comprehensive supply and smart gas demonstration area. We will implement differentiated and refined marketing strategies by region, market and phase, use platforms such as the exchange center to promote the sale of shale gas and coalbed gas at market prices, and arrange spot LNG purchases based on profitability, so as to further enhance our ability to enhance profitability.

In terms of International Business, the Group will optimise the structure of overseas assets, business and regional layout. Through highlighting the acquisition of risk exploration projects, operator projects and natural gas projects, we will make continuous efforts on joint venture and cooperation and new project development, and strive to increase contribution to profitability enhancement so as to lay a solid foundation for sustainable development. We will focus on promoting risk exploration in Doseo Basin of Chad and rolling exploration in Aktobe Middle Block of Kazakhstan, and make efforts to solve the problems of stable and increased output of existing oil fields, and flexibly adjust the workload according to the changes to oil price and contract models.

3.2 Other Financial Data

(1) Financial Data Prepared under CAS

	As at December 31, 2020	As at December 31, 2019	Percentage of Change
	RMB million	RMB million	%
Total assets	2,488,400	2,733,190	(9.0)
Current assets	486,767	466,913	4.3
Non-current assets	2,001,633	2,266,277	(11.7)
Total liabilities	1,121,515	1,288,612	(13.0)
Current liabilities	605,418	661,419	(8.5)
Non-current liabilities	516,097	627,193	(17.7)
Equity attributable to equity holders of the Company	1,215,421	1,230,428	(1.2)
Total equity	1,366,885	1,444,578	(5.4)

For reasons for changes, please read Section (3) in 3.1.3

(2) Principal operations by segment and by product under CAS

	Income from principal operations for the year 2020	Cost of principal operations for the year 2020	Margin*	Year-on-year change in income from principal operations	Year-on-year change in cost of principal operations	Increase or decrease in margin
	RMB million	RMB million	%	%	%	Percentage points
Exploration and Production	512,349	401,189	17.3	(21.7)	(13.9)	(6.7)
Refining and Chemicals	766,358	566,858	4.5	(22.7)	(24.1)	(1.2)
Marketing	1,473,620	1,420,966	3.5	(28.2)	(28.9)	1.0
Natural Gas and Pipeline	362,559	331,063	8.5	(5.7)	(6.3)	0.5
Head Office and Other	493	296	-	2.9	5.0	-
Elimination	(1,240,363)	(1,235,310)	-	-	-	-
Total	1,875,016	1,485,062	10.7	(23.7)	(23.5)	(1.3)

** Margin = Profit from principal operations / Income from principal operations*

(3) Principal subsidiaries and associates of the Group under CAS

Name of company	Registered capital	Shareholding	Amount of total assets	Amount of total liabilities	Amount of total net assets /(liabilities)	Net profit/ (loss)
	RMB million	%	RMB million	RMB million	RMB million	RMB million
Daqing Oilfield Company Limited	47,500	100.00	367,173	143,675	223,498	(9,967)
CNPC Exploration and Development Company Limited	16,100	50.00	198,438	44,386	154,052	6,006
PetroChina Hong Kong Limited	HK$7,592 million	100.00	155,317	65,061	90,256	9,944
PetroChina International Investment Company Limited	31,314	100.00	87,413	141,090	(53,677)	(6,852)
PetroChina International Co., Ltd.	18,096	100.00	189,431	121,570	67,861	5,204
PetroChina Sichuan Petrochemical Co.,Ltd.	10,000	90.00	30,649	5,868	24,781	520
China Oil & Gas Pipeline Network Corporation	500,000	29.90	729,994	159,712	570,282	6,444
China Petroleum Finance Co., Ltd.	8,331	32.00	491,085	416,818	74,267	7,819
CNPC Captive Insurance Co., Ltd.	5,000	49.00	14,223	7,528	6,695	389
China Marine Bunker (PetroChina) Co., Ltd.	1,000	50.00	9,004	6,085	2,919	185
Mangistau Investment B.V.	US$131 million	50.00	11,416	3,583	7,833	362
Trans-Asia Gas Pipeline Co., Ltd.	5,000	50.00	42,695	2,565	40,130	3,060

3.3 Distribution Plan for the Final Dividend for 2020

Affected by the COVID-19 and low oil prices, the Company's operating results in 2020 was greatly affected. Despite the difficulties, the Company always attaches great importance to shareholder returns. After overall consideration of the Company's operating performance, financial status, cash flow and income from pipeline asset restructuring, etc. and in return for the shareholders, the Board recommends a final cash dividend of RMB0.08742 yuan (inclusive of applicable tax) per share for 2020 to all shareholders. The total amount of cash dividends reaches RMB16 billion. The proposed final dividend is subject to shareholders' review and approval at the forthcoming 2020 annual general meeting to be held on June 10, 2021. The final dividend of H shares will be paid to all shareholders of H shares whose names appear on the register of members of the Company at the close of trading on June 28, 2021. The register of members of H shares will be closed from June 23, 2021 to June 28, 2021 (both days inclusive) during which period no transfer of H shares will be registered. In order to qualify for the final dividend, holders of H shares must lodge all transfer documents together with the relevant share certificates at Hong Kong Registrars Limited at or before 4:30 p.m. on June 22, 2021. Holders of A shares whose names appear on the register of members of the Company maintained at China Securities Depository and Clearing Corporation Limited ("CSDC") at the close of trading on the Shanghai Stock Exchange in the afternoon of June 28, 2021 are eligible for the final dividend. The final dividend of A shares and H shares for 2020 will be paid on or about June 29, 2021 and July 30, 2021, respectively.

In accordance with the relevant provisions of the Articles of Association and relevant laws and regulations, dividends payable to the Company's shareholders shall be declared in Renminbi. Dividends payable to the holders of A shares shall be paid in Renminbi, and for the A shares of the Company listed on the Shanghai Stock Exchange and invested by the investors through the Hong Kong Stock Exchange, dividends shall be paid in Renminbi to the accounts of the nominal shareholders through CSDC. Save for the H shares of the Company listed on the Hong Kong Stock Exchange and invested by the investors through the Shanghai Stock Exchange and the Shenzhen Stock Exchange (the "H Shares under the Southbound Trading Link"), dividends payable to the holders of H shares shall be paid in Hong Kong Dollar. The applicable exchange rate shall be the average of the medium exchange rate for Renminbi to Hong Kong Dollar as announced by the People's Bank of China for the week prior to the declaration of the dividends at the annual general meeting to be held on June 10, 2021. Dividends payable to the holders of H Shares under the Southbound Trading Link shall be paid in Renminbi. In accordance with the Agreement on Payment of Cash Dividends on the H Shares under the Southbound Trading Link (《港股通 H 股股票現金紅利派發協議》) between the Company and CSDC, CSDC will receive the dividends payable by the Company to holders of the H Shares under the Southbound Trading Link as a nominal holder of the H Shares under the Southbound Trading Link on behalf of investors and assist the payment of dividends on the H Shares under the Southbound Trading Link to investors thereof.

According to the Law on Corporate Income Tax of the People's Republic of China (《中華人民共和國企業所得稅法》) and the relevant implementing rules which came into effect on

January 1, 2008, amended on February 24, 2017 and December 29, 2018, the Company is required to withhold corporate income tax at the rate of 10% before distributing dividends to non-resident enterprise shareholders whose names appear on the register of members of H shares of the Company. Any H shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the corporate income tax. Should any holder of H shares wish to change their shareholder status, please consult their agent or trust institution over the relevant procedures. The Company will withhold payment of the corporate income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments and strictly based on the information registered on the Company's H share register of members on June 28, 2021.

According to the Notice on Issues Concerning the Collection and Management of Individual Income Tax after the Abolition of Guo Shui Fa [1993] No. 045 (《關于國稅發[1993]045 號文件廢止後有關個人所得稅征管問題的通知》promulgated by the State General Administration of Taxation of the PRC (Guo Shui Han [2011] No.348) (國家稅務總局國稅函[2011]348 號), the Company is required to withhold and pay the individual income tax for its individual H shareholders and the individual H shareholders are entitled to certain tax preferential treatments according to the tax agreements between those countries where the individual H shareholders are residents and China and the provisions in respect of tax arrangements between the mainland China and Hong Kong (Macau). The Company would withhold and pay the individual income tax at the tax rate of 10% on behalf of the individual H shareholders who are Hong Kong residents, Macau residents or residents of those countries having agreements with China for individual income tax rate in respect of dividend of 10%. For individual H shareholders who are residents of those countries having agreements with China for individual income tax rates in respect of dividend of lower than 10%, the Company would make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the circular of State Administration of Taxation on Issuing Administrative Measures on Preferential Treatment Entitled by Non-residents Taxpayers under Tax Treaties (SAT Circular [2019] No.35) (《關於發布<非居民納稅人享受協定待遇管理辦法>的公告》(國家稅務總局公告 2019 年第 35 號)). For individual H shareholders who are residents of those countries having agreements with China for individual income tax rates in respect of dividend of higher than 10% but lower than 20%, the Company would withhold the individual income tax at the agreed-upon effective tax rate. For individual H shareholders who are residents of those countries without any taxation agreements with China or having agreements with China for individual income tax in respect of dividend of 20% or in other situations, the Company would withhold the individual income tax at a tax rate of 20%.

The Company will determine the country of domicile of the individual H shareholders based on the registered address as recorded in the register of members of the Company (the "Registered Address") on June 28, 2021 and will accordingly withhold and pay the individual income tax. If the country of domicile of an individual H shareholder is not the same as the Registered Address, the individual H shareholder shall notify the share registrar of the Company's H shares and provide relevant supporting documents on or before 4:30 p.m. June 22, 2021 (address: Hong Kong Registrars Limited, Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong). If the individual H shareholder does not provide the relevant supporting documents to the share registrar of the Company's H shares within the time period stated above, the Company will determine the country of domicile of the individual H shareholder based on the recorded Registered Address on June 28, 2021.

The Company will not entertain any claims arising from and assume no liability whatsoever in respect of any delay in, or inaccurate determination of, the status of the shareholders of the Company or any disputes over the withholding and payment of tax.

In accordance with the Notice of Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No.81) (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》（財稅〔2014〕81 號）) which became effective on November 17, 2014, and the Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》（財稅[2016]127 號）), which became effective on December 5, 2016, with regard to the dividends obtained by individual mainland investors from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold their individual income tax at the rate of 20% in accordance with the register of individual mainland investors provided by CSDC. As to the withholding tax having been paid abroad, an individual investor may file an application for tax credit with the competent tax authority of CSDC with an effective credit document. With respect to the dividends obtained by mainland securities investment funds from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold tax with reference to the provisions concerning the collection of tax on individual investors. The Company will not withhold income tax on dividends obtained by mainland enterprise investors, and mainland enterprise investors shall file their income tax returns and pay tax themselves instead.

With regard to the dividends obtained by the investors (including enterprises and individuals) from investment in the A shares of the Company listed on Shanghai Stock Exchange through the Hong Kong Stock Exchange, the Company will withhold income tax at the rate of 10%, and file tax withholding returns with the competent tax authority. Where there is any tax resident of a foreign country out of the Hong Kong investors and the rate of income tax on dividends is less than 10%, as provided for in the tax treaty between the country and the PRC, the enterprise or individual may personally, or entrust a withholding agent to, file an application for the tax treatment under the tax treaty with the competent tax authority of the Company. Upon review, the competent tax authority will refund tax based on the difference between the amount of tax having been collected and the amount of tax payable calculated at the tax rate as set out in the tax treaty.

4 Significant Events

4.1 Acquisition, Asset Disposal and Asset Restructuring

On July 23, 2020, the Company entered into the Framework Agreement on Transaction of Oil and Gas Pipeline Relevant Assets and 10 sub-agreements including the Equity Acquisition Agreement on PetroChina Pipeline Co., Ltd., and the Production and Operation Agreement with PipeChina upon approval by sixth meeting of the Board of Directors of the Company in 2020 and forth meeting of the Supervisory Committee of the Company in 2020.The Company sold its major oil & gas pipelines, certain gas storages, LNG terminals and initial oil and gas (including its equity interests) to PipeChina for 29.9% of its equity interests and corresponding cash consideration (the "Transaction"). The consideration of the Transaction is based on the appraised value on December 31, 2019 (as the base date), taking into account factors such as the profit and loss during the transition period, subsequent adjustment events and the price at the timing of the delivery of initial oil and gas asset, which will be determined after audit. This transaction helped the Company focus more on its upstream oil and gas exploration and development business, actively promote the development of its downstream oil and gas distribution market, relieve the Company's pressure relating to capital expenditures, and make greater use of the nationwide oil and gas storage and transmission facilities, to improve operational efficiency and value creation capabilities.

