30 JUNE 2020

SOCIETE GENERALE LUXEMBOURG

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SOCIETE GENERALE

Société Générale Luxembourg S.A.

11, Avenue Emile Reuter

L-2420 Luxembourg

Interim Condensed Consolidated Financial Statements, Interim Consolidated Management Report and Report of the Independent auditor as at 30 June 2020

R.C.S. Luxembourg: B 006.061

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As at 30 June 2020

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INTERIM CONSOLIDATED MANAGEMENT REPORT

CORPORATE GOVERNANCE STATEMENT

The Boards of Directors of SG Luxembourg is committed to maintaining the standards of corporate governance enforced at the level of the European Union and at level of the Société Générale Group. SG Luxembourg Group's governance principles and practices are described in the 31 December 2019 Consolidated Financial Statement.

GROUP ACTIVITY AND RESULTS

ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

(in EUR thousand)	**1st half of 2020**	**1st half of 2019***	**Change in %**	**Change in value**
Net interest margin	160 163	135 043	19%	25 120
Net fee margin	134 491	130 849	3%	3 642
Net gains and losses on financial transactions	14 785	83 432	(82%)	(68 647)
Net income from other activities	52 138	30 039	74%	22 099
Net banking income	**361 577**	**379 363**	**(5%)**	**(17 786)**
Operating expenses	(211 773)	(220 375)	(4%)	8 602
Gross operating income	**149 804**	**158 988**	**(6%)**	**(9 184)**
Cost of risk	(37 507)	8 951	(519%)	(46 458)
Operating income	**112 297**	**167 939**	**(33%)**	**(55 642)**
Net income from investments accounted for using the equity method	5 252	5 267	0%	(15)
Net income/expense from other assets	-	5 125	(100%)	(5 125)
Earnings before tax	**117 549**	**178 331**	**(34%)**	**(60 782)**
Income tax	(15 415)	(15 295)	1%	(120)
Consolidated Net Income	**102 134**	**163 036**	**(37%)**	**(60 902)**
Non-controlling interests	(90)	(4)	2 150%	(86)
Net income Group share	102 224	163 040	(37%)	(60 816)

**Restated figures, please refer to Notes 1.6 and 3.6 to the interim condensed consolidated financial statements.*

a. Analytical Review

Despite the exceptional context of the 2020 pandemic crisis marked by extreme market volatility, credit deterioration and the continuation of very low interest rates, SG Luxembourg Group confirmed the strong resilience of its diversified business model and the robustness of its operations.

The Net Banking Income decreased by 5% in first half of 2020 compared to the same period last year. Excluding non-recurring revenues (the revaluation of an equity holding in H1-19 and an exceptional insurance compensation received in H1-20), such decrease stood at 4%.

Private Banking activities in Luxembourg, Switzerland and Monaco (Banque Privée Internationale) weathered well operationally the high market volatility market conditions. The very low interest rates environment and the strong pressure on margins continued to weigh on the business financial performance.

The Securities Services (SGSS) business performance evolution in the first half of 2020 compared to the same period last year reflected the effect of the planned reduction of activity with a key client in H2-2019. The positive underlying momentum in commercial activity development observed in preceding years was confirmed in the first half of 2020, but the interest rates environment again negatively affected the financial performance. Assets under Custody (AuC) amounted to 143 EUR billion as of end June 2020.

The Corporate Banking and Cash Management activity confirmed again the strong commercial momentum consistently recorded over the past years, but was affected by the drop of USD and GBP interest rates in first half of 2020.

Global Banking and Advisory businesses showed a good resilience despite this uncertain environment.

Global Markets financial performance over the period was significantly down compared to the first half of 2019, due to a drop in issuance activities reflecting client lower appetite for structured investment products given market uncertainties.

Finally, the Corporate Center financial performance reflected an exceptional insurance compensation received in the first half of 2020, whereas the first half of 2019 had been marked by the upward revaluation of an equity holding.

In terms of costs, Société Générale Luxembourg continued to implement in the first half of 2020 the transformation of its operating model, preparing for the future with several significant business and IT investments, while being particularly frugal on run costs in the context of the pandemic crisis. Overall, costs decreased by -4% in the first half of 2020 compared to the same period last year.

b. Net cost of risk

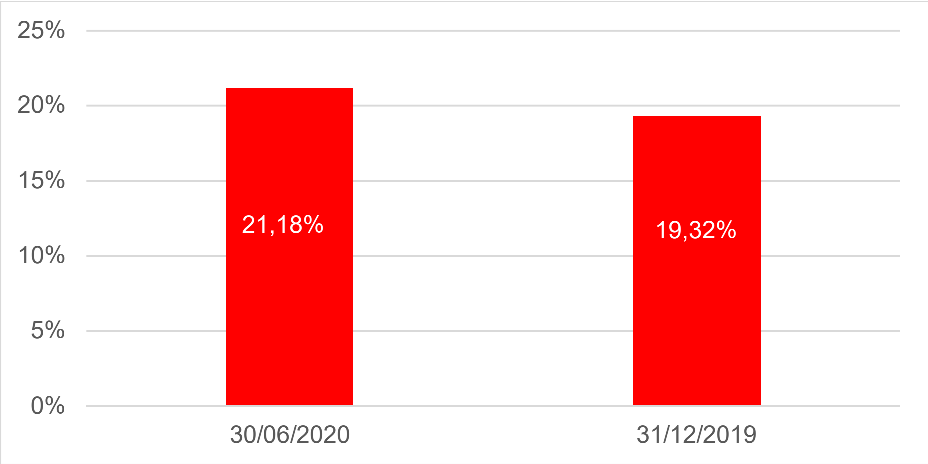
The Net Cost of Risk (NCR) stood at EUR 37.5 million for the first half of 2020, compared to a reversal of EUR 8.5 million over the same period last year following a reversal on a significant file.

The NCR in H1-2020 was mainly due to forward looking components affecting the statistical components (IFRS 9 Stage 1 and Stage 2) of SG Luxembourg provisioning models. IFRS 9 Stage 3 provisions (related to defaulting counterparties) were concentrated on the private banking “Lombard” loan portfolio as a result of the sharp fall of financial markets at the height of the crisis, despite the efficient process of collateralized asset liquidation.

(in EUR thousand)	Year to date NCR		
Business line	**Stage 1 & Stage 2***	**Stage 3***	**Global**
Private Banking	3 665	9 499	13 164
Securities services	48	-	48
Corporate and Investment Banking	22 548	-	22 548
Corporate Center	1 747	-	1 747
SG Luxembourg Group	28 008	9 499	37 507

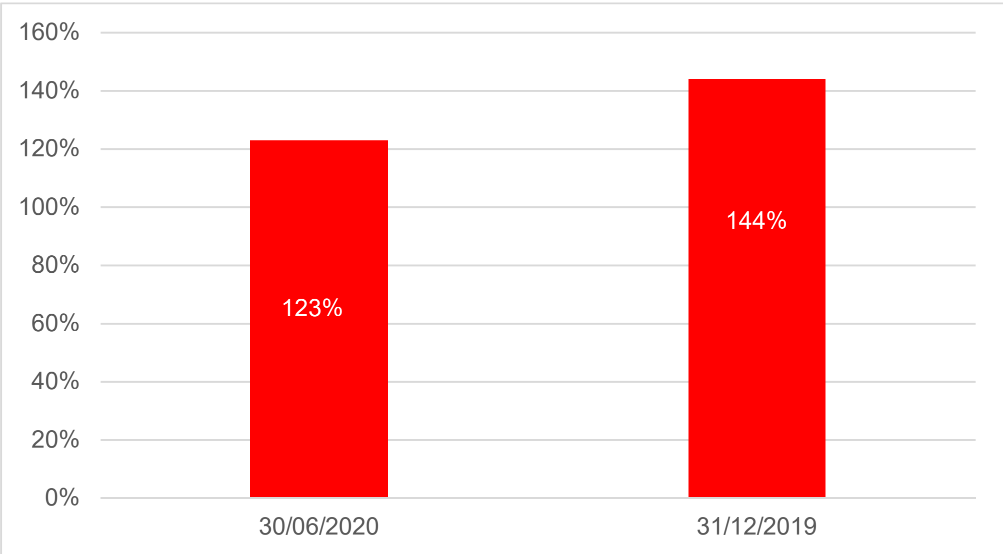
** In accordance with IFRS 9*

c. Capital Ratio



As of 30 June 2020, SG Luxembourg Group total capital ratio stood at 21.18% (31 December 2019 : 19.32%), and SG Luxembourg Group Common Equity Tier 1 ratio stood at 21.18% (31 December 2019: 19.32%), well above the minimum regulatory requirement levels.

d. Liquidity Coverage Ratio



As of 30 June 2020, SG Luxembourg Group one-month Liquidity Coverage Ractio (LCR) stood at 123% (2019 : 144%); well above the regulatory requirement.

e. Conclusion

In a highly uncertain environment, SG Luxembourg Group showed its ability to adapt quickly and continue to efficiently support its clients while fully protecting its employees. SG Luxembourg Group will continue its transformation and adapt to the evolution of the environment. SG Luxembourg Group is already working on new initiatives to build its next strategic stage (2021-2023) focused on three priorities: customer centricity, corporate social responsibility and operational efficiency based on digital technologies.