On September 28, 2020, the Transaction was reviewed and approved at the second extraordinary general meeting of shareholders of the Company in 2020, with a support rate of 99.9963%.

On September 30, 2020, all of the conditions precedent set out in the Transaction Agreements have been satisfied. The ownership and risk of the Target Assets were passed to PipeChina at 24:00 on September 30, 2020.

The total assets sold in the Transaction amounted to RMB356,447 million, the book value of net assets attributable to the owners of the Company was RMB200,525 million, and the transaction value was RMB247,471 million. As the consideration, the Company recognised a long-term equity investment of RMB149,500 million in the PipeChina, and received a consideration in cash of RMB97,971 million. For the Transaction, the Company recognised profit before taxation of RMB46,946 million. The difference between the relevant amount and the amount set out in the circular of the Company dated 12 August 2020 on the Hong Kong Stock Exchange is mainly due to the change in price and quantity of the initial oil and gas and profits distribution to the Company in advance made by certain pipeline enterprises.

On December 22 2020, Kunlun Energy Company Limited, being a subsidiary of the Company ("Kunlun Energy") and PipeChina entered into the Equity Transfer Agreement, pursuant to which Kunlun Energy has conditionally agreed to sell and PipeChina has conditionally agreed to purchase the 60% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd. ("Beijing Pipeline") and 75% equity interest in PetroChina Dalian LNG Co., Ltd. ("Dalian LNG") held by Kunlun Energy at a base consideration of approximately RMB40,886 million (subject to the adjustments according to the price adjustment mechanism as set out in the Equity

Transfer Agreement), which all will be settled in cash by PipeChina. Upon completion of the transaction, Kunlun Energy will cease to hold any equity interests in the Beijing Pipeline and Dalian LNG. The transaction has been reviewed and approved by the ninth meeting of the Board in 2020, the general meeting of shareholders of Kunlun Energy and the competent internal authority of PipeChina.

For details, please refer to the announcements published by the Company on the Shanghai Stock Exchange (with the announcement numbers of Lin 2020-032, Lin 2020-041, Lin 2020-042, and Lin 2020-051, respectively) and the announcements published by the Company on the Hong Kong Stock Exchange on July 23, 2020, September 28, 2020, September 30, 2020, and December 22, 2020.

This event did not affect the continuity of the business and the stability of management of the Group, it may have an impact on the operating results of the Group's natural gas and pipeline business in the short term, and be conducive to the sustainable and healthy development of the Group and achieving sustainable and positive operating results in the long term.

4.2 The impact of COVID-19

In 2020, the outbreak of COVID-19 had a severe impact on the world economy, and China is set to take its toll on the Chinese economy. The Group was also significantly affected by the COVID-19, such that there has been a downfall in the demand for refined oil and natural gas in the market, while the prices of crude and refined oil and natural gas have been significantly decreased, and the operation and management of oil and gas industrial chain became more complicated and difficult. The Group actively set up an anti-COVID-19 steering team to arrange in time for various steps to be taken in response, safeguarding the health of its employees in addition to safe and well-ordered production and operation, taking special actions in improving quality and enhancing profitability, controlling the capital expenditures and costs, optimizing debt settlement structure, actively promoting price promotion and enhancing profitability, and accelerating the development of domestic natural gas business, thus trying to minimize the loss arising therefrom and ensure sustainable business development in the long run.

This event did not affect the continuity of the business and the stability of management of the Group, though it had a negative effect on the operating results of the Group.

4.3 Drastic drop in the international price of crude oil

In 2020, due to the impact of COVID-19, policies on reduced production of oil-producing countries and many other factors, the international crude oil price appeared in a “V” shape. There was a rarely seen drastic drop and even an unprecedented negative oil price in the first half of the year, which rose steadily after reaching a low point in late April. The price generally ran at a low level throughout the year. The average spot price of crude oil of North Sea Brent and WTI for the year was USD41.78 per barrel and USD39.28 per barrel, respectively, represented a decrease of 34.9% and 31.1% over last year, respectively. The Group has actively taken measures to cope with the risk of fluctuations in crude oil price and made every effort to maintain stable and healthy development of its production and operation.

This event did not affect the continuity of the business and the stability of management of the Group, though it had a negative effect on the operating results of the Group.

4.4 Phased Adjustment of Price Policies of Natural Gas

On February 22, 2020, National Development and Reform Commission (the "NDRC") issued the Notice on Interim Reduction of Gas Cost for Non-resident Use to Support Resumption of Work and Production (Fa Gai Jia Ge [2020] No. 257) (《關於階段性降低非居民用氣成本支持企業復工複產的通知》 (發改價格〔2020〕 257 號)) (the "Notice"), pursuant to which, to act on the government's guideline in respect of proper coordination of anti-COVID-19 efforts as well as economic and social development, the cost of non-resident use of gas will be lowered in the short term. Starting from the date thereof to June 30, 2020, off-season price policies shall be implemented in advance for the city gate prices of natural gas for non-resident use, greater price discounts shall be provided to industries, such as chemical fertilizers, which are deeply affected by the COVID-19, and the end-user prices of natural gas should reduce timely.

This event does not affect the continuity of the business or the stability of management of the Group but had certain impact on the operating results of the Group.

4.5 Continuous Implementation of Preferential Corporate Income Tax Policies for the Western Development Program

On April 23, 2020, the Ministry of Finance, the State Taxation Administration and the NDRC jointly issued the Announcement on Continuing Corporate Income Tax Policies for Enterprises of the Western Development Program (Announcement of the Ministry of Finance, State Taxation Administration and NDRC [2020] No.23) (《關於延續西部大開發企業所得稅政策的公告》(財政部 稅務總局 國家發展改革委公告 2020 年第 23 號)), clarifying that from January 1, 2021 to December 31, 2030, the corporate income tax on enterprises established in encouraged industries in the western region will be levied at a reduced rate of 15%. The previous corporate income tax preferential policies for enterprises of the western development program will be extended to the end of 2030.

This event does not affect the continuity of the business or the stability of management of the Group and is conducive to the sustainable and healthy development of the Group and achieving sustainable and positive operating results.

4.6 Issuance by the State of the Policy Relating to Special Funds for Clean Energy Development

On June 12, 2020, the Ministry of Finance issued the Interim Measures for the Management of Special Funds for Clean Energy Development (Caijian [2020] No. 190) (《清潔能源發展專項資金管理暫行辦法》(財建〔2020〕190 號)), which stipulates that using special funds to reward and subsidize for the mining of unconventional natural gas such as coalbed methane (coal gas), shale gas, and tight gas in accordance with the distribution principle of "more production and more subsidy". Subsidy will be awarded multi-step according to the excess degree for the exploitation and utilization of the previous year. If the amount of exploitation and utilization has not reached the amount of the previous year, the rewards and compensation fund will be deducted according to the degree of non-compliance; the excessive part of the unconventional natural gas produced during the heating season will be rewarded and subsidized in accordance with the principle of "more production in winter and more subsidy in winter". The aforementioned interim measures was implemented as from its date of issuance.

This event does not affect the continuity of the business or the stability of management of the Group and is conducive to the on the sustainable and healthy development and operating results of the Group.

4.7 Issuance by the State of the Export Tax Rebate Policy for Fuel Oil

On January 22, 2020, the Ministry of Finance, the State Taxation Administration , and the General Administration of Customs issued the Notice on the Policy on Implementing Export Tax Rebates for Bunkering Fuel Oil on International Shipping Vessels (No.4 Announcement of the Ministry of Finance, the State Taxation Administration, the General Administration of Customs in 2020) (《關於對國際航行船舶加注燃料油實行出口退稅政策的公告》(財政部 稅務總局 海關總署公告 2020 年第 4 號)), clarifying that refueling international shipping vessels at coastal ports of China will be entitled to export tax rebate/exemption, with the VAT export rebate rate being 13%. According to the Provisional Regulations on Consumption Tax, taxable export consumption goods are exempt from consumption tax. The announcement was implemented as from February 1, 2020.

Such matter does not affect the continuity of the business or the stability of management of the Group and is conducive to the sustainable and healthy development of the Group and achieving sustainable and positive operating results.

4.8 Regulating the Collection and Management of Taxes on Refined Oil

On June 12, 2020, NDRC and the National Energy Administration issued the Guiding Opinions on Effectively Guaranteeing Energy Security in 2020 (Fa Gai Yun Xing [2020] No.900) (《關於做好 2020 年能源安全保障工作的指導意見》(發改運行〔2020〕900 號)), proposing to intensify the crackdown on smuggling, tax evasion and other illegal activities concerning refined oil products to maintain market order. For local oil refineries that are qualified for importing and using crude oil but have committed serious tax evasion or other violations, their qualification will be cancelled once their evasion or violation is verified by the law enforcement departments, so as to create a market environment of fair competition. The aforementioned guiding opinions was implemented as from its date of issuance.

Such matter does not affect the continuity of the business or the stability of management of the Group and is conducive to the sustainable and healthy development of the Group and achieving sustainable and positive operating results.

5 Financial Report

5.1 Explanation for Changes in Accounting Policy, Accounting Estimate or Recognition Policy as Compared with those for Last Annual Report

√ Applicable □ Not applicable

5.1.1 Major impact of changes in PRC accounting policies

(a) CAS Bulletin No.13 (Caikuai [2019] No.21)

CAS Bulletin No.13 has amended the three elements of constituting a business, provides specific guidance on the determination of a business, and introduces an optional concentration test when the acquirer determine whether an acquired set of assets that not involving enterprises under common control constitute a business.

In addition, CAS Bulletin No.13 has further clarified that related parties of an entity also include the joint venture(s) or associate(s) of the other members (including the parent and subsidiaries) in the same group that includes the entity, and the other joint venture(s) or associate(s) of the investors who exercise joint control over the entity, etc.

CAS Bulletin No.13 takes effect on 1 January 2020. The Company has adopted the accounting policy change prospectively. The adoption of CAS Bulletin No.13 does not have any significant effect on the financial position, financial performance or related party disclosures of the Company.

(b) The Accounting Treatment of COVID-19-Related Rent Concessions (Caikuai [2020] No.10)

Caikuai [2020] No.10 provides a practical expedient under certain conditions for rent concessions occurring as a direct consequence of the Covid-19 pandemic. If an entity elects to apply the practical expedient, the entity does not need to assess whether a lease modification has occurred or to reassess the lease classification.

Caikuai [2020] No.10 takes effect on 24 June 2020 (the implementation date). The entity is allowed to adjust the related rent concessions that occurred between 1 January 2020 and the implementation date. The adoption of Caikuai [2020] No.10 does not have any significant effect on the financial position or financial performance of the Company.

Details of changes in accounting policies and its impacts mentioned above, please see Note “4 (32) Changes in accounting policies” of financial statements prepared in accordance with CAS in the 2020 Annual Report of PetroChina Company Limited.

5.1.2 Major impact of changes in IFRS accounting policies

The Group has initially adopted Definition of a Business (Amendments to IFRS 3) from 1 January 2020. A number of other new standards are also effective from 1 January 2020 but they do not have a material effect on the Group's financial statements.

Details of changes in accounting policies and its impacts mentioned above, please see Note "3(ac) New accounting standards developments" of financial statements prepared in accordance with IFRS in the 2020 Annual Report of PetroChina Company Limited.

5.2 Nature, Corrected Amount, Reason and Impact of Material Accounting Error

□ Applicable √ Not applicable

5.3 Changes in the Scope of Consolidation as Compared with those for Last Annual Report

√ Applicable □ Not applicable

The pipeline assets restructuring in the year sold the net assets of relevant subsidiaries, associates and joint ventures to PipeChina. For details of disposal of subsidiaries, please see Note "6 (2) Disposal of subsidiaries" of financial statements prepared in accordance with CAS in the 2020 Annual Report of PetroChina Company Limited.

5.4 Statement of the Board of Directors and the Supervisory Committee on Issuance of a "Non-Standard Auditing Report" by the Auditor

□ Applicable √ Not applicable

5.5 The Balance Sheets, Income Statements, with Comparatives

5.5.1 Financial statements prepared in accordance with IFRS

(1) Consolidated Statement of Comprehensive Income

	Notes	2020 RMB million	2019 RMB million
REVENUE	(i)	1,933,836	2,516,810
OPERATING EXPENSES			
Purchases, services and other		(1,267,797)	(1,697,834)
Employee compensation costs		(147,604)	(154,318)
Exploration expenses, including exploratory dry holes		(19,333)	(20,775)
Depreciation, depletion and amortisation		(213,875)	(225,262)
Selling, general and administrative expenses		(64,345)	(68,596)
Taxes other than income taxes		(195,850)	(228,436)
Other income net		50,905	173
TOTAL OPERATING EXPENSES		(1,857,899)	(2,395,048)
PROFIT FROM OPERATIONS		75,937	121,762
FINANCE COSTS			
Exchange gain		14,387	10,017
Exchange loss		(14,279)	(10,016)
Interest income		3,023	3,631
Interest expense		(26,528)	(30,409)
TOTAL NET FINANCE COSTS		(23,397)	(26,777)
SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES		3,533	8,229
PROFIT BEFORE INCOME TAX EXPENSE	(ii)	56,073	103,214
INCOME TAX EXPENSE	(iii)	(22,588)	(36,199)
PROFIT FOR THE YEAR		33,485	67,015
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Fair value changes in equity investment measured at fair value through other comprehensive income		113	156
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences		(10,802)	8,357
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method		(441)	417
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX		(11,130)	8,930
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		22,355	75,945
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		19,006	45,682
Non-controlling interests		14,479	21,333
		33,485	67,015
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		14,634	50,323
Non-controlling interests		7,721	25,622
		22,355	75,945
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB)	(iv)	0.10	0.25

(2) Consolidated Statement of Financial Position

	Notes	2020 RMB million	2019 RMB million
NON-CURRENT ASSETS			
Property, plant and equipment		1,452,091	1,783,224
Investments in associates and joint ventures		250,603	102,073
Equity investments measured at fair value through other comprehensive income		902	922
Right-of-use assets		209,786	254,736
Intangible and other non-current assets		67,494	100,663
Deferred tax assets		11,364	24,259
Time deposits with maturities over one year		9,119	120
TOTAL NON-CURRENT ASSETS		2,001,359	2,265,997
CURRENT ASSETS			
Inventories		128,539	181,921
Accounts receivable	(vi)	52,325	64,184
Prepayments and other current assets		109,262	103,127
Notes receivable		8,076	7,016
Time deposits with maturities over three months but within one year		27,319	24,256
Cash and cash equivalents		118,631	86,409
Assets held for sale		42,615	-
TOTAL CURRENT ASSETS		486,767	466,913
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	(vii)	316,140	328,314
Contract liabilities		91,477	82,490
Income taxes payable		3,730	7,564
Other taxes payable		59,994	59,818
Short-term borrowings		117,542	175,840
Lease liabilities		6,579	7,393
Liabilities directly associated with the assets held for sale		9,956	-
TOTAL CURRENT LIABILITIES		605,418	661,419
NET CURRENT LIABILITIES		(118,651)	(194,506)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,882,708	2,071,491
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Share capital		183,021	183,021
Retained earnings		727,955	743,124
Reserves		304,182	304,011
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		1,215,158	1,230,156
NON-CONTROLLING INTERESTS		151,463	214,149
TOTAL EQUITY		1,366,621	1,444,305
NON-CURRENT LIABILITIES			
Long-term borrowings		251,379	290,882
Asset retirement obligations		114,819	137,935
Lease liabilities		122,644	164,143
Deferred tax liabilities		16,380	21,411
Other long-term obligations		10,865	12,815
TOTAL NON-CURRENT LIABILITIES		516,087	627,186
TOTAL EQUITY AND NON-CURRENT LIABILITIES		1,882,708	2,071,491

(3) Selected notes from the financial statements prepared in accordance with IFRS

(i) Revenue

Revenue represents revenues from the sale of crude oil, natural gas, refined products and chemical products and from the transmission of crude oil, refined products and natural gas.

(ii) Profit Before Income Tax Expense

	2020	**2019**
	RMB million	**RMB million**
Items credited and charged in arriving at the profit before income tax expense include:		
Credited		
Dividend income from equity investments measured at fair value through other comprehensive income	25	22
Reversal of provision for impairment of receivables	95	1,630
Reversal of write down in inventories	186	201
Government grants (a)	11,236	12,281
Gain on disposal of investment in subsidiaries	2,129	49
Gain on Pipeline restructuring	46,946	-
Charged		
Amortisation of intangible and other assets	5,944	4,992
Depreciation and Impairment losses:		
Owned property, plant and equipment	194,015	205,297
Right-of-use assets	13,916	14,973
Auditors' remuneration (b)	49	53
Cost of inventories recognised as expense	1,527,271	1,981,628
Provision for impairment of receivables	438	263
Loss on disposal of property, plant and equipment	5,398	9,809
Variable lease payments, low-value and short-term lease payment not included in the measurement of lease liabilities	3,362	3,514
Research and development expenses	15,746	15,666
Write down in inventories	8,337	1,461

Note (a): Comprises proportionate refund of import value-added tax relating to the import of natural gas (including liquefied natural gas) provided by the PRC government and value-added tax refund upon levy for pipeline transportation service over which portion of value-added tax actual tax burden exceeds 3%. This value-added tax refund is applicable from January 1, 2011 to December 31, 2020 and available when the import prices of the natural gas and liquefied natural gas imported under any State-sanctioned pipelines are higher than their prescribed selling prices.

(b): The auditors' remuneration above represents the annual audit fees paid by the Company. This remuneration does not include fees of RMB62 million (2019: RMB60 million) paid by subsidiaries to the Company's current auditor and its network firms which primarily relates to audit, tax compliance and other advisory services.

(iii) Income Tax Expense

	2020	2019
	RMB million	**RMB million**
Current taxes	14,922	32,714
Deferred taxes	7,666	3,485
	22,588	36,199

In accordance with the relevant PRC income tax rules and regulations, the PRC corporate income tax rate applicable to the Group is principally 25%. Operations of the Group in western regions in China qualified for certain tax incentives in the form of a preferential income tax rate of 15% through the year 2030.

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the corporate income tax rate in the PRC applicable to the Group as follows:

	2020	2019
	RMB million	**RMB million**
Profit before income tax expense	56,073	103,214
Tax calculated at a tax rate of 25%	14,018	25,804
Tax return true-up	256	691
Effect of income taxes from international operations different from taxes at the PRC statutory tax rate	1,522	6,112
Effect of preferential tax rate	(1,312)	(5,529)
Tax effect of income not subject to tax	(3,612)	(3,767)
Tax effect of expenses not deductible for tax purposes	5,455	4,479
Tax effect of temporary differences and losses in unrecognized deferred taxation	6,261	8,409
Income tax expense	22,588	36,199

(iv) Basic and Diluted Earnings Per Share

Basic and diluted earnings per share for the year ended December 31, 2020 and 2019 have been computed by dividing profit for the year attributable to owners of the Company by 183,021 million shares issued and outstanding for the year.

There are no potentially dilutive ordinary shares.

(v) Dividends

	2020	2019
	RMB million	**RMB million**
Interim dividends attributable to owners of the Company for 2020 (a)	16,000	-
Proposed final dividends attributable to owners of the Company for 2020 (b)	16,000	-
Interim dividends attributable to owners of the Company for 2019 (c)	-	14,212
Final dividends attributable to owners of the Company for 2019 (d)	-	12,081
	32,000	26,293

Note (a): Interim dividends attributable to owners of the Company in respect of 2020 of RMB0.08742 yuan per share amounting to a total of RMB16,000 million. The dividends were paid on September 22, 2020 (A shares) and November 13, 2020 (H shares).

(b): At the eighth meeting of eighth session of the Board in 2020, the Board of Directors proposed final dividends attributable to owners of the Company in respect of 2020 of RMB0.08742 yuan per share amounting to a total of RMB16,000 million. These consolidated financial statements do not reflect this dividend payable as the final dividends were proposed after the reporting period and will be accounted for in equity as an appropriation of retained earnings for the year ended December 31, 2020 when approved at the forthcoming Annual General Meeting.

(c): Interim dividends attributable to owners of the Company in respect of 2019 of RMB0.07765 yuan per share amounting to a total of RMB14,212 million. The dividends were paid on September 24, 2019 (A shares) and November 1, 2019(H shares).

(d): Final dividends attributable to owners of the Company in respect of 2019 of RMB0.06601 yuan per share amounting to a total of RMB12,081 million and were paid on June 30, 2020 (A shares) and July 31, 2020 (H shares).

(vi) Accounts Receivable

	December 31, 2020	**December 31, 2019**
	RMB million	**RMB million**
Accounts receivable	53,465	66,615
Less: Provision for impairment of receivables	(1,140)	(2,431)
	52,325	64,184

The aging analysis of accounts receivable (net of impairment of accounts receivable) based on the invoice date (or date of revenue recognition, if earlier) at December 31, 2020 and 2019 is as follows:

	December 31, 2020	**December 31, 2019**
	RMB million	**RMB million**
Within 1 year	51,641	63,392
Between 1 and 2 years	374	419
Between 2 and 3 years	209	267
Over 3 years	101	106
	52,325	64,184

(vii) Accounts Payable and Accrued Liabilities

	December 31, 2020	**December 31, 2019**
	RMB million	**RMB million**
Trade payables	113,119	148,335
Salaries and welfare payable	8,649	10,169
Dividends payable by subsidiaries to non-controlling shareholders	952	389
Interest payable	4,034	4,719
Construction fee and equipment cost payables	107,199	111,767
Other(i)	82,187	52,935
	316,140	328,314

(i) Other consists primarily of notes payables, insurance payable, etc.

The aging analysis of trade payables at December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
	RMB million	RMB million
Within 1 year	104,812	136,670
Between 1 and 2 years	1,696	5,472
Between 2 and 3 years	2,342	3,180
Over 3 years	4,269	3,013
	113,119	148,335

(viii) Segment Information

The Group is principally engaged in a broad range of petroleum related products, services and activities. The Group's operating segments comprise: Exploration and Production, Refining and Chemicals, Marketing, and Natural Gas and Pipeline. The segment information for the operating segments for the year ended December 31, 2020 and 2019 is as follows:

Year Ended December 31,2020	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Revenue	530,807	774,775	1,497,533	370,771	3,547	3,177,433
Less: offset	(437,670)	(492,667)	(276,503)	(35,437)	(1,320)	(1,243,597)
Revenue from external customers	93,137	282,108	1,221,030	335,334	2,227	1,933,836
Depreciation, depletion and amortisation	(150,849)	(23,893)	(17,833)	(19,475)	(1,825)	(213,875)
Profit/(loss) from operations	23,092	(1,834)	(2,906)	72,410	(14,825)	75,937

Year Ended December 31, 2019	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Revenue	676,320	1,000,062	2,075,044	391,023	3,700	4,146,149
Less: offset	(552,672)	(702,207)	(332,164)	(40,652)	(1,644)	(1,629,339)
Revenue from external customers	123,648	297,855	1,742,880	350,371	2,056	2,516,810
Depreciation, depletion and amortisation	(158,874)	(25,469)	(16,657)	(22,375)	(1,887)	(225,262)
Profit/(loss) from operations	96,097	16,077	(2,878)	26,108	(13,642)	121,762

5.5.2 Financial statements prepared in accordance with CAS

(1) Consolidated and Company Balance Sheets

Unit：RMB million

ASSETS	December 31, 2020 The Group	December 31, 2019 The Group	December 31, 2020 The Company	December 31, 2019 The Company
Current assets				
Cash at bank and on hand	145,950	110,665	42,787	6,636
Accounts receivable	52,325	64,184	8,412	10,072
Receivables financing	8,076	7,016	2,830	2,538
Advances to suppliers	21,626	17,038	8,861	6,980
Other receivables	26,834	21,199	14,738	8,997
Inventories	128,539	181,921	77,813	117,757
Assets held for sale	42,615	-	-	-
Other current assets	60,802	64,890	44,614	47,565
Total current assets	486,767	466,913	200,055	200,545
Non-current assets				
Investments in other equity instruments	910	930	427	437
Long-term equity investments	250,698	102,165	451,677	402,584
Fixed assets	415,988	703,414	264,241	347,649
Oil and gas properties	813,888	831,814	598,665	599,230
Construction in progress	222,215	247,996	142,470	158,823
Right-of-use assets	144,338	189,632	66,765	107,852
Intangible assets	86,101	84,832	65,841	64,530
Goodwill	8,125	42,808	30	-
Long-term prepaid expenses	11,869	10,258	8,980	8,198
Deferred tax assets	11,364	24,259	2,008	14,725
Other non-current assets	36,137	28,169	13,524	10,571
Total non-current assets	2,001,633	2,266,277	1,614,628	1,714,599
TOTAL ASSETS	2,488,400	2,733,190	1,814,683	1,915,144