GLOBAL STATEMENT FOR THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the best of our knowledge, the Interim Condensed Consolidated Financial Statements give a true and fair view of the financial position and profit and losses of Société Générale Luxembourg and its consolidated subsidiaries as at 30 June 2020, and its financial performance and cash flows for the period then ended in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union, and the Interim Consolidated Management Report includes a true and fair presentation of the evolution and performance of Société Générale Luxembourg and its consolidated subsidiaries, together with a description of the main risks and uncertainties that Société Générale Luxembourg and its consolidated subsidiaries face.

Arnaud Jacquemin

Société Générale Luxembourg Chief Executive Officer

Luxembourg, 25 September 2020

Ernst & Young
Société anonyme

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REPORT OF THE "REVISEUR D'ENTREPRISES AGREE" ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of
Société Générale Luxembourg S.A.
11, Avenue Emile Reuter
L-2420 Luxembourg

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Société Générale Luxembourg S.A. (the "Group") as of 30 June 2020, which comprise the interim consolidated statement of financial position as at 30 June 2020 and the related interim consolidated income statement, the interim consolidated statement of net income and unrealised or deferred gains and losses, the interim consolidated statement of changes in shareholders' equity, the interim consolidated cash flow statement for the six-month period then ended and explanatory notes.

The Board of Directors is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jean-Michel Pacaud

Luxembourg, 30 September 2020

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

(In EUR thousand)		**30.06.2020**	**31.12.2019***
Cash, due from central banks	Note 3.1	10 507 098	9 262 134
Financial assets at fair value through profit or loss	Notes 3.2, 3.3 and 3.5	46 259 077	59 558 317
Hedging derivatives	Notes 3.3 and 3.5	-	447
Financial assets at fair value through other comprehensive income	Notes 3.4 and 3.5	3 301 822	3 263 281
Securities at amortised cost	Notes 3.6 and 9	6 636 171	7 180 331
Due from banks at amortised cost	Notes 3.6 and 9	10 596 506	11 423 275
Customer loans at amortised cost	Notes 3.6 and 9	23 291 444	24 661 720
Investments of insurance activities	Note 4.3	522 907	527 812
Tax assets	Note 6	4 745	11 719
Other assets	Note 4.4	1 136 786	901 776
Investments accounted for using the equity method	Note 2.3	74 359	73 531
Tangible and intangible fixed assets and right-of-use assets	Note 8.4	166 209	176 257
Total		**102 497 124**	**117 040 600**

**Restated figures, please refer to Note 3.6*

The accompanying Notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION - LIABILITIES AND SHAREHOLDERS' EQUITY

(In EUR thousand)		**30.06.2020**	**31.12.2019**
Financial liabilities at fair value through profit or loss	Notes 3.2, 3.3 and 3.5	45 752 923	59 071 898
Hedging derivatives	Notes 3.3 and 3.5	212 780	218 245
Debt securities issued	Note 3.7	72 768	224 141
Due to banks	Note 3.7	24 431 977	24 837 739
Customer deposits	Note 3.7	26 783 916	27 852 704
Tax liabilities	Note 6	168 770	174 747
Other liabilities	Note 4.4	1 623 782	1 296 919
Insurance contracts related liabilities	Note 4.3	194 682	207 893
Provisions	Note 8.3	91 660	77 532
Total liabilities		**99 333 258**	**113 961 818**
Shareholders' equity			
Shareholders' equity, Group share			
Issued capital	Note 7	1 389 043	1 389 043
Reserves, share premium and retained earnings	Note 7	1 658 369	1 381 520
Net income	Note 7	102 224	283 445
Sub-total		**3 149 636**	**3 054 008**
Unrealised or deferred gains and losses	Note 7	14 255	24 672
Sub-total equity, Group share		**3 163 891**	**3 078 680**
Non-controlling interests	Note 2.2	(25)	102
Total equity		**3 163 866**	**3 078 782**
Total liabilities and equity		**102 497 124**	**117 040 600**

The accompanying Notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED INCOME STATEMENT

(In EUR thousand)		1st half of 2020	1st half of 2019*
Interest and similar income	Note 3.8	338 994	378 721
Interest and similar expense	Note 3.8	(178 831)	(243 678)
Fee income	Note 4.1	218 274	219 778
Fee expense	Note 4.1	(83 783)	(88 929)
Net gains and losses on financial transactions		14 785	83 432
o/w net gains and losses on financial instruments at fair value through profit or loss	*Notes 3.2, 3.3*	*14 785*	*83 432*
o/w net gains and losses on financial instruments at fair value through other comprehensive income	*Note 3.4*	-	-
o/w net gains and losses from the derecognition of financial assets at amortised cost		-	-
Net income of insurance activities	Note 4.3	25 572	16 823
Income from other activities	Note 4.2	31 529	17 243
Expenses from other activities	Note 4.2	(4 963)	(4 027)
Net banking income		**361 577**	**379 363**
Personnel expenses	Note 5.1	(104 911)	(106 684)
Other operating expenses	Note 8.2	(85 585)	(93 528)
Amortisation, depreciation and impairment of tangible and intangible fixed assets and right-of-use assets	Note 8.4	(21 277)	(20 163)
Gross operating income		**149 804**	**158 988**
Cost of risk	Note 3.9	(37 507)	8 951
Operating income		**112 297**	**167 939**
Net income from investments accounted for using the equity method	Note 2.3	5 252	5 267
Net income/expense from other assets		-	5 125
Earnings before tax		**117 549**	**178 331**
Income tax	Note 6	(15 415)	(15 295)
Consolidated net income		**102 134**	**163 036**
Non-controlling interests	Note 2.2	*(90)*	*(4)*
Net income, Group share		*102 224*	*163 040*

**Restated figures, please refer to Notes 1.6 and 3.6*

The accompanying Notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(In EUR thousand)	**1st half of 2020**	**1st half of 2019**
Consolidated net income	**102 134**	**163 036**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**(8 647)**	**497**
Translation differences	(555)	(291)
Revaluation of available-for-sale financial assets	(5 114)	15 224
Revaluation of debt instruments at fair value through other comprehensive income	(9 291)	(3 174)
Revaluation of hedging derivatives	2 677	(14 652)
Unrealised gains and losses of entities accounted for using the equity method	999	2 913
Tax related	2 637	477
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**(8 370)**	**(12 700)**
Actuarial gains and losses on defined benefits plans	(9 741)	(16 977)
Unrealised gains and losses of entities accounted for using the equity method	12	-
Others	-	(8)
Tax related	1 359	4 285
Total unrealised or deferred gains and losses	**(17 017)**	**(12 203)**
Net income and unrealised or deferred gains and losses	**85 117**	**150 833**
o/w Group share	*85 207*	*150 837*
o/w non-controlling interests	*(90)*	*(4)*

The accompanying Notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital and associated reserves					Unrealised gains and losses					
(In EUR thousand)	Issued common stocks	Issuing premium and capital reserves	Total	Retained earnings	Net income, Group share	that will be reclassified subsequently into income	that will not be reclassified subsequently into income	Total	Shareholders' equity, Group share	Non-controlling interests	Total consolidated shareholders equity
Shareholders' equity at 01.01.2019	**1 389 043**	**2 817**	**1 391 860**	**1 436 593**	**296 545**	**32 397**	**4 785**	**37 182**	**3 162 180**	**141**	**3 162 321**
Appropriation of net income	-	-	-	296 545	(296 545)	-	-	-	-	-	-
2019 dividends paid	-	-	-	(359 000)	-	-	-	-	(359 000)	(61)	(359 061)
Sub-total of changes linked to relations with shareholders	-	-	-	**(62 455)**	**(296 545)**	**-**	**-**	**-**	**(359 000)**	**(61)**	**(359 061)**
Change in unrealised or deferred gains and losses	-	-	-	-	-	497	(12 700)	(12 203)	(12 203)	-	(12 203)
1st half of 2019 Net income	-	-	-	-	163 040	-	-	-	163 040	(4)	163 036
Changes in accounting policy	-	-	-	4 777	-	-	(4 777)	(4 777)	-	-	-
Other changes	-	-	-	477	-	-	-	-	477	-	477
Sub-total	-	-	-	**5 254**	**163 040**	**497**	**(17 477)**	**(16 980)**	**151 314**	**(4)**	**151 310**
Shareholders' equity at 30.06.2019	**1 389 043**	**2 817**	**1 391 860**	**1 379 392**	**163 040**	**32 894**	**(12 692)**	**20 202**	**2 954 494**	**76**	**2 954 570**
Effect of changes of the consolidation scope	-	-	-	-	-	-	-	-	-	-	-
Sub-total of changes linked to relations with shareholders	-	-	-	-	-	-	-	-	-	-	-
Change in unrealised or deferred gains and losses	-	-	-	-	-	(1 621)	6 100	4 479	4 479	-	4 479
2nd half of 2019 Net income	-	-	-	-	120 405	-	-	-	120 405	26	120 431
Changes in accounting policy	-	-	-	9	-	-	(10)	(10)	(1)	-	(1)
Other changes	-	-	-	(698)	-	-	-	-	(698)	-	(698)
Sub-total	**-**	**-**	**-**	**(689)**	**120 405**	**(1 621)**	**6 090**	**4 469**	**124 185**	**26**	**124 211**
Shareholders' equity at 31.12.2019	**1 389 043**	**2 817**	**1 391 860**	**1 378 703**	**283 445**	**31 273**	**(6 602)**	**24 671**	**3 078 680**	**102**	**3 078 782**

The accompanying Notes are an integral part of the interim condensed consolidated financial statements.