Unit: RMB million

LIABILITIES AND SHAREHOLDERS' EQUITY	December 31, 2020 The Group	December 31, 2019 The Group	December 31, 2020 The Company	December 31, 2019 The Company
Current liabilities				
Short-term borrowings	41,354	70,497	25,923	66,027
Notes payable	19,313	13,153	18,203	12,046
Accounts payable	220,318	260,102	99,276	102,780
Contract liabilities	91,477	82,490	59,877	54,014
Employee compensation payable	8,649	10,169	6,559	7,931
Taxes payable	63,724	67,382	45,769	42,779
Other payables	56,250	34,699	74,496	60,291
Liabilities held for sale	9,956	-	-	-
Current portion of non-current liabilities	81,769	92,879	64,745	36,799
Other current liabilities	12,608	30,048	1,791	25,882
Total current liabilities	605,418	661,419	396,639	408,549
Non-current liabilities				
Long-term borrowings	160,140	174,411	68,829	110,717
Debentures payable	91,239	116,471	87,000	113,000
Lease liabilities	122,644	164,143	47,983	85,449
Provisions	114,819	137,935	81,941	95,643
Deferred tax liabilities	16,390	21,418	-	-
Other non-current liabilities	10,865	12,815	5,496	6,511
Total non-current liabilities	516,097	627,193	291,249	411,320
Total liabilities	1,121,515	1,288,612	687,888	819,869
Shareholders' equity				
Share capital	183,021	183,021	183,021	183,021
Capital surplus	127,222	127,314	127,044	127,845
Special reserve	10,810	12,443	4,708	6,513
Other comprehensive income	(32,128)	(27,756)	455	979
Surplus reserves	203,557	197,282	192,465	186,190
Undistributed profits	722,939	738,124	619,102	590,727
Equity attributable to equity holders of the Company	1,215,421	1,230,428	1,126,795	1,095,275
Non-controlling interests	151,464	214,150	-	-
Total shareholders' equity	1,366,885	1,444,578	1,126,795	1,095,275
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,488,400	2,733,190	1,814,683	1,915,144

(2) Consolidated and Company Income Statements

Unit：RMB million

Items	2020 The Group	2019 The Group	2020 The Company	2019 The Company
Operating income	1,933,836	2,516,810	1,097,522	1,363,878
Less: Cost of sales	(1,546,604)	(2,002,403)	(858,403)	(1,053,994)
Taxes and surcharges	(194,904)	(226,905)	(153,214)	(174,410)
Selling expenses	(71,476)	(74,108)	(49,707)	(50,879)
General and administrative expenses	(55,315)	(61,757)	(33,558)	(38,053)
Research and development expenses	(15,746)	(15,666)	(11,748)	(11,635)
Finance expenses	(24,304)	(27,816)	(20,781)	(20,791)
Including: Interest expenses	26,528	30,409	20,484	20,834
Interest income	3,023	3,631	558	666
Add: Other income	9,889	11,267	6,976	8,392
Investment income	51,845	8,867	114,412	26,616
Including: Income from investment in associates and joint ventures	3,533	8,229	5,314	4,108
Credit (losses)/reversal	(341)	1,378	(143)	1,461
Asset impairment losses	(23,520)	(14,712)	(13,110)	(7,267)
Gain on asset disposal	1,423	565	1,302	589
Operating profit	64,783	115,520	79,548	43,907
Add: Non-operating income	4,109	4,971	3,206	4,242
Less: Non-operating expenses	(12,823)	(17,278)	(7,526)	(11,845)
Profit before taxation	56,069	103,213	75,228	36,304
Less: Taxation	(22,588)	(36,203)	(12,483)	(5,938)
Net profit	33,481	67,010	62,745	30,366
Classified by continuity of operation:				
Net profit from continuous operation	33,481	67,010	62,745	30,366
Net profit from discontinued operation	-	-	-	-
Classified by ownership:				
Shareholders of the Company	19,002	45,677	62,745	30,366
Non-controlling interests	14,479	21,333	-	-
Other comprehensive income, net of tax	(11,130)	8,930	(524)	474
Other comprehensive income (net of tax) attributable to equity holders of the Company	(4,372)	4,641	(524)	474
(1) Items that will not be reclassified to profit or loss:				
Changes in fair value of investments in other equity instruments	(22)	96	(10)	40
(2) Items that may be reclassified to profit or loss:				
Other comprehensive income recognised under equity method	(441)	417	(514)	434
Translation differences arising from translation of foreign currency financial statements	(3,909)	4,128	-	-
Other comprehensive income (net of tax) attributable to non-controlling interests	(6,758)	4,289	-	-
Total comprehensive income	22,351	75,940	62,221	30,840
Attributable to:				
Equity holders of the Company	14,630	50,318	62,221	30,840
Non-controlling interests	7,721	25,622	-	-
Earnings per share				
Basic earnings per share (RMB yuan)	0.10	0.25	0.34	0.17
Diluted earnings per share (RMB yuan)	0.10	0.25	0.34	0.17

6 Repurchase, Sale or Redemption of Securities

The Company and its subsidiaries did not repurchase, sell or redeem any listed securities of the Group, during the twelve months ended December 31, 2020.

7 Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the provisions in relation to dealing in shares of the Company by Directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"). After enquiries being made to all the Directors and Supervisors, each Director and Supervisor has confirmed to the Company that each of them has complied with the relevant requirements set out in the Model Code in the reporting period.

8 Compliance with the Corporate Governance Code

For the year ended December 31, 2020, save for the changes happened during the reporting period as set forth below, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

On December 9, 2019, Mr. Hou Qijun resigned as Director and President of the Company due to other work commitment. On January 19, 2020, Mr. Wang Yilin resigned as Chairman, Director and chairman of the Nomination Committee of the Company due to his age. On March 9, 2020, Mr. Duan Liangwei was appointed as the President of the company. On March 25, 2020, Mr. Dai Houliang was elected as the Chairman, chairman of the Nomination Committee of the Company, and Mr. Li Fanrong was elected as the Vice Chairman of the Company. Currently, the Company has complied with all the code provisions of the Corporate Governance Code.

9 Audit Committee

The Audit Committee of the Company comprises Mr. Cai Jinyong, Mr. Jiang, Simon X. and Mr. Liu Yuezhen. The major responsibilities of the Audit Committee are to review and monitor the Group's financial reporting procedures and internal control systems and to provide opinions to the Board. The Audit Committee of the Company has reviewed and confirmed the annual results for the twelve months ended December 31, 2020.

The figures set out in the results announcement of the Group for the year ended December 31, 2020 have been reviewed by the Company's auditor to be consistent with the figures set out in the Group's audited consolidated financial statements for the year ended December 31, 2020.

By Order of the Board of Directors
PetroChina Company Limited
Dai Houliang
Chairman
Beijing, the PRC
March 25, 2021

As at the date of this announcement, the Board comprises Mr. Dai Houliang as Chairman; Mr. Li Fanrong as Vice Chairman and non-executive Director; Mr. Duan Liangwei, Mr. Liu Yuezhen, Mr. Jiao Fangzheng as non-executive Directors; Mr. Huang Yongzhang as executive Director and Ms. Elsie Leung Oi-sie, Mr. Tokuchi Tatsuhito, Mr. Simon Henry, Mr. Cai Jinyong and Mr. Jiang, Simon X. as independent non-executive Directors.

This announcement contains certain forward-looking statements with respect to the financial position, financial results and business of the Group. These forward-looking statements are, by their names, subject to significant risk and uncertainties because they relate to events and depend on circumstances that may occur in the future and are beyond our control. The forward-looking statements reflect the Group's current views with respect to future events and are not a guarantee of future performance. Actual results may differ from information contained in the forward-looking statements.

This announcement is published in English and Chinese. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

APPENDIX II

REPRODUCTION OF THE PRESS RELEASE DATED 10 FEBRUARY 2021 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

The information set out below is a reproduction of the press release dated 10 February 2021 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 2020.

RESULTS AT DECEMBER 31ST 2020

Press release
Paris, February 10th 2021

Q4 20: CONFIRMATION OF THE IMPROVEMENT OF THE COMMERCIAL AND FINANCIAL PERFORMANCES

Resilience of revenues in an environment still marked by the crisis (+1.6%* vs. Q3 20, -2.3%* vs. Q4 19)
Continued discipline in cost management (-3.0%(1)* vs. Q4 19) with a positive jaws effect
Cost of risk at 54 basis points resulting from the very good performance of the loan portfolio while including prudent provisioning
Underlying Group net income of EUR 631m (EUR 470m on a reported basis)

2020: RESPONSIBLE MANAGEMENT OF THE CRISIS, RESILIENCE OF THE BUSINESSES AND SOLIDITY OF THE BALANCE SHEET

Ongoing support for customers, exceptional mobilisation of employees
Underlying Group net income of EUR 1.4bn (reported result EUR -258m)
Underlying operating expenses of EUR 16.5bn(1) (-5.2%(1) vs. 2019)
Cost of risk contained at 64 basis points (including EUR 1.4bn of provisioning on performing loans, i.e. 41% of the total)
Disciplined capital management: CET1 ratio at 13.4%(2), around 440 basis points above the regulatory requirement)
Payment of a cash dividend calculated in accordance with the maximum authorised by the European Central Bank (ECB) recommendation: EUR 0.55 per share
Share buy-back programme, in Q4 21, for an amount equivalent to the amount assigned to the dividend payment (around EUR 470m, i.e. an impact of around 13 basis points on the Group's CET1 ratio), subject to the non-renewal of the ECB's recommendation and the authorisation for its implementation

2021 PRIORITY: DISCIPLINED EXECUTION OF THE STRATEGIC ROADMAP

First year of preparation of the **merger of the Societe Generale and Crédit du Nord networks**
Finalisation of the repositioning of **Global Markets**
Ramping up of **growth drivers**
Further development of **Corporate Social Responsibility** dynamics
Increased operational efficiency efforts mainly through the **digitalisation of processes**

Frédéric Oudéa, the Group's Chief Executive Officer, commented:
"The Q4 results provide further confirmation of the rebound in our businesses observed in Q3 after a beginning of the year marked by the impacts of the COVID crisis. Confident in the quality of our franchises and our balance sheet, drawing on the exceptional commitment of our teams, in H2 we defined ambitious and value-creating strategic trajectories for our businesses, demonstrating our ability to adapt and transform in a durably more uncertain environment. We are therefore entering 2021 with confidence and determination with, as a priority, the execution of our strategic roadmap. Consistent with our raison d'être, we will continue to support our customers in all the transformations accelerated by this crisis, whether they concern the growing use of digital technologies or increased attention to corporate social responsibility issues."