(continued)	Capital and associated reserves					Unrealised gains and losses					
(In EUR thousand)	**Issued common stocks**	**Issuing premium and capital reserves**	**Total**	**Retained earnings**	**Net income, Group share**	**that will be reclassified subsequently into income**	**that will not be reclassified subsequently into income**	**Total**	**Shareholders' equity, Group share**	**Non-controlling interests**	**Total consolidated shareholders equity**
Allocation to retained earnings	-	-	-	276 843	(283 445)	-	6 602	6 602	-	-	-
Shareholders' equity at 01.01.2020	**1 389 043**	**2 817**	**1 391 860**	**1 655 546**	**-**	**31 273**	**-**	**31 273**	**3 078 680**	**102**	**3 078 782**
2020 dividends paid	-	-	-	-	-	-	-	-	-	(37)	(37)
Sub-total of changes linked to relations with shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(37)**	-
Change in unrealised or deferred gains and losses	**-**	**-**	**-**	**-**	**-**	**(8 648)**	**(8 370)**	**(17 018)**	**(17 018)**	**-**	**(17 018)**
1st half of 2020 Net income	-	-	-	-	102 224	-	-	-	102 224	(90)	102 134
Other changes	-	-	-	6	-	-	-	-	6	-	6
Sub-total	**-**	**-**	**-**	**6**	**102 224**	**(8 648)**	**(8 370)**	**(17 018)**	**85 212**	**(90)**	**85 122**
Shareholders' equity at 30.06.2020	**1 389 043**	**2 817**	**1 391 860**	**1 655 552**	**102 224**	**22 625**	**(8 370)**	**14 255**	**3 163 892**	**(25)**	**3 163 867**

The accompanying Notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED CASH FLOW

(In EUR thousand)		1st half of 2020	1st half of 2019
Consolidated net income (I)		**102 134**	**163 036**
Amortisation expense on tangible and intangible fixed assets (including operational leasing) and on right-of-use assets	Note 8.4	21 277	20 163
Depreciation and net allocation to provisions		47 900	6 398
Net income/loss from investments accounted for using the equity method		(5 252)	(5 267)
Change in deferred taxes	Note 6	3 211	12 684
Change in deferred income		11 286	6 251
Change in prepaid expenses		(4 741)	(17 866)
Change in accrued income		(38 356)	(9 580)
Change in accrued expense		285 748	(289 227)
Other changes		158 112	216 240
Non-cash items included in net income and others adjustments excluding income on financial instruments at fair value through profit or loss (II)		**479 185**	**(60 206)**
Income on financial instruments at fair value through profit or loss		68 617	48 639
Interbank transactions		(231 576)	2 258 867
Customers transactions		834 331	113 628
Transactions related to other financial assets and liabilities		(604 845)	275 151
Transactions related to other non financial assets and liabilities		(175 831)	(204 665)
Income tax paid		(8 069)	(24 697)
Net increase/decrease in cash related to operating assets and liabilities (III)		**(117 373)**	**2 466 923**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)		**463 946**	**2 569 753**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments		549 224	(64 588)
Net cash inflow (outflow) related to tangible and intangible fixed assets		(11 918)	(4 852)
Net cash inflow (outflow) related to investment activities (B)		**537 306**	**(69 440)**
Dividend paid to equity holders of the parent		-	(359 000)
Cash inflow related to dividends paid from subsidiaries and associates		-	-
Other net cash flows arising from financing activities		-	49
Net cash inflow (outflow) related to financing activities (C)		**-**	**(358 951)**
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C)		**1 001 252**	**2 141 362**
Cash due from central banks	Note 3.1	9 262 134	5 173 455
Demand deposits and current accounts with banks	Notes 3.6, 3.7	688 584	(101 192)
Cash and cash equivalents at the start of the period		**9 950 718**	**5 072 263**
Cash due from central banks	Note 3.1	10 507 098	6 700 366
Demand deposits and current accounts with banks	Notes 3.6, 3.7	444 872	513 259
Cash and cash equivalents at the end of the period		**10 951 970**	**7 213 625**
Net inflow (outflow) in cash and cash equivalents		**1 001 252**	**2 141 362**

Additonal information on operational cash flows from interest:

(In EUR thousand)	1st half of 2020	1st half of 2019
Interest paid	(195 045)	(224 436)
Interest received	357 839	381 450

The accompanying Notes are an integral part of the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATE-MENTS

NOTE 1 – CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

CORPORATE INFORMATION

Société Générale Luxembourg S.A. (the “Group” or the “Bank” or “SG Luxembourg”) was formed as Ingéfilux on 11 April 1956. Its name was changed to Luxbanque, Société Luxembourgeoise de Banque S.A. on 7 May 1981. In 1995, the Extraordinary Shareholders' Meeting decided to change the Bank's name to Société Générale Bank & Trust S.A., with effect as of 1 June 1995. Furthermore, as of 27 January 2020 the Bank changed its name to Société Générale Luxembourg S.A.. The Bank is governed by Luxembourg banking regulations and in particular the Law of 5 April 1993, as amended, on the financial sector.The Bank was incorporated under a limited liability company (“Société Anonyme”) for an unlimited duration.

The Group provides asset management, investment advisory, financial engineering and depository services, in particular for collective investment undertakings. It is also active on the financial markets and with institutional clients, with a high volume of proprietary cash management transactions and financing operations carried out on behalf of large corporations.Beside, the Group has a limited insurance and reinsurance activity.

As at 30 June 2020, the Bank's capital is wholly-owned by Sogeparticipations, a limited liability company (“Société Anonyme”), incorporated under French law.

The Bank and other entities of the Group are included in Société Générale consolidated financial statements, which is the ultimate parent company of the Group. The consolidated financial statements of Société Générale may be obtained from its registered office at Société Générale, 29 Boulevard Haussmann, 75009 Paris, France.

Société Générale Group is a public limited company (Société Anonyme) established under French law and headquartered in Paris, that prepares and published IFRS, as adopted by the EU, consolidated financial statements since 2005.

The Bank holds two representation offices in Italy and in Germany.

These interim condensed consolidated financial statements were approved by the Board of Directors of the Bank on 25 September 2020.

ACCOUNTING STANDARDS

The interim condensed consolidated financial statements for the Group for the six-month period ending 30 June 2020 were prepared and are presented in accordance with IAS (International Accounting Standard) 34 “Interim Financial Reporting” as adopted by the European Union.

These notes should be read in conjunction with the audited consolidated financial statements for the year ending 31 December 2019.

Furthermore, as the Group’s activities are neither seasonal nor cyclical in nature, its first half results were not affected by these factors.

However, the assumptions and the estimates made for the preparation of these interim condensed consolidated financial statements have changed from those used at the previous annual closing to reflect the current uncertainties about the consequences, duration and magnitude of the economic crisis generated by the Covid-19 health crisis, declared as a global pandemic by the World Health Organization (WHO) on 11 March 2020.

FINANCIAL STATEMENTS PRESENTATION

The carrying values of assets and liabilities that are designated as hedged items (fair value hedges) are adjusted to record changes in the fair values attributable to risks that are being hedged in effective hedge relationships. These assets and liabilities would otherwise be carried at amortized cost.

In relation to its insurance activity, the Group has taken the exemption authorized under IFRS 4 not to discount the technical provisions.

The disclosures provided in the notes to the interim condensed consolidated financial statements relate to events and transactions that are significant to an understanding of the changes in financial position and performance of the Group during the first half of 2020. Interim disclosures provided in these notes focus on information that is both relevant and material to the financial statements of the Group, its activities and the circumstances in which it conducted its operations over the period, particularly affected by the effects of the Covid-19 crisis.

PRESENTATION CURRENCY

The presentation currency of the interim condensed consolidated financial statements is the euro (EUR).

Functional currency for SG Luxembourg and its subsidiairies is EUR except for SGPB Switzerland S.A., where the functional currency is Swiss Franc (CHF).

The figures presented in the interim condensed consolidated financial statements and in the notes are expressed in EUR thousand, unless otherwise specified. The effect of rounding can generate discrepancies between the consolidated figures presented in the financial statements and those presented in the notes.

The statements of financial position of consolidated companies reporting in foreign currencies are translated into Euros at the official exchange rates prevailing at the closing date. The statements of income of these companies are translated into Euros at the monthly average exchange rates.

The main spot exchange rates used in the interim condensed consolidated financial statements are as follows:

	30.06.2020	**31.12.2019**	**30.06.2019**
EUR1=	USD 1.1198	USD 1.1234	USD 1.1380
EUR1=	GBP 0.9124	GBP 0.8508	GBP 0.8965
EUR1=	CHF 1.0651	CHF 1.0854	CHF 1.1105

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

AMENDMENTS TO IFRS 3 “BUSINESS COMBINATIONS”

Issued by the IASB on 22 October 2018

These amendments were adopted by the European Union on 29 November 2019.