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(1) Underlying data (see methodology note No. 5 for the transition from accounting data to underlying data)
(2) Phased-in ratio ; fully-loaded ratio of 13.2%
*The footnote * in this document corresponds to data adjusted for changes in Group Structure and at constant exchange rates*

1. GROUP CONSOLIDATED RESULTS

In EURm	Q4 20	Q4 19	Change		2020	2019	Change	
Net banking income	5,838	6,213	-6.0%	-2.3%*	22,113	24,671	-10.4%	-7.6%*
Operating expenses	(4,351)	(4,503)	-3.4%	-0.2%*	(16,714)	(17,727)	-5.7%	-3.4%*
Underlying operating expenses(1)	*(4,318)*	*(4,595)*	*-6.0%*	*-3.0%**	*(16,504)*	*(17,411)*	*-5.2%*	*-2.8%**
Gross operating income	1,487	1,710	-13.0%	-7.8%*	5,399	6,944	-22.2%	-18.8%*
Underlying gross operating income(1)	*1,520*	*1,618*	*-6.0%*	*-0.1%**	*5,609*	*7,260*	*-22.7%*	*-19.5%**
Net cost of risk	(689)	(371)	+85.7%	+92.4%*	(3,306)	(1,278)	x 2.6	x 2.7*
Underlying net cost of risk (1)	*(669)*	*(371)*	*+80.3%*	*+86.8%**	*(3,286)*	*(1,260)*	*x 2.6*	*x 2.7**
Operating income	798	1,339	-40.4%	-36.4%*	2,093	5,666	-63.1%	-61.6%*
Underlying operating income(1)	*851*	*1,247*	*-31.7%*	*-26.8%**	*2,323*	*6,000*	*-61.3%*	*-59.8%**
Net profits or losses from other assets	(94)	(125)	+24.8%	+24.9%*	(12)	(327)	+96.3%	+96.3%*
Underlying net profits or losses from other assets(1)	*7*	*12*	*-41.7%*	*-40.7%**	*166*	*59*	*x 2.8*	*X2.8**
Net income from companies accounted for by the equity method	3	(154)	n/s	n/s	3	(129)	n/s	n/s
Underlying net income from companies accounted for by the equity method(1)	3	4	n/s	n/s	3	29	n/s	n/s
Impairment losses on goodwill	0	0	n/s	n/s	(684)	0	n/s	n/s
Income tax	(125)	(230)	-45.7%	-46.9%*	(1,204)	(1,264)	-4.8%	+9.2%*
Reported Group net income	470	654	-28.1%*	-17.6%*	(258)	3,248	n/s	n/s
Underlying Group net income(1)	*631*	*875*	*-27.9%*	*-20.3%**	*1,435*	*4,061*	*-64.7%*	*-63.9%**
ROE	2.4%	3.7%			-1.7%	5.0%		
ROTE	2.7%	5.0%			-0.4%	6.2%		
Underlying ROTE (1)	*4.1%*	*6.2%*			*1.7%*	*7.6%*		

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

Societe Generale's Board of Directors, which met on February 9th, 2021, under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q4 and approved the results for full-year 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

2020 was impacted by a global health crisis resulting in net banking income for the Group of EUR 22,113 million, down -7.6%* vs. 2019. After a H1 marked by the effects of the health crisis and the dislocation of businesses, the performance of the three business divisions improved significantly in H2, in a still uncertain environment.

Net banking income (excluding PEL/CEL provision) for French Retail Banking was up +2% in H2 2020 vs. H1, with a full-year contraction of -6.1% vs. 2019. The dynamic rebound in H2 was also observed on International Retail Banking & Financial Services' revenues (+2.6%* vs. H1 20); its full-year trend was -2.9%*.

There was also a sharp rebound in Global Banking & Investor Solutions' net banking income in H2 (+17% vs. H1) against the backdrop of the normalisation of market conditions. Revenues were down -12.5% (-11.8%*) in 2020.

Q4 confirmed the improvement in revenues observed in Q3, despite the worsening health crisis in several regions. The three business divisions contributed to the growth in the Group's net banking income which came to EUR 5,838 million, up +1.6%* when adjusted for changes in Group structure and at constant exchange rates vs. Q3 20.

Operating expenses

Underlying operating expenses were substantially lower in 2020 at EUR 16,504 million (-5.2% vs. 2019, -2.8%*), in line with the full-year target.

Operating expenses included a EUR 210 million restructuring charge recognised in Q4 and as a result came to EUR 16,714 million, down -5.7% vs. 2019 (-3.4%*). They included a EUR 316 million restructuring provision in 2019.

All the Group's businesses contributed to this decline: French Retail Banking's costs were down -4.9% vs. 2019, those of International Retail Banking & Financial Services fell by -9.6% in 2020 and those of Global Banking & Investor Solutions by -8.7%.

The Group is committed to a decline in its underlying operating expenses as from 2023 (vs. 2020). Several initiatives, already launched, will contribute to this process with benefits already expected in 2022 (a decline in underlying costs of around EUR 450 million in Global Markets between now and 2022/2023 and around EUR 450 million in French Retail Banking by 2025 - with around 80% already expected to be achieved in 2024 - as well as additional reductions expected in particular following the finalisation of remediation efforts and the industrialisation of processes).

In 2021, the Group intends to continue to strictly manage its costs and is aiming for a positive jaws effect with costs slightly higher.

Underlying operating expenses totalled EUR 4,318 million in Q4 20, down -6.0% vs. Q4 19, after restatement of a restructuring charge of EUR 210 million and an IFRIC 21 adjustment charge of EUR -177 million. Underlying operating expenses were down -3% when adjusted for changes in Group structure and at constant exchange rates, enabling a positive jaws effect.

Cost of risk

The commercial cost of risk amounted to 64 basis points in 2020, representing a net cost of risk of EUR 3,306 million (vs. EUR 1,278 million in 2019). This rise can be attributed primarily to an increase in provisions in respect of performing loans (classified in Stage 1 and Stage 2) for a total amount of EUR 1,367 million, including an impact of EUR 1,010 million related to the review of macro-economic scenarios.

The gross doubtful outstandings ratio remained at low levels throughout the year and amounted to 3.3%(1) at December 31st 2020 (3.1% at December 31st 2019). The Group's gross coverage ratio for doubtful outstandings stood at 52%(2) at December 31st 2020 (56% at December 31st 2019).

In Q4, the commercial cost of risk stood at 54 basis points (40 basis points in Q3 20 and 29 basis points in Q4 19). The net cost of risk of EUR 689 million includes provisions related to loans classified in performing (Stage 1 and Stage 2) for a total amount of EUR 367 million.

The total amount of repayment moratoriums, within the meaning of the EBA definition, granted at end-September 2020 was around EUR 35 billion, with around EUR 5 billion still in force at December 31st 2020. Of the total repayment moratoriums granted at 31 December 2020, 2.2% were classified in Stage 3 (credit-impaired loans).

(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.*

The Group also granted EUR 19 billion of State-guaranteed loans in all geographies o/w EUR 18 billion in France. Net exposure of the Group on State-guaranteed loans in France ("*PGE*") is around EUR 2 billion. At 31 December 2020, 2.3% of State-guaranteed loans are classified in Stage 3 (non-performing loans).

The Group expects a lower commercial cost of risk in 2021 than in 2020.

Net profits or losses from other assets

Net profits or losses from other assets totalled EUR -12 million in 2020 and EUR -94 million in Q4 20.

Group net income

In EURm	Q4 20	Q4 19	2020	2019
Reported Group net income	470	654	(258)	3,248
Underlying Group net income(1)	631	875	1,435	4,061

In %	Q4 20	Q4 19	2020	2019
ROTE (reported)	2.7%	5.0%	-0.4%	6.2%
Underlying ROTE[(1)]	4.1%	6.2%	1.7%	7.6%

Distribution to shareholders

The Board of Directors has decided to propose the payment of a dividend of EUR 0.55 per share in cash to the Ordinary General Meeting of Shareholders on May 18th, 2021, in accordance with the methodology recommended by the European Central Bank (ECB). The dividend will be detached on May 25th, 2021 and paid on May 27th, 2021.

The Group intends to launch a share buy-back programme, in Q4 2021, for an amount equivalent to the amount assigned to the dividend payment (around EUR 470m, i.e. an impact of around 13 basis points on the Group's CET1 ratio), subject to the non-renewal of the ECB's recommendation and the authorisation for its implementation. The fully loaded pro forma ratio would be 13% at end-December 2020 (phased-in pro-forma ratio of 13.3%).

Additional information

Societe Generale's Board of Directors, which met on January 14th, 2021, decided to submit to the May 2024 General Meeting of Shareholders that will approve the financial statements for the 2023 financial year, the appointment of the firms KPMG and PwC as from January 1st, 2024 as statutory auditors for a 6-year term to replace the firms Deloitte and EY, whose terms of office will expire and can no longer be renewed in accordance with legal provisions. This decision follows a tender process managed under the supervision of the audit and internal control committee. The committee interviewed all the candidates and made its choice independently of the management. It presented the possible different choices to the Board of Directors before formulating its proposal.

(1) Underlying data. See methodology note No. 5 for the transition from accounting data to underlying data

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 61.7 billion at December 31st, 2020. Net asset value per share was EUR 62.3 and tangible net asset value per share was EUR 54.8.

The **consolidated balance sheet** totalled EUR 1,462 billion at December 31st, 2020. The net amount of customer loan outstandings at December 31st, 2020, including lease financing, was EUR 440 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 451 billion, vs. EUR 410 billion at December 31st, 2019 (excluding assets and securities sold under repurchase agreements).

At end-December 2020, the parent company had issued EUR 34.3 billion of medium/long-term debt (including EUR 3.9 billion of pre-financing for the 2021 programme), having an average maturity of 5.4 years and an average spread of 59 basis points (vs. the 6-month midswap, excluding subordinated debt). The subsidiaries had issued EUR 2.9 billion. At December 31st, 2020, the Group had issued a total of EUR 37.2 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 149% at end-December 2020 (153% on average for the quarter), vs. 119% at end-December 2019. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end December 2020.

The Group's **risk-weighted assets** (RWA) amounted to EUR 352.4 billion at December 31st, 2020 (vs. EUR 345.0 billion at end-December 2019) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 81.7% of the total, at EUR 287.9 billion, up 1.9% vs. December 31st, 2019.

At December 31st, 2020, the Group's **Common Equity Tier 1** ratio stood at 13.4% (or around 440 basis points above the regulatory requirement). The CET1 ratio at December 31st, 2020 includes an effect of +28 basis points for phasing of the IFRS 9 impact. Excluding this effect, the fully-loaded ratio amounts to 13.2%. The Tier 1 ratio stood at 15.7%(1) at end-December 2020 (15.1% at end-December 2019) and the total capital ratio amounted to 18.9%(1) (18.3% at end-December 2019).

The Group aims to operate with a CET1 ratio more than 200 basis points above the regulatory requirement, including after the entry into force of the regulation finalising the Basel III reform whose impact is expected to be around EUR 39 billion(2) as from 2023, or around 115 basis points(3)

In 2021, the CET1 ratio is expected to be at a level significantly higher than 200 basis points above the regulatory requirement.
The **leverage ratio** stood at 4.7%(1) at December 31st, 2020 (4.3% at end-December 2019).
With a level of 30.6%(1) of RWA and 9.2%(1) of leveraged exposure at end-December 2020, the Group's TLAC ratio is above the FSB's requirements for 2020. At December 31st, 2020, the Group was also above its MREL requirements of 8.51% of the TLOF(4) (which, in December 2017, represented a level of 24.4% of RWA), which were used as a reference for the SRB calibration.
The Group is rated by four rating agencies: (i) Fitch Ratings - long-term rating "A-", stable outlook, 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".

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(1) Excluding IFRS 9 phasing
(2) Including the credit risk, FRTB, operational risk and taking into account the main EU-specific assumptions communicated by the EBA in response to the European Commission's consultation paper (published in December 2020) and excluding the output floor which would not be binding before 2027/2028
(3) On a prospective basis in 2023
(4) Total Liabilities and Own Funds

3. FRENCH RETAIL BANKING

In EURm	Q4 20	Q4 19	Change	2020	2019	Change
Net banking income	1,845	1,957	-5.7%	7,315	7,746	-5.6%
Net banking income excl. PEL/CEL	*1,870*	*1,969*	*-5.0%*	*7,381*	*7,863*	*-6.1%*
Operating expenses	(1,443)	(1,491)	-3.2%	(5,418)	(5,700)	-4.9%
Gross operating income	402	466	-13.7%	1,897	2,046	-7.3%
Net cost of risk	(276)	(149)	+85.2%	(1,097)	(467)	X2.3
Operating income	126	317	-60.3%	800	1,579	-49.3%
Reported Group net income	104	230	-54.8%	666	1,131	-41.1%
RONE	3.7%	8.2%		5.8%	10.0%	
Underlying RONE (1)	3.5%	9.3%		6.2%	11.1%	

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

After the substantial impact of the lockdown on activity at the beginning of the year, French Retail Banking's commercial performance continued to improve in Q4.

The brands continued to expand their activity in the core businesses
French Retail Banking continued to support the economy, accompanying individual, corporate and professional customers.

In the Corporate and Professional customers segment, the Bank supported its customers in France primarily through granting State Guaranteed Loans (PGE), for which it received more than 98,200 applications for a total disbursed amount of EUR 18 billion.

Life insurance saw its inflow grow by +7.5% vs. Q3 20, with the unit-linked share accounting for 39% of new business in Q4 20. Property/casualty premiums and protection insurance delivered good performances, with premiums up +3.9% vs. 2019. The number of personal protection policies was up +5.3% vs. 2019.