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

The Group integrates this new guidance in its accounting policy. No impact was observed as at 1 January 2020.

AMENDMENTS TO IAS 1 AND IAS 8 “DEFINITION OF MATERIALITY”

Issued by the IASB on 31 October 2018 and adopted by the European Union on 29 November 2019.

These amendments are intended to clarify the definition of “materiality” in order to facilitate the judgment in the context of the preparation of financial statements and interim financial information, particularly when selecting the information to be presented in the Notes.

The Group assessed the potential impact of this clarification. No impact was observed as at 1 January 2020.

AMENDMENTS TO IFRS 7, IAS 39 AND IFRS 9 IN THE CONTEXT OF THE INTEREST RATE BENCHMARK REFORM ("IBOR REFORM") – PHASE 1

Issued by the IASB on 26 September 2019 and adopted by the European Union on 15 January 2020. The Group early adopted the amendment to the standard as at 31 December 2019.

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

Within the European Union, regulation 2016/1011 (known as "BMR regulation") was passed to implement the principles and recommendations of IOSCO and FSB by creating, as of 1 January 2018, a uniform legal framework regarding the provision of benchmarks.

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

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

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

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

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

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

The IASB started a second phase of study on this subject (please refer to Section 3).

FIRST APPLICATION OF THE REVISED CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING (THE REVISED "CONCEPTUAL FRAMEWORK")

Issued by IASB on 29 March 2018 and adopted by the European Union on 6 December 2019.

The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The changes to the Conceptual Framework affects the application of IFRS in situations where no standard applies to a particular transaction or event.

The revised Conceptual Framework is effective for the Group as it develops accounting policies based on the Conceptual Framework, it is effective for a first application in the interim condensed consolidated financial statements as as at 1 January 2020.

To date, the Group has not identified any impact on the application of IFRS due to the revised Conceptual Framework.

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

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

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

2020 2021	• Follow-up on draft amendments project to IAS 39 / IFRS 9 / IFRS 7 "IBOR Reform" Phase 2 • Amendments to IFRS 16 "Lease contract" due to the Covid-19 crisis
2022	• Amendments to IAS 1 "Classification of liabilities" • Amendments to IFRS 3 (Reference to the Conceptual Framework) • Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" - Onerous contracts - contract execution costs • Annual IFRS Improvement (2018-2020 Cycle) • Amendments to IAS 16 "Property, Plant and Equipment" - Proceeds before intended use
2023	• IFRS 17 "Insurance Contracts"

AMENDMENTS PROJECT TO IAS 39 / IFRS 9 / IFRS 7 – “IBOR REFORM” – PHASE 2

Issued by the IASB on 27 August 2020, not yet adopted by the European Union – To be applied by the Group once adopted by the European Union

Further to the phase 1 study of IBOR reform (cf Note 1.2), the IASB continued a second phase of study from October 2019 to February 2020 on the accounting consequences of the changes that will be made to financial instrument contracts as part of the IBOR reform.

The proposed amendments concern the classification and evaluation of financial instruments, hedge accounting, the consequences of the IBOR reform on other IFRS standards, the procedures for ending the application of exceptions introduced by the amendments published following phase 1 of the reform, the information to be provided in the appendix to the financial statements as well as the date of entry into force of these specific provisions.

More specifically, the proposed amendments relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosures requirements applying IFRS 7 to accompany the Board’s proposal for classification and measurement and hedge accounting.

Related to modification of financial assets, the IASB proposes a practical expedient for modifications required by the reform through the accounting using an updated effective interest rate. A similar practical expedient is proposed for lessee accounting applying IFRS 16.

Related to specific hedge accounting requirements, the IASB proposes not to discontinue hedge accounting solely due to the IBOR reform. Hedging relationships would be amended to reflect modifications to the hedged item, hedging instrument and hedged risk.

Related to the disclosures requirements, the IASB proposes that an entity would disclose information about how the transition from interest rate benchmarks to alternative benchmarks is managed and the progress made to the reporting date; the carrying amount of financial assets and financial liabilities that continue to reference benchmarks subject by the reform; for each significant alternative benchmark rate to which the entity is exposed, an explanation of the process, significant judgments and qualitative data used to qualify the alternative benchmark rate for the practical expedient; and when applicable, a description of the changes in risk management strategy related to the IBOR reform.

The IASB also proposes to amend IFRS 4 to require insurers that apply the temporary exemption from IFRS 9 to apply the amendments in accounting for modifications directly required by IBOR reform.

The Accounting Standards Board is participating in the International Accounting Standards Board’s project to consider the financial reporting implications of interest rate benchmark reform. The Accounting Standards Board issued in April 2020 its exposure draft corresponding to the IASB’s exposure draft on this topic.

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

The finalized amendments should be published in the second half of 2020 with a date of first application on January 1, 2021. Optionally, these amendments could be applicable in advance and with retroactive effect from 2020.

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

AMENDMENTS TO IFRS 16 " LEASE CONTRACT" DUE TO THE COVID-19 CRISIS

Issued by the IASB on 28 May 2020, not yet adopted by the European Union – To be applied by the Group once adopted by the European Union

These amendments are to allow, as an option, tenants benefiting from rent relief in the context of the Covid-19 pandemic, not to analyze whether the concessions granted to them should be accounted for as modifications to rental contracts. This would imply spreading out the effects of the advantage granted over the term of the contract in profit or loss, they can recognized these reductions as negative variable rents (generating an immediate gain in profit or loss). The amendment specifies that the lessees electing to apply the exemption should apply it retrospectively in accordance with IAS 8 but are not required to restate prior period figures. The amendments provide no additional requirement, nor exemption for lessors.

AMENDMENTS TO IAS 1 "CLASSIFICATION OF LIABILITIES"

Issued by the IASB on 23 January 2020

On 23 January 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 1 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.
- The amendments clarify the situations that are considered settlement of a liability.
  The new guidance will be effective for annual periods starting on or after 1 January 2022.

On 15 July 2020, the IASB issued Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1) deferring the effective date of the January 2020 amendments to IAS 1 by one year to annual reporting periods beginning on or after January 1, 2023. The Accounting Standards Board will approve this amendment to IAS 1 by the last quarter 2020.

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

AMENDMENTS TO IFRS 3 (REFERENCE TO THE CONCEPTUAL FRAMEWORK)

Issued by the IASB on 14 May 2020

After its meeting on 30 January 2020, the IASB finalised the amendments to IFRS 3 and decided to require an entity to apply the amendments to business combinations for which acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

The IASB published Reference to the Conceptual Framework (Amendments to IFRS 3) with amendments to IFRS 3, Business Combinations that update an outdated reference in IFRS 3 without significantly changing its requirements.

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

AMENDMENTS TO IAS 37 "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS "ONEROUS CONTRACTS - CONTRACT EXECUTION COSTS "

Issued by the IASB in May 2020

These amendments specify the costs to be used in determining the costs of performing a contract when analyzing onerous contracts.

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

ANNUAL IFRS IMPROVEMENTS (2018 - 2020 CYCLE)

Issued by the IASB on 14 May 2020

As part of the annual procedure for improving IFRS, the IASB published minor changes to IFRS 9 “Financial instruments”” and IFRS 16 “Leases”. The IASB also published minor changes to IFRS 1 “First time adoption of International Financial Reporting Standards” and IAS 41 “Agriculture”, which is not applicable to the Group.

The amendment on IFRS 9 “Financial instruments” clarifies which fees an entity includes when performing the “10 per cent” test to assess whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

The amendment to IFRS 16 clarifies the treatment of lease incentives related to reimbursement of leasehold improvements by the lessor. The amendment only relates to an illustrative example.

The Group will integrate this new guidances in its accounting policy. At this stage, the Group does not expect any significant impact from these amendments.

AMENDMENTS TO IAS 16 “PROPERTY, PLANT AND EQUIPMENT” – PROCEEDS BEFORE INTENDED USE

Issued by the IASB on 14 May 2020

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Such sales proceeds or related costs realised during the preparation of the asset for its intended use should be recognised in profit or loss.

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

IFRS 17 “INSURANCE CONTRACTS”

Issued by the IASB on 18 May 2017, amended on 25 June 2020.

This new standard will replace IFRS 4 “Insurance Contracts” that was issued in 2004 and which currently allows entities to use national requirements for the accounting of insurance contracts.

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

The general model provided for the measurement of insurance contracts in the statement of financial position will be based on a building-blocks approach: a current estimate of future cash flows, a risk adjustment and a contractual service margin.

On 26 June 2019, the IASB issued an exposure draft including a number of amendments to IFRS 17 "Insurance contracts." The purpose of the modifications is to facilitate the implementation of the standard. On 25 June 2020, the IASB published the final amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9. Main applicable changes resulting from these amendments are:

- Deferral of its first application date, which would be postponed to the annual periods beginning on 1 January 2023;
- Additional scope exclusion for credit card contracts and similar contracts;
- Recognition of insurance acquisition cash flows relating to expected contract renewals;
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements;
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives;
- Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held;
- Simplified presentation of insurance contracts in the statement of financial position.

The Group will be working on the effect of the application of IFRS 17.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of the interim condensed consolidated financial statements requires the Board of Directors to make judgments, estimates and assumptions that affect the reported figures recorded in the interim consolidated income statement, on the valuation of assets and liabilities in the interim consolidated statement of financial position, and on information disclosed in the Notes to the interim condensed consolidated financial statements.

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

The assumptions and estimates made for the preparation of these condensed interim consolidated financial statements have changed since the previous annual closing to reflect the current uncertainties about the consequences, duration and magnitude of the economic crisis generated by the Covid-19 pandemic. The effects of this crisis on the assumptions and estimates used are specified in the 5th part of this note.

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

In the process of applying the Group's accounting policies, the Board of Directors has made the following judgments and estimates, which have the most significant effect on the amounts recognized in the interim condensed consolidated financial statements:

- Fair value of financial instruments not quoted in an active market which are classified as Financial assets and liabilities at fair value through profit or loss, Hedging derivatives or Financial assets at fair value through other comprehensive income (see Notes 3.2, 3.3, 3.4 and 3.5);
- Classification of financial instruments, in particular the analysis of the contractual cash flow characteristics of financial assets (see Notes 3.4 and 3.6);
- The amount of impairment and provisions for credit risk related to financial assets measured at amortised cost, or at fair-value through other comprehensive income, loan commitments granted and guarantee commitments granted measured with models or internal assumptions based on historical, current and prospective data (see Notes 3.9, 8.3 and 9);
- Provisions (in particular, provisions for disputes in a complex legal environment), including underwriting reserves of insurance companies (see Notes 4.3 and 8.3);
- The assessment of control of the Group over an entity when updating the consolidation scope, mainly when structured entities are concerned (see Note 2);
- The entities excluded from the consolidation scope (see Note 2);
- The assumptions used for the supplemental defined benefit retirement plan (see Note 5.2).

BREXIT

The United Kingdom organised a referendum in June 2016, in which a majority of British citizens has voted for an exit of the European Union. Since then, the terms of the United Kingdom's withdrawal agreement from the European Union have been discussed and the British Parliament finally approved the exit agreement on 9 January 2020 and then by the European Parliament on 29 January 2020. The Brexit officially went into force on 31 January 2020.

European Union law will cease to apply to the United Kingdom from 1 January 2021. During this transitional period which runs until 1 January 2021, the United Kingdom will keep its European Union member status.

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

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

5. COVID-19 CRISIS IMPACT

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

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

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

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

In conjunction with the numerous publications of regulatory authorities and of the IASB, SG Group has also introduced some adjustments and taken into account Governments support measures[1] in the methodology used for the application of measurement principles regarding expected credit losses.

SG Luxembourg Group policy relies on the methodological framework defined by the SG Group. Therefore, SG Luxembourg Group adopted a similar approach to SG Group for the adjustments related to Governments support measures, due to the fact these measures generally operate in similar countries and environments. SG Luxembourg Group also relies on its parent Group’s modelizations for macroeconomic scenarios and analysis of activities.

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

[1] The economic emergency plan implemented by the French authorities offering cashflow support to the companies weakened by the crisis or similar measures implemented in different countries in which SG Group operates.

The details of changes to macroeconomic scenarios and their impacts on calculation of Expected Credit Losses (ECL) under IFRS 9 are presented below.

DEFINING OF NEW MACROECONOMIC SCENARIOS

For the preparation of the financial statements, SG Group used macroeconomic scenarios in the expected credit losses measurement models that include forward-looking data.

- **GDP (Gross Domestic Product) adjustment**

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

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

In order to take this time-lag into account, SG Group has revised its models and retained for 2020 and 2021 the (logarithmic) average of the variations in GDP compared to a base 100 in 2019.

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

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

Combination of the 4 scenarios after adjusments:

(in percentage %)

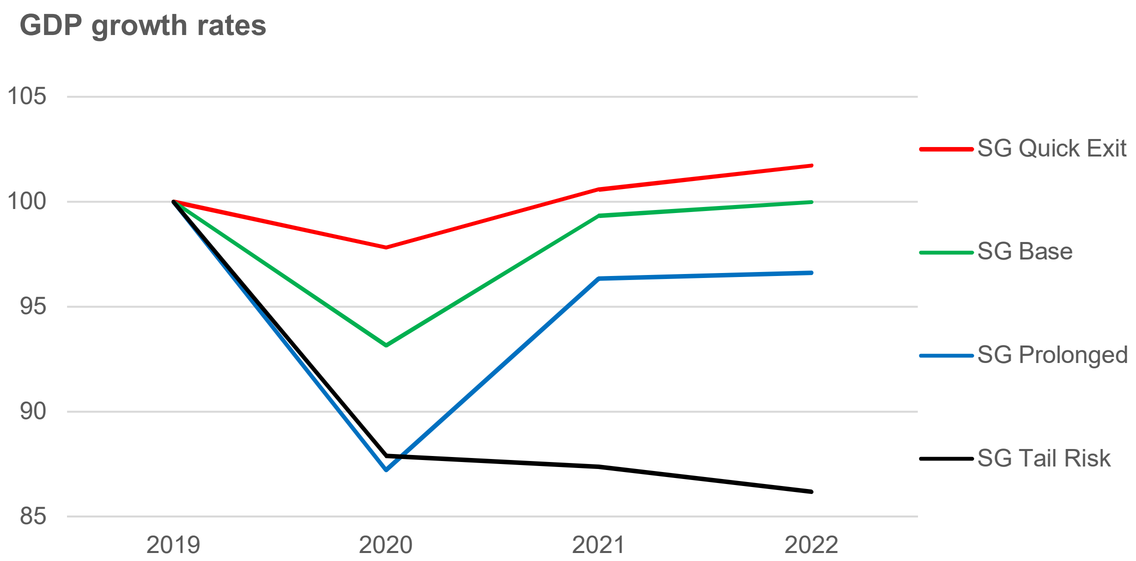
	2019	2020	2021	2022	2023	2024
Euro Zone	1.2	(5.8)	(5.8)	0.5	1.0	1.4
France	1.3	(4.6)	(4.6)	0.6	1.0	1.4
United-States	2.3	(5.2)	(5.2)	0.8	1.6	2.1

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

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

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

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



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

(in percentage %)

SG Quick Exit scenario	**2020**	**2021**	**2022**	**2023**
France GDP	(1.5)	2.8	1.5	1.8
Euro area GDP	(2.2)	2.8	1.2	1.6
US GDP	(2.6)	2.6	1.7	1.9
SG Base scenario	**2020**	**2021**	**2022**	**2023**
France GDP	(5.8)	6.0	0.7	1.1
Euro area GDP	(6.8)	6.6	0.7	1.2
US GDP	(6.6)	6.1	0.9	1.7
SG Prolonged scenario	**2020**	**2021**	**2022**	**2023**
France GDP	(11.1)	9.6	0.4	0.6
Euro area GDP	(12.8)	10.5	0.3	0.6
US GDP	(11.5)	10.0	0.5	1.5
SG Tail Risk scenario	**2020**	**2021**	**2022**	**2023**
France GDP	(10.6)	(0.1)	(0.8)	0.2
Euro area GDP	(12.1)	(0.6)	(1.3)	0.5
US GDP	(12.5)	(1.1)	(0.3)	1.0

WEIGHTINGS AS AT 30 JUNE 2020

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

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

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

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

CALCULATION OF EXPECTED CREDIT LOSSES

The principles for measuring expected credit losses disclosed in the financial statements as of 31 December 2019 continue to be applied in the interim condensed financial statements. However, some implementation rules of these principles have been adjusted in order to take into account the Covid-19 crisis context.

The main changes during the half year are detailed below:

Update of the models and parameters used for estimating expected credit losses

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

Models adjustments

SG Group has performed some adjustments in its models to better reflect the impact of scenarios on the expected credit losses.

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

The main evolutions of the half-year concerned:

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

The impacts of these changes in the measurement and the accounting of expected credit losses are presented in Note 3.9.

On the basis of the scenarios and weightings mentioned above, and after taking into account the methodological adjustments, the calculation of expected credit losses led the SG Luxembourg Group to record a loss in Cost of risk of EUR 37.5 million on 30 June 2020 i.e. a deterioration of EUR 46.5 million compared to 30 June 2019.

If a weighting of 60% was used for the SG Base central scenario, of 30% for the SG Prolonged scenario and of 5% for the two extreme SG Tail Risk and SG Quick Exit scenarios, the impact would be an extra allocation of less than EUR 2 million.

SG Luxembourg Group cost of risk as of 30 June 2020 split by business lines:

(in EUR thousand)	Year to date NCR		
Business line	**Stage 1 & Stage 2***	**Stage 3***	**Global**
Private Banking	3 665	9 499	13 164
Securities services	48	-	48
Corporate and Investment Banking	22 548	-	22 548
Corporate Center	1 747	-	1 747
SG Luxembourg Group	28 008	9 499	37 507

** In accordance with IFRS 9*

Sector adjustments

The different models used to estimate the expected credit losses may be supplemented by sector adjustments that increase or decrease the amount of expected credit losses. These adjustments allow to better anticipate defaults or recoveries in certain cyclical sectors. During the second quarter, these adjustments have been reviewed and supplemented to take into account the specific risk on sectors particularly affected by the Covid-19 crisis. The total sector adjustments amount to EUR 3.8 million as at 30 June 2020 (EUR 1.4 million as at 31 December 2019).