Private Banking's net inflow remained buoyant at EUR 553 million in Q4 20 and EUR 2.5 billion in 2020.

Boursorama consolidated its position as the leading online bank in France, with more than 2.6 million clients at end-December 2020. Client onboarding at Boursorama reached a record level, with around 590,000 new clients in 2020 including around 192,000 in Q4 20. Housing loan production experienced strong growth of +22% vs. Q4 19, with a record level in Q4 20. In addition, the number of stock market orders tripled compared to 2019.

Average investment loan outstandings (including leases), rose 25.0% vs. Q4 19 to EUR 88.9 billion (+2.3% excluding State Guaranteed Loans). Average outstanding loans to individuals were up 2.8% at EUR 123.2 billion, bolstered by housing loans which were up +3.5% vs. Q4 19.

Private Banking's assets under management totalled EUR 70.4 billion at end-December 2020.
Average outstanding balance sheet deposits[(1)] were 15.1% higher than in Q4 19 at EUR 242.6 billion, still driven by sight deposits (+18.7% vs. Q4 19).
As a result, the average loan/deposit ratio stood at 92% in Q4 20 vs. 96% in Q4 19.

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

Net banking income excluding PEL/CEL

2020: revenues (excluding PEL/CEL) totalled EUR 7,381 million, down -6.1% vs. 2019, reflecting the effects of Covid-19 and the low interest rate environment. Net interest income (excluding PEL/CEL) was 3.6%(1) lower and commissions declined by -5.7%(1).

Q4 20: revenues (excluding PEL/CEL) totalled EUR 1,870 million, up +0.7% vs. Q3 20 and down -5.0% vs. Q4 19. Net interest income (excluding PEL/CEL) was 4.2%(1) lower than in Q4 19 against a backdrop of low interest rates and a sharp rise in deposits. However, it picked up compared to Q3 20 (+0.4%(1)).
Commissions were 3.3%(1) lower than in Q4 19 but picked up compared to Q3 20 (+2.5%(1)), with a gradual recovery in financial and service commissions.

Operating expenses

2020: operating expenses were lower at EUR 5,418 million (-4.9% vs. 2019 and -5.5% excluding Boursorama). The cost to income ratio (restated for the PEL/CEL provision) stood at 73.4%.

Q4 20: operating expenses were lower at EUR 1,443 million (-3.2% vs. Q4 19), illustrating the Group's work on costs. The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 78.9%.

Cost of risk

2020: the commercial cost of risk amounted to EUR 1,097 million or 52 basis points, higher than in 2019 (year in which it amounted to EUR 467 million or 24bp), divided between EUR 646 million of S1/S2 provisioning and EUR 451 million of S3 (non-performing loans) provisioning.

Q4 20: the commercial cost of risk amounted to EUR 276 million or 50 basis points. It corresponds to EUR 236 million of S1/S2 (performing/underperforming loans) provisioning and EUR 41 million of S3 (non-performing loans) provisioning.

Contribution to Group net income

2020: the contribution to Group net income totalled EUR 666 million (-41.1% vs. 2019). RONE (restated for the PEL/CEL provision) stood at 6.2% in 2020.

Q4 20: the contribution to Group net income totalled EUR 104 million. RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 3.5% and excluding Boursorama, French Retail Banking's adjusted RONE stood at 5.0%.

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(1) Reallocation of pro forma revenues following a change in accounting treatment in Q4 20

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	Q4 20	Q4 19	Change		2020	2019	Change	
Net banking income	1,919	2,077	*-7.6%*	*+0.3%**	7,524	8,373	*-10.1%*	*-2.9%**
Operating expenses	(1,018)	(1,141)	*-10.8%*	*-2.4%**	(4,142)	(4,581)	*-9.6%*	*-1.6%**
Gross operating income	901	936	*-3.7%*	*+3.6%**	3,382	3,792	*-10.8%*	*-4.5%**
Net cost of risk	(287)	(158)	*+81.6%*	*+94.1%**	(1,265)	(588)	*x 2.2*	*x 2.3*
Operating income	614	778	*-21.1%*	*-15.0%**	2,117	3,204	*-33.9%*	*-29.2%**
Net profits or losses from other assets	6	1	*x 6.0*	*x 7.9*	15	3	*x 5.0*	*x 5.5*
Reported Group net income	376	463	-18.8%*	-11.7%*	1,304	1,955	-33.3%*	-27.1%*
RONE	14.9%	17.3%			12.4%	17.7%		
Underlying RONE (1)	*14.3%*	*16.8%*			*12.4%*	*17.9%*		

(1) Adjusted for the linearisation of IFRIC 21 and the restructuring provision of EUR 34 million in 2019 (including EUR 5 million in Q4 19)

In International Retail Banking, there was further confirmation of the rebound observed in H2 on loan and deposit production, despite the new lockdown measures in Q4. Outstanding loans totalled EUR 85.9 billion. They rose +2.5%* vs. end-December 2019 (-2.8% at current structure and exchange rates given, in particular, the disposal of SG Antilles and the currency effect in Russia). Outstanding deposits climbed +8.8%* (+2.0% at current structure and exchange rates) vs. December 2019, to EUR 79.6 billion.

For the Europe scope, outstanding loans were up +2.8%* vs. December 2019 at EUR 54.9 billion (+1.0% at current structure and exchange rates), driven by the Czech Republic (+4.6%*, +1.2%) and to a lesser extent Western Europe (+2.0%). Outstanding deposits were up +8.2%* (+5.3% at current structure and exchange rates), with a healthy momentum in the Czech Republic (+8.9%*, +5.4%).

In Russia, outstanding loans rose +2.7%* at constant exchange rates (-21.5% at current exchange rates) while outstanding deposits climbed +13.7%* (-13.0% at current exchange rates).

In Africa, Mediterranean Basin and French Overseas Territories, outstanding loans rose +1.8%* (or -2.7%) vs. December 2019. Outstanding deposits enjoyed a strong momentum, up +7.9%* (+3.4%).

In the Insurance business, the life insurance savings business saw outstandings increase +0.5%* vs. December 2019. There was confirmation of a recovery in gross life insurance inflow (+43% vs. Q3 20), with the good composition of inflow (46% of unit-linked products in Q4 20). Protection insurance increased +1.6%* vs. 2019 and +5.5%* vs. Q4 19. This growth was driven partially by an 11.0%* increase in property/casualty premiums vs. Q4 19 (+9.9%* vs. 2019) and to a lesser extent by a rise in personal protection premiums (+1.9%* vs. Q4 19, -3.3%* vs. 2019). In France, protection premiums were 8%* higher than in Q4 19.

Financial Services to Corporates delivered a resilient commercial performance. The number of contracts for Operational Vehicle Leasing and Fleet Management was stable vs. end-December 2019, at 1.76 million contracts at end-December 2020. Equipment Finance's outstanding loans were slightly lower (-0.8%*) vs. end-December 2019, at EUR 14.1 billion (excluding factoring).

Net banking income

Revenues amounted to EUR 7,524 million in 2020, down -2.9%* (-10.1%) vs. 2019. Net banking income amounted to EUR 1,919 million in Q4 20, up +0.3%* (-7.6%) vs. Q4 19. The increase of +4.1%* vs. Q3 20 illustrates the recovery in activity.

In **International Retail Banking**, net banking income totalled EUR 4,902 million in 2020, down -3.4%* (-12.3%) vs. 2019, marked in particular by reduced activity due to the lockdowns and a fall in net interest income in the Czech Republic and Romania, in conjunction with the decline in rates.

Net banking income amounted to EUR 1,236 million in Q4 20, down -3.5%* vs. Q4 19, excluding the structure effect and the currency effect (-11.2%). In Europe, revenues were down -5.9%* (-11.7%) impacted primarily by the rates in the Czech Republic and Romania in H1. However, activity remained dynamic in consumer credit, with stable revenues vs. Q4 19. Revenues (-2.5%*, -24.3%) held up well for SG Russia[(1)] despite the lockdown measures and a decline in rates, with particularly dynamic activity in housing loans (production up +18%* vs. Q4 19). Revenues were up +0.9%* (-3.0%) in Africa, Mediterranean Basin and French Overseas Territories vs. Q4 19, with a confirmed recovery in commissions. Revenues were higher in Sub-Saharan Africa in 2020 (+3%* vs. 2019).

The Insurance business saw net banking income decline by -2.1%*vs.2019, to EUR 887 million. When adjusted for the contribution to the solidarity fund in France, net banking income was down -0.9%* vs. 2019, illustrating a resilient financial performance. Gross inflow was of good quality in 2020, with the unit-linked share accounting for 44%. Net banking income was up +1.1%* (+0.9%) in Q4 20 vs. Q4 19, at EUR 224 million. The second half of 2020 was marked primarily by a rebound in gross life insurance inflow. Moreover, gross inflow continued to be of good quality, with the unit-linked contracts share accounting for 46% in Q4 20.

Financial Services to Corporates' net banking income was down -2.1%* (-7.3%) in 2020, at EUR 1,735 million. However, in 2020, ALD posted a used car sale result (EUR 201 per unit) above the guidance, while margins were higher in Equipment Finance. Financial Services to Corporates' net banking income came to EUR 459 million in Q4 20, up +11.8%* (-0.9%) vs. Q4 19.

Operating expenses

Operating expenses were down -1.6%* (-9.6%) vs. 2019. When restated for restructuring costs related to the simplification of the head office (EUR 34 million in 2019), the tax on financial assets in Romania (EUR 16 million in 2019) and the contribution to COVID guarantee funds in the Mediterranean Basin (EUR 15 million in 2020), operating expenses were 0.8%* lower than in 2019.

Operating expenses were down -2.4%* (-10.8%) in Q4 20 vs. Q4 19. When restated for the tax in Romania, operating expenses were 0.9%* lower, reflecting control of costs.

The cost to income ratio stood at 55.1% in 2020 and 53.0% in Q4 20.

In International Retail Banking, operating expenses were down -1.4%* (-10.8%) vs. 2019 and down -4.3%* (-12.8% at current structure and exchange rates) vs. Q4 19 which included the tax in Romania. For the SG Russia[(1)] scope, the rationalisation of the network and pooling initiatives helped optimise costs (-8.6%* in Q4 20 vs. Q4 19) and gross operating income (+10.9%* vs. Q4 19). For the Africa, Mediterranean Basin and French Overseas Territories scope, costs were lower (-1.8%* vs. Q4 19).

In the **Insurance business**, operating expenses rose +2.5%* (+2.0%) vs. 2019 to EUR 356 million and were slightly higher +0.5%*, (0.0%) than in Q4 19, in conjunction with efforts to control costs.

In **Financial Services to Corporates**, operating expenses were down -0.3%* (-6.5%) vs. 2019 and were 4.4%* higher than in Q4 19 (-5.7%).

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

Cost of risk

2020: the cost of risk amounted to 96 basis points (or EUR 1,265 million). It was 43 basis points in 2019. The estimate of expected credit losses in Stage 1 and Stage 2 amounts to EUR 389 million.
Q4 20: the commercial cost of risk amounted to 89 basis points in Q4 20 (or EUR 287 million), vs. 102 basis points in Q3 20, and 46 basis points in Q4 19. The Q4 cost of risk includes EUR 79 million for the estimate of expected credit losses in Stage 1 and Stage 2.

Contribution to Group net income

The contribution to Group net income totalled EUR 1,304 million in 2020 (-27.1%*, -33.3% vs. 2019) and EUR 376 million in Q4 20 (-11.7%*, -18.8% vs. Q4 19).
Underlying RONE stood at the high level of 12.4% in 2020, vs. 17.9% in 2019 and 14.3% in Q4 20 vs. 16.8% in Q4 19 (with RONE of 10.0% in International Retail Banking and 20.0% in financial services and insurance).