Adjustments on the outstanding loans under simplified approach

For the Private Banking portfolio for which any developed models for estimating the correlations between the macroeconomic variables and the probability of default could be established, adjustments have also been made as at 30 June 2020 to reflect the deterioration of credit risk on some portfolios.

Compared to an usual situation, where stage 1 probability of default are made up of the averages over the last 4 quarters of the default rates observed at one year, for second quarter of 2020, an additional "Forward Looking" overlay has been defined.

In addition to lines already defaulted in Q1 2020 in connection with the volatility of financial markets in the context of Covid-19, it is anticipated that defaults will increase further over the next year. This anticipation emerges from the SG Group's reference scenarios, which include a second financial markets shock in 2020 and a deterioration in the real estate market in particular.

Thus, the impact of the recalibration of Private Banking portfolio PDs compared to the last 4 quarters is estimated at + 60%. At constant scope, the additional impairment generated by this increase would have reached EUR 3.3 million. Given the decrease in commitments the impact was limited to EUR 3.1 million and has been fully recorded in the second quarter results (no smoothing over 4 quarters).

For each of the classes, the anticipated default levels are close to those observed during the 2008 crisis.

COVID-19 SUPPORT MEASURES

In the first half 2020, moratoriums represented approximately EUR 104.6 million of outstandings for SG Luxembourg Group.

The terms of the moratoriums granted by SG Luxembourg Group to its clients varied from entity to entity.

In Luxembourg, the moratoriums took the form of a 6 months payment deferment (except 1 case 10 months) on loans granted to corporates and private banking customers (principal only or principal and interests), with interests on the deferral charged only on the principal. In the first half of 2020, these moratoriums represent about EUR 16.6 million of credit outstandings.

Abroad, various cases have been observed, both over the duration of the moratorium (never exceeding 9 months), and over its terms (interest charged or not for the deferment). The relevant credit outstandings amount to approximately EUR 88 million.

From an accounting point of view, these moratoriums were not considered as substantial modifications of the contractual cash flows of the loans to which they were applied, and therefore did not result in the derecognition of these loans. Given the low number of moratoriums, the loss relating to the moratoriums recorded in the interest margin amounts is non-material for the Group.

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

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

- **Waiver/amendment requests**

As of end of June 2020, SG Luxembourg Group has received such requests on 14 transactions, all related to wholesale clients.

Out of these, 5 related to the activity of financing structured transactions initiated by Societe Generale Group (SGCMF) on automotive (3) and construction (2) sectors and aimed at waiving prospective or actual breaches of contractual triggers that could have entail acceleration of the transaction. It is worth noting that these breaches were mainly due to a basis effect (i.e. calculation methodology) following the strong decrease of the activity during the lockdown period and do not emphasize an increasing credit risk.

As for the rest of the requests, relating to financings, they are mostly covenant holiday/reset and/or additional permitted financial indebtness oriented.

- **Moratoriums**

Moratoriums have been granted in order to defer for a few months the repayment of loans instalments (principal and interests).

As of 30 June 2020, the approved moratoriums number is rather limited for private banking activity (7 in Luxembourg, 6 in Switzerland and 12 in Monaco) representing a total commitment of EUR 104.6 million.

6. PRIOR YEARS CORRECTION OF ERROR

CHANGE IN REVENUE RECOGNITION FOR SG ISSUER

During Q4 2019, SG Issuer, a fully owned subsidiary of SG Luxembourg, identified that, in 2019 as well as in prior years, Société Générale SA had paid to SG Issuer a remuneration in excess of the contractually agreed remuneration due to an error in using the right notes' maturities when applying the contractually agreed remuneration formula. However, such undue remuneration had no impact on any remuneration due to investors in SG Issuer's notes and warrants at any time.

Société Générale S.A. confirmed in a letter addressed to SG Issuer on 15 April 2020 and duly signed by both parties that it had decided to waive any reimbursement claim from SG Issuer related to such undue remuneration whenever paid.

Therefore, this operational incident had no impact on SG Luxembourg consolidated net result and consolidated shareholders' equity.

The economic nature of this excess remuneration being different from the contractual remuneration, the excess remuneration was recorded in "Income from other activities" for the year ended 31 December 2019. In accordance with IAS 8, SG Luxembourg has restated the comparative amount in the interim consolidated Income statement for the period ended 30 June 2019 as well as in the notes to the condensed interim consolidated financial statements (Notes 4.1 and 4.2 to the Interim Consolidated Financial Statement).

Given the absence of impact of such undue remuneration on both the consolidated net result and the consolidated shareholders' equity, SG Luxembourg has decided not to restate the consolidated opening balances of assets, liabilities and equity for the prior year presented.

This excess remuneration paid by Société Générale SA to SG Issuer amounted to EUR 14 384 thousand for the first half of 2019.

NOTE 2 - CONSOLIDATION

NOTE 2.1 - CONSOLIDATION SCOPE

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

NOTE 2.2 – MATERIAL CHANGES IN CONSOLIDATION SCOPE

There is no changes to the consolidation scope as at 30 June 2020, compared to the scope applicable at the closing date of 31 December 2019.

NOTE 2.3 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

There is no change related to investments accounted for using the equity method in 2020 compared to the scope applicable as of 31 December 2019.

NOTE 3 - FINANCIAL INSTRUMENTS

NOTE 3.1 – CASH, DUE FROM CENTRAL BANKS

(In EUR thousand)	30.06.2020	31.12.2019
Cash	1 823	1 551
Balances with central banks	10 505 275	9 260 583
Total	**10 507 098**	**9 262 134**
Mandatory reserve	*241 416*	*262 614*

NOTE 3.2 - FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

1. OVERVIEW OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2020		31.12.2019	
(In EUR thousand)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Trading portfolio	2 015 415	1 922 669	6 210 338	6 176 304
Financial instruments mandatorily at fair value through profit or loss	44 243 662	-	53 347 979	-
Financial instruments at fair value through profit or loss using the fair value option	-	43 830 254	-	52 895 594
Total	**46 259 077**	**45 752 923**	**59 558 317**	**59 071 898**

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

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

As at 30 June 2020, the impact of the offsetting of financial assets and financial liabilities (decrease in the statement of financial position) is EUR 40 005 292 thousand for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2019: EUR 30 038 519 thousand) and EUR 9 182 139 thousand for the non-sold warrants and the corresponding Options (31 December 2019: EUR 6 692 028 thousand).

2. TRADING PORTFOLIO

Trading portfolio includes all the financial assets held for trading purpose regardless of the characteristics of their contractual cash flows. Only non-SPPI financial assets that are not held for trading are classified amongst *Financial assets measured mandatorily at fair value through profit or loss* (see section 3 below).

ASSETS

(In EUR thousand)	30.06.2020	31.12.2019
Bonds and other debt securities	-	-
Shares and other equity securities	5 572	9 092
Loans and receivables and securities purchased under resale agreements	82 402	76
Trading derivatives	1 927 441	6 201 170
Total	**2 015 415**	**6 210 338**
Of which securities lent	**-**	**-**

LIABILITIES

(In EUR thousand)	30.06.2020	31.12.2019
Amounts payable on borrowed securities	-	-
Bonds and other debt instruments sold short	-	-
Shares and other equity instruments sold short	-	-
Borrowings and securities sold under repurchase agreements	-	-
Trading derivatives	1 922 352	6 175 992
Other trading liabilities	317	312
Total	**1 922 669**	**6 176 304**

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

BREAKDOWN OF FINANCIAL ASSETS MEASURED MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

(In EUR thousand)	30.06.2020	31.12.2019
Bonds and other debt securities	-	-
Shares and other equity securities	58 821	71 299
Loans and receivables	44 184 841	53 276 680
Total	**44 243 662**	**53 347 979**

The loans and receivables recorded in the statement of financial position under *Financial assets at fair value through profit or loss* are mainly:

- loans that include an embedded derivative (swap or option)
- loans that include indexation clauses which are not SPPI compliant.

The Fully Funded Swaps (hereafter "FFS") are economically assimilated to loans with embedded derivatives (the swap embedded in the FFS). This type of financial assets comply with the IFRS definition of debt instruments (fixed maturity, coupon calculated as a rate, no right nor interest/control in an entity). As these financial assets of SG Issuer S.A. contain embedded derivatives that modify the cash flows of the entire contract, the contract does not pass the SPPI test and these financial assets are mandatorily measured at Fair Value Through Profit and Loss ("FVTPL").
Shares and other equity securities are non consolidated shares held by the Group for structuring or financing activities.

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

ASSETS

As at 30 June 2020, as well as at 31 December 2019, the Groups does not hold any asset recorded under *Assets at fair value through profit and loss using fair value option*.

LIABILITIES

Financial liabilities measured at fair value through profit or loss in accordance with the fair value option exclusively consist of structured bonds issued by the Group.

These financial liabilities are economically hedged by Fully Funded Swaps on the asset side. Regarding the liabilities, changes in fair value attributable to own credit risk are not recorded in other comprehensive income in order to avoid any accounting mismatch with the fair value of the corresponding asset, which are recorded at fair value through profit and loss.

5. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(In EUR thousand)	**1st half of 2020**	**1st half of 2019**
Net gain/loss on trading portfolio (excluding derivatives)	3 590	(2 108)
Net gain/loss on financial instruments mandatorily at fair value through profit or loss	(11 651 090)	10 412 781
o/w dividend income	*72 171*	*74 487*
Net gain/loss on financial instruments measured using fair value option	11 643 200	(10 347 203)
Net gain/loss on derivative instruments	1 062	(17 777)
Net gain/loss on hedging transactions	(209)	(1 033)
Net gain/loss on foreign exchange transactions	18 232	38 772
Total of net gains and losses on financial instruments at fair value through profit or loss	**14 785**	**83 432**

As income and expenses recorded in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole. It should be noted that the income shown here does not include the refinancing cost of these financial instruments, which is shown under interest expense and interest income.

NOTE 3.3 - FINANCIAL DERIVATIVES

1. TRADING DERIVATIVES

Trading derivatives are mainly used by the Group for transactions with customers in back to back transactions and for economic hedge warrants issued.

BREAKDOWN OF ASSETS

(In EUR thousand)	30.06.2020	31.12.2019
Interest rate instruments	132 043	104 212
Foreign exchange instruments	31 286	36 141
Equity and index instruments	1 636 714	3 698 444
Commodities instruments	-	102
Other forward financial instruments	127 398	2 360 686
Other trading instruments	-	1 585
Total	**1 927 441**	**6 201 170**

BREAKDOWN OF LIABILITIES

(In EUR thousand)	30.06.2020	31.12.2019
Interest rate instruments	121 857	90 588
Foreign exchange instruments	33 769	22 999
Equity and index instruments	1 639 280	3 695 372
Commodities instruments	-	1 553
Other forward financial instruments	127 446	2 365 298
Other trading instruments(1)	-	182
Total	**1 922 352**	**6 175 992**

(1) Other trading instruments are mainly composed of structured optional products (back to back activities).

BREAKDOWN OF TRADING DERIVATIVES COMMITMENTS (NOTIONAL AMOUNTS)

(In EUR thousand)	30.06.2020	31.12.2019
Interest rate instruments	**7 709 104**	**6 894 000**
Firm instruments	7 251 770	6 288 706
Swaps	*7 248 556*	*6 287 816*
FRAs	*3 214*	*890*
Options	457 334	605 294
Foreign exchange instruments	**32 528 882**	**42 361 275**
Firm instruments	12 387 408	15 276 878
Options	20 141 474	27 084 397
Equity and index instruments	**168 911 827**	**238 232 578**
Firm instruments	143 826	132 272
Options	168 768 001	238 100 306
Commodities instruments	**3 700 044**	**4 335 591**
Firm instruments	7 616	4 758
Options	3 692 428	4 330 833
Other forward financial instruments	**626 305**	**461 994**
Total	**213 476 162**	**292 285 438**

2. HEDGING DERIVATIVES

According to the transitional provisions of IFRS 9, the Group made the choice to maintain the IAS 39 provisions related to hedge accounting. Consequently, equity instruments held (equities and similar securities) are not eligible for hedge accounting regardless of their accounting classification.

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

BREAKDOWN OF FAIR VALUE OF HEDGING DERIVATIVES

(In EUR thousand)	30.06.2020		31.12.2019	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Fair Value Hedge				
Interest rate instruments				
Swaps	-	177 870	410	179 639
Equity and index instruments				
Equity and stock index options	-	-	-	-
Cash Flow Hedge				
Interest rate instruments				
Swaps	-	34 113	11	38 432
Other instruments				
Other forward financial instruments	-	797	26	174
Total	**-**	**212 780**	**447**	**218 245**

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

Through some of its operations, the Group is exposed to future cash flow changes in its short and medium-term funding requirements, and sets up hedging relationships recognised for accounting purposes as cash flow hedges.

BREAKDOWN OF HEDGING DERIVATIVES COMMITMENTS (NOTIONAL AMOUNTS)

DERIVATIVE ASSETS (NOTIONAL AMOUNT)

(In EUR thousand)	30.06.2020	31.12.2019
Interest rate instruments	5 192 000	5 737 000
Foreign exchange instruments	-	-
Equity and index instruments	-	-
Commodity instruments	-	-
Credit derivatives	-	-
Other forward financial instruments	2 351	1 919
Total	**5 194 351**	**5 738 919**

DERIVATIVE LIABILITIES (NOTIONAL AMOUNT)

(In EUR thousand)	30.06.2020	31.12.2019
Interest rate instruments	5 192 000	5 737 000
Foreign exchange instruments	-	-
Equity and index instruments	-	-
Commodity instruments	-	-
Credit derivatives	-	-
Other forward financial instruments	-	-
Total	**5 192 000**	**5 737 000**

BREAKDOWN OF NET GAINS/LOSSES ON HEDGING TRANSACTIONS

(In EUR thousand)	1st half of 2020	1st half of 2019
Net gain/loss on hedging transactions		
Net gain/loss on fair value hedging derivatives	*(1 749)*	*(28 489)*
Revaluation of hedged items attributable to hedged risks	*1 540*	*27 441*
Ineffective portion of cash flow hedge	*-*	*15*
Total of net gains and losses on financial instruments at fair value through profit or loss from hedging transactions	**(209)**	**(1 033)**

NOTE 3.4 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

OVERVIEW OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(In EUR thousand)	30.06.2020	31.12.2019
Bonds and other debt securities	3 301 822	3 263 281
Shares and other equity securities	-	-
Total	**3 301 822**	**3 263 281**
o/w unrealized gain/loss through OCI, excluding deferred taxes and allowances for impairment losses	*29 145*	*38 405*
o/w Allowances for impairment losses	*13*	*44*

1. DEBT INSTRUMENTS

CHANGES OF THE CARRYING AMOUNT

(In EUR thousand)	1st half of 2020
Balance on 1 January 2020	**3 263 281**
Acquisitions / disbursements	315 514
Disposals / redemptions	(265 514)
Others	(1 142)
Changes in fair value during the year	(5 722)
Changes in related receivables	(4 595)
Translation differences	-
Balance on 30 June 2020	**3 301 822**

BREAKDOWN OF CUMULATED UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY AND THAT WILL BE RECLASSIFIED SUBSEQUENTLY INTO INCOME

	30.06.2020		
(In EUR thousand)	Cumulated unrealized gains and losses	*"o.w. without adjustments for credit risk"*	*"o.w. adjustments for credit risk"*
Unrealised gains	37 116	*37 107*	*9*
Unrealised losses	(7 958)	*(7 962)*	*4*
Total	**29 158**	***29 145***	***13***

	31.12.2019		
(In EUR thousand)	Cumulated unrealized gains and losses	*"o.w. without adjustments for credit risk"*	*"o.w. adjustments for credit risk"*
Unrealised gains	43 040	*42 980*	*60*
Unrealised losses	(4 591)	*(4 575)*	*(16)*
Total	**38 449**	***38 405***	***44***

2. EQUITY INSTRUMENTS

As at 30 June 2020 and 31 December 2019, the Group did not apply the fair value through other comprehensive income option to any equity instruments.

NOTE 3.5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

FAIR VALUE HIEARCHY

	30.06.2020			
(In EUR thousand)	**(L1)**	**(L2)**	**(L3)**	**Total**
Trading portfolio	**5 572**	**1 868 459**	**141 384**	**2 015 415**
Bonds and other debt securities	-	-	-	-
Shares and other equity instruments	5 572	-	-	5 572
Loans, receivables and repurchase agreements	-	82 402	-	82 402
Trading derivatives	-	1 786 057	141 384	1 927 441
o/w interest rate instruments	-	*132 043*	-	*132 043*
o/w foreign exchange instruments	-	*31 286*	-	*31 286*
o/w equity and index instruments	-	*1 510 802*	*125 912*	*1 636 714*
o/w commodity instruments	-	-	-	-
o/w other forward financial instruments	-	*111 926*	*15 472*	*127 398*
o/w other trading instruments	-	-	-	-
Financial assets measured mandatorily at fair value through profit or loss	**9 805**	**18 515 077**	**25 718 780**	**44 243 662**
Bond and other debt securities	-	-	-	-
Shares and other equity instruments	9 805	49 016	-	58 821
Loans and receivables	-	18 466 061	25 718 780	44 184 841
o/w loans indexed on commodities instruments	-	*418 731*	*18 923*	*437 654*
o/w loans indexed on credit derivatives/securities	-	*1 137 395*	*4 005 448*	*5 142 843*
o/w loans indexed on equity and index securities	-	*13 788 060*	*17 312 648*	*31 100 708*
o/w loans indexed on foreign exchange instruments/securities	-	*848 527*	*420 678*	*1 269 205*
o/w loans indexed on interest rate instruments/securities	-	*1 714 450*	*3 216 673*	*4 931 123*
o/w other financial instruments	-	*558 898*	*744 410*	*1 303 308*
Financial assets measured using fair value option through profit or loss	-	-	-	-
Hedging derivatives	-	**-**	-	**-**
Interest rate instruments	-	-	-	-
Equity and index instruments	-	-	-	-
Other financial assets	-	-	-	-
Financial assets at fair value through other comprehensive income	**3 301 822**	**-**	**-**	**3 301 822**
Debt instruments	3 301 822	-	-	3 301 822
Total financial assets at fair value	**3 317 199**	**20 383 536**	**25 860 164**	**49 560 899**