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q4 20	Q4 19	Change		2020	2019	Change	
Net banking income	2,072	2,186	-5.2%	-2.7%*	7,613	8,704	-12.5%	-11.8%*
Operating expenses	(1,688)	(1,773)	-4.8%	-2.3%*	(6,713)	(7,352)	-8.7%	-7.9%*
Gross operating income	384	413	-7.0%	-4.5%*	900	1,352	-33.4%	-33.0%*
Net cost of risk	(104)	(66)	+57.6%	+64.5%*	(922)	(206)	x 4.5	x 4.5
Operating income	280	347	-19.3%	-17.3%*	(22)	1,146	n/s	n/s
Reported Group net income	280	291	-3.8%*	-1.6%*	57	958	-94.1%*	-94.0%*
RONE	7.8%	8.3%			0.4%	6.3%		
Underlying RONE (1)	*9.0%*	*6.5%*			*1.3%*	*7.4%*		

(1) Adjusted for restructuring charges in 2020 (EUR 157m), the restructuring provision in 2019 (EUR 227m) and the linearisation of IFRIC 21

Net banking income

2020: Global Banking & Investor Solutions' revenues were down -12.5% vs. 2019. When restated for the impact of restructuring in Global Markets in 2019 and the revaluation of SIX securities (EUR +66 million), they were down -10.0%.

Q4 20: net banking income was down -5.2% (-2.7%* when adjusted for changes in Group structure and at constant exchange rates) at EUR 2,072 million vs. Q4 19 and rebounded +1.9% (+2.4%*) vs. Q3 20.

In 2020, a strategic review carried out by the Group of its Global Markets business contributed to reducing the risk profile on equity and credit structured products in order to reduce the sensitivity of Global Markets' revenues to market dislocations. A cost reduction plan was also launched in 2020, with the objective of an expected net reduction of around EUR 450 million between now and 2022-2023.

In Global Markets & Investor Services, revenues were down -20.1% (-19.3%*) in 2020 vs. 2019, at EUR 4,164 million, after a H1 impacted by the health crisis. When restated for the impact of restructuring in Global Markets in 2019 and the revaluation of SIX securities, they were down -16.9%*.

Net banking income totalled EUR 1,160 million in Q4 20, down -10.8% (-8.2%*) vs. Q4 19.

The performance of Fixed Income & Currency activities was up +14.9% in 2020 vs. 2019 (+21.3% when restated for the impact of activities discontinued in 2019), with revenues of EUR 2,292 million. They were driven by a healthy commercial momentum and particularly favourable market conditions in H1, in all regions. They normalised in H2 2020.

In Q4 20, Fixed Income & Currency activities were hit by a slowdown in client activity, in rate activities and the compression of short-term financing spreads in financing activities. Credit's good performance failed to offset the overall decline in revenues of -16.2% vs. Q4 19.

Equity activities' net banking income was down -49.0% in 2020 vs. 2019, at EUR 1,275 million, with structured products hard hit by the market dislocation in H1. Losses were mitigated by the increased revenues for listed products and equity flow products. Revenues rebounded in H2, in a normalising market environment. The integration of EMC activities was successfully finalised in Q1 20.

Q4 20 provided further confirmation of the improvement in revenues observed in Q3 20, with net banking income up +11.5% (-6.9% vs. Q4 19) and in particular a gradual recovery in structured products. Flow & hedging activities enjoyed strong volumes over the quarter and the Asia region performed well in all products.

Securities Services' assets under custody amounted to EUR 4,315 billion at end-December 2020, slightly lower (-0.3%) than at end-September 2020. Over the same period, assets under administration were up +4.1% at EUR 638 billion.

Securities Services' revenues totalled EUR 597 million in 2020, down -12.2% (when restated for the revaluation of SIX securities) vs. 2019 (-16.4% on a reported basis). They were down -9.5% in Q4 20 vs. Q4 19, at EUR 153 million.

Financing & Advisory revenues totalled EUR 2,546 million in 2020, up +0.6%* vs. 2019 (stable at current structure and exchange rates), with the strengthening of the franchises and ongoing support for clients during this challenging year. Investment Banking performed particularly well, benefiting from a high level of issues in the debt and equity capital markets and buoyant acquisition financing activity.

Financing & Advisory enjoyed solid net banking income of EUR 681 million in Q4 20, increasing by +9.0%* vs. Q4 19 (+5.9% at current structure and exchange rates) and rebounding by +18.3%* vs. Q3 20. This increase reflects the good performance of asset financing activities, the Asset Backed Products platform and the recovery in Global Transaction and Payment Services. Investment Banking revenues continued to grow in Q4 20.

Asset and Wealth Management's net banking income totalled EUR 903 million in 2020, down -4.6% vs. 2019 (-1.3% when restated for the revaluation of SIX securities). It was 4.9% lower in Q4 20 than in Q4 19.

Lyxor's net banking income amounted to EUR 207 million in 2020, up +3.5% vs. 2019, driven by a high level of performance fees. It rebounded by +20.8% in Q4 20 vs. Q3 20 (+12.3% vs. Q4 19), with growth in the Active Management segment. Lyxor confirmed its leadership position in the Green Bond segment in 2020 and enhanced its ESG ETF offering. Lyxor's assets under management totalled EUR 140 billion at end-December 2020, up +5.9% vs. Q4 19.

Private Banking's performance was lower in 2020 (-2.4%, when restated for the revaluation of SIX securities) vs. 2019, with net banking income of EUR 678 million. Revenues were hit by pressures on interest margins despite stable commercial revenues. Net banking income was 10.5% lower in Q4 20 than in Q4 19.

Assets under management were up +2.0% in Q4 20, at EUR 116 billion. Net inflow totalled EUR 1.7 billion in 2020, driven by France.

Operating expenses

2020: underlying operating expenses (restated for the restructuring provision recognised in Q2 19 for EUR 227 million and the restructuring charge recognised in Q4 20 for EUR 157 million, related to the new EUR 450 million cost savings plan between now and 2022/2023), were substantially lower (-7.2%*) than in 2019. This decline reflects the successful cost savings plan (EUR 500 million) implemented in Global Banking & Investor Solutions in 2018. They were down -7.9%* on a reported basis.
Q4 20: underlying operating expenses were down -9.7%* (-2.3%* on a reported basis) vs. Q4 19, with a positive jaws effect in Q4 20.

Net cost of risk

2020: the cost of risk amounted to 57 basis points (or EUR 922 million) vs. 13 basis points in 2019. It includes EUR 310 million of S1/S2 provisioning and EUR 612 million of S3 (non-performing loans) provisioning.
Q4 20: the commercial cost of risk amounted to 28 basis points (or EUR 104 million), vs. 14 basis points in Q3 20 and 17 basis points in Q4 19. It includes EUR 26 million of S1/S2 (performing/underperforming loans) provisioning and EUR 77 million of S3 (credit-impaired loans) provisioning.

Contribution to Group net income

2020: the underlying contribution to Group net income (after linearisation of IFRIC 21 and adjusted for restructuring charges in 2020 and the restructuring provision in 2019) came to EUR 183 million.
Q4 20: the underlying contribution to Group net income amounted to EUR 320 million, up +46%* vs. Q4 19.

Underlying RONE stood at 1.3% in 2020 vs. 7.4% in 2019 and 9.0% in Q4 20 vs. 6.5% in Q4 19.

6. CORPORATE CENTRE

In EURm	Q4 20	Q4 19	2020	2019
Net banking income	2	(7)	(339)	(152)
Operating expenses	(202)	(98)	(441)	(94)
Underlying operating expenses	*(162)*	*(110)*	*(388)*	*(94)*
Gross operating income	(200)	(105)	(780)	(246)
Underlying gross operating income	*(160)*	*(117)*	*(727)*	*(246)*
Net cost of risk	(22)	2	(22)	(17)
Net profits or losses from other assets	(105)	(145)	(185)	(394)
Impairment losses on goodwill	-	-	(684)	-
Net income from companies accounted for by the equity method	(1)	(155)	0	(152)
Reported Group net income	(290)	(330)	(2,285)	(796)

(1) Adjusted for the linearisation of IFRIC 21

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 2 million in Q4 20 vs. EUR -7 million in Q4 19 and EUR -339 million in 2020 vs. EUR -152 million in 2019. In 2020, it includes notably the change in fair value of financial instruments corresponding to economic hedges of financial debt but that do not meet IFRS hedge accounting criteria.

Operating expenses totalled EUR -202 million in Q4 20 vs. EUR -98 million in Q4 19. They amounted to EUR -441 million in 2020 vs. EUR -94 million in 2019 (which included an operating tax adjustment for EUR +241 million). In 2020, they include a restructuring charge of EUR 53 million recorded in Q4 20.

Gross operating income totalled EUR -200 million in Q4 20 vs. EUR -105 million in Q4 19 and EUR -780 million in 2020 vs. EUR -246 million in 2019.

Net profits or losses from other assets amounted to EUR -105 million in Q4 20 vs. EUR -145 million in Q4 19 and EUR -185 million in 2020 vs. EUR -394 million in 2019 related to the application of IFRS 5 as part of the implementation of the Group's refocusing plan (in 2020, EUR -101 million in respect of the disposal of SG Finans and EUR -69 million for the finalisation of the disposal of Societe Generale de Banque aux Antilles).

Net income from companies accounted for by the equity method is nil in 2020. In 2019, it included an impairment of EUR -158 million corresponding to the Group's entire minority stake (16.8%) in SG de Banque au Liban.

In 2020, the review of Global Markets & Investor Services' financial trajectory led to 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 -290 million in Q4 20 vs. EUR -330 million in Q4 19 and EUR -2,285 million in 2020 vs. EUR -796 million in 2019.

7. OUTLOOK

The Group is aiming for a decline in underlying operating expenses in relation to 2020, as from 2023. In 2021, it will maintain strict discipline and target a positive jaws effect against the backdrop of an improvement in the economic outlook with a slight increase in its costs.

The 2021 cost of risk is expected to be lower than in 2020.

The Group aims to operate with a CET1 ratio more than 200 basis points above the regulatory requirement, including after the entry into force of the regulation finalising the Basel III reform whose impact is expected to be around EUR 39 billion(1) as from 2023, or around 115 basis points(2)

In 2021, the CET1 ratio is expected to be at a level significantly higher than 200 basis points above the regulatory requirement.

Regarding its distribution policy for the 2021 financial year, the Board of Directors has confirmed the objective defined before the outbreak of the COVID crisis, i.e. a payout ratio of 50% of underlying Group net income(3) , which may include a share buy-back component (up to 10%)(4) ; the dividend component being paid in cash.

Finally, the Group will present its Global Banking & Investor Solutions' strategy to the market on May 10th, 2021 and its focus on CSR in H2.

8. CONCLUSION

The year 2020 will have been marked by a global health crisis, the economic and social (confinements and curfews) consequences have affected the Group's business, particularly in the first half of the year. With a significant improvement in H2 (+11% in H2 20 vs. H1 20), the Group's full-year revenues totalled EUR 22,113 million, down -7.6%* (vs. 2019), confirming the relevance of its diversified business model, the resilience of its franchises and its ability to generate capital.

In this challenging environment, the Group achieved all its financial targets in terms of costs (underlying operating expenses of EUR 16.5 billion), cost of risk (64 basis points, below the target of 70 basis points) and capital (CET1 ratio of 13.4%, i.e. above 12%).

More generally, the Group demonstrated its ability to manage this crisis responsibly throughout the year, by playing its role with its employees, customers and communities.

Moreover, this crisis has proved to be an accelerator of societal trends that the Group had already identified as a priority: Corporate Social Responsibility and digital technology. In 2020, the Group achieved a new milestone in terms of the energy transition by becoming the No. 2 globally in renewable energy financing and No. 1 on the advisory component. Moreover, the Board of Directors has validated a binding objective: the Group's governing bodies will have to include at least 30% women by 2023, ensuring compliance with this objective both in the businesses and the functions. More generally, the Group's extra-financial ratings are among the leaders in the banking sector: highest rating (A1+) assigned by the extra-financial rating agency Vigeo Eiris, position in the first decile of the ISS ESG ranking (C+ Prime), top 14% in the bank MSCI ranking (AA) and first decile of the RobecoSAM ranking with a place of 25th worldwide, after being ranked 1st worldwide on environmental issues in 2019.

In 2021, the Group shall remain fully committed to its priorities (i) its customers (ii) maintaining strict cost discipline, managing the cost of risk and the allocation of capital, (iii) creating value for its shareholders.

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(1) Including the credit risk, FRTB, operational risk and taking into account the main EU-specific assumptions communicated by the EBA in response to the European Commission's consultation paper (published in December 2020) and excluding the output floor which would not be binding before 2027/2028
(2)On a prospective basis in 2023
(3)After deducting interest on deeply subordinated notes and undated subordinated notes
(4)Subject to the approval of the General Meeting of Shareholders and regulatory bodies

9. 2021 FINANCIAL CALENDAR

2021 Financial communication calendar

May 6th, 2021	First quarter 2021 results
May 18th, 2021	General Meeting
May 25th, 2021	Dividend detachment
May 27th, 2021	Dividend payment
August 3rd, 2021	Second quarter and first half 2021 results
November 4th, 2021	Third quarter and nine-month 2021 results

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

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

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, in particular in the Covid-19 crisis context, 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.

10. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME BY CORE BUSINESS

In EURm	Q4 20	Q4 19	Change	2020	2019	Change
French Retail Banking	104	230	-54.8%	666	1,131	-41.1%
International Retail Banking and Financial Services	376	463	-18.8%	1,304	1,955	-33.3%
Global Banking and Investor Solutions	280	291	-3.8%	57	958	-94.1%
Core Businesses	760	984	-22.8%	2 027	4,044	-49.9%
Corporate Centre	(290)	(330)	+12.1%	(2,285)	(796)	n/s
Group	470	654	-28.1%	(258)	3,248	n/s

CHANGES Q4 20/Q3 20 – NET BANKING INCOME, OPERATING EXPENSES AND GROSS OPERATING INCOME

Net Banking Income (in EURm)	Q4 20	Q3 20	Change	
French Retail Banking	1,845	1,836	+0.5%	+0.5%*
International Retail Banking and Financial Services	1,919	1,891	+1.5%	+4.1%*
Global Banking and Investor Solutions	2,072	2,034	+1.9%	+2.4%*
Corporate Centre	2	48	-95.8%	-95.6%*
Group	5,838	5,809	+0.5%	+1.6%*

Operating Expenses (in EURm)	Q4 20	Q3 20	Change	
French Retail Banking	(1,443)	(1,292)	+11.7%	+11.7%*
International Retail Banking and Financial Services	(1,018)	(999)	+1.9%	+4.1%*
Global Banking and Investor Solutions	(1,688)	(1,478)	+14.2%	+14.7%*
Corporate Centre	(202)	(56)	x3.6	x3.6*
Group	(4,351)	(3,825)	+13.8%	+14.6%*

Gross operating income (in EURm)	Q4 20	Q3 20	Change	
French Retail Banking	402	544	-26.1%	-26.1%*
International Retail Banking and Financial Services	901	892	+1.0%	+4.1%*
Global Banking and Investor Solutions	384	556	-30.9%	-30.3%*
Corporate Centre	(200)	(8)	n/s	n/s*
Group	1,487	1,984	-25.1%	-23.7%*

CONSOLIDATED BALANCE SHEET

	31.12.2020	31.12.2019
Cash, due from central banks	168,179	102,311
Financial assets at fair value through profit or loss	429,458	385,739
Hedging derivatives	20,667	16,837
Financial assets measured at fair value through other comprehensive income	52,060	53,256
Securities at amortised cost	15,635	12,489
Due from banks at amortised cost	53,380	56,366
Customer loans at amortised cost	448,761	450,244
Revaluation differences on portfolios hedged against interest rate risk	378	401
Investment of insurance activities	166,854	164,938
Tax assets	5,001	5,779
Other assets	67,341	68,045
Non-current assets held for sale	6	4,507
Investments accounted for using the equity method	100	112
Tangible and intangible assets*	30,088	30,844
Goodwill	4,044	4,627
Total	**1,461,952**	**1,356,495**

	31.12.2020	31.12.2019
Central banks	1,489	4,097
Financial liabilities at fair value through profit or loss	390,247	364,129
Hedging derivatives	12,461	10,212
Debt securities issued	138,957	125,168
Due to banks	135,571	107,929
Customer deposits	456,059	418,612
Revaluation differences on portfolios hedged against interest rate risk	7,696	6,671
Tax liabilities	1,223	1,409
Other liabilities*	84,937	85,254
Non-current liabilities held for sale	-	1,333
Liabilities related to insurance activities contracts	146,126	144,259
Provisions	4,775	4,387
Subordinated debts	15,432	14,465
Total liabilities	**1,394,973**	**1,287,925**
SHAREHOLDERS' EQUITY		
Shareholders' equity, Group share		
Issued common stocks and capital reserves	22,333	21,969
Other equity instruments	9,295	9,133
Retained earnings	32,076	29,558
Net income	(258)	3,248
Sub-total	**63,446**	**63,908**
Unrealised or deferred capital gains and losses	(1,762)	(381)
Sub-total equity, Group share	**61,684**	**63,527**
Non-controlling interests	5,295	5,043
Total equity	**66,979**	**68,570**
Total	**1,461,952**	**1,356,495**

**The amount has been restated compared with the published financial statements for the year ended 31 December 2019 following the IFRS Interpretations Committee (IFRS IC) decisions on 26 November 2019 related to IFRS 16.*

11. APPENDIX 2: METHODOLOGY

1 – The financial information presented in respect of the fourth quarter and 2020 was examined by the Board of Directors on February 9th, 2021 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.

2 – Net banking income

The pillars' net banking income is defined on page 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:

Q4 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	(4,351)	(689)	(94)	0	(125)	470	
(+) IFRIC 21 linearisation	*(177)*				*52*	*(121)*	
(-) Restructuring charges(1)*	*(210)*				*63*	*(147)*	*o/w GBIS (EUR -157m), Corporate Center (EUR -53m)*
*(-) Group refocusing plan**		*(20)*	*(101)*		*(14)*	*(135)*	*Corporate center*
Underlying	(4,318)	(669)	7	0	(123)	631	

2020 (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	**(16,714)**	**(3,306)**	**(12)**	**(684)**	**(1,204)**	**(258)**	
*(-) Group refocusing plan**		*(20)*	*(178)*		*(14)*	*(212)*	*Corporate center*
*(-) Goodwill impairment**				*(684)*		*(684)*	*Corporate center*
*(-) DTA impairment**					*(650)*	*(650)*	*Corporate center*
(-) Restructuring charges(1)*	*(210)*				*63*	*(147)*	*o/w GBIS (EUR -157m), Corporate Center (EUR -53m)*
Underlying	**(16,504)**	**(3,286)**	**166**	**0**	**(603)**	**1,435**	

Q4 19 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Net income from companies under equity method	Income tax	Group net income	Business
Reported	**(4,503)**	**(371)**	**(125)**	**(154)**	**(230)**	**654**	
(+) IFRIC 21 linearisation	*(152)*				*36*	*(112)*	
*(-) Restructuring provision**	*(60)*				*20*	*(40)*	*o/w RBDF (EUR -55m), IBFS (EUR -5m)*
*(-) Write-off of Group minority stake in SG de Banque au Liban**				*(158)*		*(158)*	*Corporate center*
*(-) Group refocusing plan**			*(137)*		*2*	*(135)*	*Corporate center*
Underlying	**(4,595)**	**(371)**	**12**	**4**	**(216)**	**875**	

2019 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Net income from companies under equity method	Income tax	Group net income	Business
Reported	(17,727)	(1,278)	(327)	(129)	(1,264)	3,248	
*(-) Restructuring provision**	*(316)*				*83*	*(233)*	*o/w RBDF (EUR -55m), IBFS (EUR -34m), GBIS (EUR -227m)*
*(-) Write-off of Group minority stake in SG de Banque au Liban**				*(158)*		*(158)*	*Corporate center*
*(-) Group refocusing plan**		*(18)*	*(386)*		*(18)*	*(422)*	*Corporate center*
Underlying	(17,411)	(1,260)	59	29	(1,329)	4,061	

(*) exceptional items

(1) Restructuring charges including restructuring provisions and various restructuring charges

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)	Q4 20	Q4 19	2020	2019
French Retail Banking	Net Cost Of Risk	276	149	1,097	467
	Gross loan Outstandings	222,926	197,813	212,185	194,359
	Cost of Risk in bp	50	30	52	24
International Retail Banking and Financial Services	Net Cost Of Risk	287	158	1,265	588
	Gross loan Outstandings	128,965	137,222	132,082	136,303
	Cost of Risk in bp	89	46	96	43
Global Banking and Investor Solutions	Net Cost Of Risk	104	66	922	206
	Gross loan Outstandings	147,508	157,528	160,918	161,865
	Cost of Risk in bp	28	17	57	13
Corporate Centre	Net Cost Of Risk	22	(2)	22	17
	Gross loan Outstandings	14,044	9,714	11,611	9,403
	Cost of Risk in bp	62	(13)	20	17
Societe Generale Group	Net Cost Of Risk	689	371	3,306	1,278
	Gross loan Outstandings	513,443	502,277	516,797	501,929
	Cost of Risk in bp	54	29	64	25

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	Q4 20	Q4 19	2020	2019
Shareholders' equity Group share	61,684	63,527	61,684	63,527
Deeply subordinated notes	(8,830)	(9,501)	(8,830)	(9,501)
Undated subordinated notes	(264)	(283)	(264)	(283)
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	19	4	19	4
OCI excluding conversion reserves	(942)	(575)	(942)	(575)
Dividend provision	(467)	(1,869)	(467)	(1,869)
ROE equity end-of-period	51,201	51,303	51,201	51,303
Average ROE equity	51,294	51,415	52,088	50,586
Average Goodwill	(3,928)	(4,544)	(4,172)	(4,586)
Average Intangible Assets	(2,477)	(2,327)	(2,432)	(2,243)
Average ROTE equity	44,889	44,544	45,484	43,757
Group net Income (a)	470	654	(258)	3,248
Underlying Group net income (b)	631	875	1,435	4,061
Interest on deeply subordinated notes and undated subordinated notes (c)	(164)	(178)	(611)	(715)
Cancellation of goodwill impairment (d)	0	85	684	200
Ajusted Group net Income (e) = (a)+ (c)+(d)	306	561	(185)	2,733
Ajusted Underlying Group net Income (f)=(b)+(c)	467	697	824	3,346
Average ROTE equity (g)	44,889	44,544	45,484	43,757
ROTE [quarter: (4*e/g), 12M: (e/g)]	2.7%	5.0%	-0.4%	6.2%
Average ROTE equity (underlying) (h)	45,050	44,619	47,177	43,983
Underlying ROTE [quarter: (4*f/h), 12M: (f/h)]	4.1%	6.2%	1.7%	7.6%

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

In EURm	Q4 20	Q4 19	Change	2020	2019	Variation
French Retail Banking	**11,186**	11,165	+0.2%	**11,427**	11,263	+1.5%
International Retail Banking and Financial Services	**10,112**	10,675	-5.3%	**10,499**	11,075	-5.2%
Global Banking and Investor Solutions	**14,287**	13,943	+2.5%	**14,302**	15,201	-5.9%
Core Businesses	**35,585**	35,783	-0.6%	**36,228**	37,539	-3.5%
Corporate Centre	**15,709**	15,632	+0.5%	**15,860**	13,047	+21.6%
Group	**51,294**	51,415	-0.2%	**52,088**	50,586	+3.0%

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	2020	2019	2018
Shareholders' equity Group share	61,684	63,527	61,026
Deeply subordinated notes	(8,830)	(9,501)	(9,330)
Undated subordinated notes	(264)	(283)	(278)
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	19	4	(14)
Bookvalue of own shares in trading portfolio	301	375	423
Net Asset Value	52,910	54,122	51,827
Goodwill	(3,928)	(4,510)	(4,860)
Intangible Assets	(2,484)	(2,362)	(2,224)
Net Tangible Asset Value	46,498	47,250	44,743
Number of shares used to calculate NAPS**	848,859	849,665	801,942
Net Asset Value per Share	62.3	63.7	64.6
Net Tangible Asset Value per Share	54.8	55.6	55.8

*** The number of shares considered is the number of ordinary shares outstanding as at December 31st, 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)	2020	2019	2018
Existing shares	853,371	834,062	807,918
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	2,987	4,011	5,335
Other own shares and treasury shares		149	842
Number of shares used to calculate EPS**	850,385	829,902	801,741
Group net Income	(258)	3,248	4,121
Interest on deeply subordinated notes and undated subordinated notes	(611)	(715)	(719)
Capital gain net of tax on partial buybacks			
Adjusted Group net income	(869)	2,533	3,402
EPS (in EUR)	(1.02)	3.05	4.24
Underlying EPS* (in EUR)	0.97	4.03	5.00

(*) 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 December 31st, 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.

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 and responsible growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

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

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

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), four of the STOXX ESG Leaders indices, and the MSCI Low Carbon Leaders Index.
For more information, you can follow us on Twitter @societegenerale or visit our website www.societegenerale.com

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