Notes to the interim condensed consolidated financial statements (continued)
As at 30 June 2020

(In EUR thousand)	31.12.2019			
	(L1)	**(L2)**	**(L3)**	**Total**
Trading portfolio	**9 092**	**5 644 666**	**556 580**	**6 210 338**
Bonds and other debt securities	-	-	-	-
Shares and other equity instruments	9 092	-	-	9 092
Loans, receivables and repurchase agreements	-	76	-	76
Trading derivatives	-	5 644 590	556 580	6 201 170
o/w interest rate instruments	*-*	*104 212*	*-*	*104 212*
o/w foreign exchange instruments	*-*	*36 141*	*-*	*36 141*
o/w equity and index instruments	*-*	*3 476 421*	*222 023*	*3 698 444*
o/w commodity instruments	*-*	*102*	*-*	*102*
o/w other forward financial instruments	*-*	*2 026 129*	*334 557*	*2 360 686*
o/w other trading instruments	*-*	*1 585*	*-*	*1 585*
Financial assets measured mandatorily at fair value through profit or loss	**22 846**	**21 603 504**	**31 721 629**	**53 347 979**
Bond and other debt securities	-	-	-	-
Shares and other equity instruments	22 846	48 378	-	71 224
Loans and receivables	-	21 555 126	31 721 629	53 276 755
o/w loans indexed on commodities instruments	*-*	*736 757*	*6 113*	*742 870*
o/w loans indexed on credit derivatives/securities	*-*	*1 378 833*	*4 856 266*	*6 235 099*
o/w loans indexed on equity and index securities	*-*	*15 198 731*	*20 867 313*	*36 066 044*
o/w loans indexed on foreign exchange instruments/securities	*-*	*1 777 010*	*847 690*	*2 624 700*
o/w loans indexed on interest rate instruments/securities	*-*	*1 921 912*	*3 961 009*	*5 882 921*
o/w other financial instruments		*541 883*	*1 183 238*	*1 725 121*
Financial assets measured using fair value option through profit or loss	-	-	-	-
Hedging derivatives	-	**447**	-	**447**
Interest rate instruments	-	421	-	421
Equity and index instruments	-	-	-	-
Other financial assets	-	26	-	26
Financial assets at fair value through other comprehensive income	**3 263 281**	**-**	**-**	**3 263 281**
Debt instruments	3 263 281	-	-	3 263 281
Total financial assets at fair value	**3 295 219**	**27 248 617**	**32 278 209**	**62 822 045**

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

FAIR VALUE HIEARCHY

	30.06.2020			
(In EUR thousand)	**(L1)**	**(L2)**	**(L3)**	**Total**
Trading portfolio	**-**	**1 780 582**	**142 087**	**1 922 669**
Other trading liabilities	-	317	-	317
Transaction derivatives	-	1 780 265	142 087	1 922 352
o/w interest rate instruments	*-*	*121 857*	*-*	*121 857*
o/w foreign exchange instruments	*-*	*33 769*	*-*	*33 769*
o/w equity and index instruments	*-*	*1 513 356*	*125 919*	*1 639 275*
o/w commodity instruments	*-*	*-*	*-*	*-*
o/w other forward financial instruments	*-*	*111 278*	*16 168*	*127 446*
o/w other trading derivatives	*-*	*5*	*-*	*5*
Financial liabilities at fair value through profit or loss	**-**	**18 085 284**	**25 744 970**	**43 830 254**
o/w commodities instruments	*-*	*418 689*	*18 923*	*437 612*
o/w credit derivatives/securities	*-*	*1 135 477*	*4 004 273*	*5 139 750*
o/w equity and index securities	*-*	*13 786 863*	*17 340 152*	*31 127 015*
o/w foreign exchange instruments/securities	*-*	*848 305*	*420 551*	*1 268 856*
o/w interest rate instruments/securities	*-*	*1 714 459*	*3 216 673*	*4 931 132*
o/w other financial instruments	*-*	*181 491*	*744 398*	*925 889*
Hedging derivatives	**-**	**212 780**	**-**	**212 780**
Interest rate instruments	-	211 983	-	211 983
Other financial instruments	-	797	-	797
Total financial liabilities at fair value	**-**	**20 078 646**	**25 887 057**	**45 965 703**

	31.12.2019			
(In EUR thousand)	**(L1)**	**(L2)**	**(L3)**	**Total**
Trading portfolio	**-**	**5 616 719**	**559 585**	**6 176 304**
Other trading liabilities	- -	313	-	313
Transaction derivatives	-	5 616 406	559 585	6 175 991
o/w interest rate instruments	*-*	*90 588*	*-*	*90 588*
o/w foreign exchange instruments	*-*	*22 999*	*-*	*22 999*
o/w equity and index instruments	*-*	*3 473 384*	*221 988*	*3 695 372*
o/w commodity instruments	*-*	*1 553*	*-*	*1 553*
o/w other financial instruments	*-*	*2 027 882*	*337 597*	*2 365 479*
Financial liabilities at fair value through profit or loss	**-**	**21 175 281**	**31 720 314**	**52 895 595**
o/w commodities instruments	*-*	*736 757*	*6 113*	*742 870*
o/w credit derivatives/securities	*-*	*1 379 219*	*4 855 992*	*6 235 211*
o/w equity and index securities	*-*	*15 197 980*	*20 866 396*	*36 064 376*
o/w foreign exchange instruments/securities	*-*	*1 775 900*	*847 573*	*2 623 473*
o/w interest rate instruments/securities	*-*	*1 921 464*	*3 961 009*	*5 882 473*
o/w other financial instruments	*-*	*163 960*	*1 183 231*	*1 347 191*
Hedging derivatives	**-**	**218 245**	**-**	**218 245**
Interest rate instruments	-	218 071	-	218 071
Other financial instruments	-	174	-	174
Total financial liabilities at fair value	**-**	**27 010 245**	**32 279 899**	**59 290 144**

There have been no transfer of financial assets or liabilities measured at fair value from Level 2 to Level 1 in 2020, as well as in 2019.

2. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

The following tables show a reconciliation of the opening and closing amounts of Level 3 which are recorded at fair value. Transfers from Level 3 to Level 2 occur when the market for some securities became more liquid, which eliminates the need for the previously required significant unobservable valuation inputs.
Since the transfer, these instruments have been valued using valuation models incorporating observable market inputs. Transfers into Level 3 reflect changes in market conditions as a result of which instruments become less liquid. Therefore, the Group requires significant unobservable inputs to calculate their fair value.

The below figures are related the liabilities side at fair value through profit or loss indeed the main Level 3 financial instruments relate to issuance activities (liabilities side). Variations of Level 3 related to the asset side are not presented because similar variation will be observe on the liabilities side .

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

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

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

	30.06.2020								
(In EUR thousand)	**Balance at 01.01.2020**	**Issues**	**Redemptions**	**Transfer to Level 2**	**Transfer from Level 2**	**Gains and losses due to changes in fair value**	**Translation differences**	**Offsetting**	**Balance at 30.06.2020**
Trading derivatives	**559 585**	**77 829**	**(430 331)**	**(34 706)**	**34 734**	**110 274**	**-**	**(175 298)**	**142 087**
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign exchange instruments	-	-	-	-	-	-	-	-	-
Equity and index instruments	221 988	72 724	(103 199)	(34 706)	34 734	115 197	-	(180 819)	125 919
Commodity instruments	-	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-	-	-
Other forward financial instruments	337 597	5 105	(327 132)	-	-	(4 923)	-	5 521	16 168
Financial liabilities measured using fair value option through profit or loss	**31 720 314**	**15 850 501**	**(10 841 494)**	**(15 985 564)**	**6 230 382**	**(2 824 439)**	**-**	**1 595 270**	**25 744 970**
Total financial liabilities at fair value	**32 279 899**	**15 928 330**	**(11 271 825)**	**(16 020 270)**	**6 265 116**	**(2 714 165)**	**-**	**1 419 972**	**25 887 057**

Derivatives and security financing transactions are subject to a Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA).

The CVA is determined on the basis of the Group entity's expected positive exposure to the counterparty, the counterparty's probability of default and the amount of the loss given default. The DVA is determined symetrically based on the negative expected exposure. These calculations are carried out over the life of the potential exposure, with a focus on the use of relevant and observable market data.

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

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

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

SHARES AND OTHER EQUITY SECURITIES

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

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

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

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

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

OTHER DEBTS

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

TRANSFERS FROM LEVEL 3 TO LEVEL 2

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

TRANSFERS FROM LEVEL 2 TO LEVEL 3

Transfers from Level 2 to Level 3 can occur in case of a modification within a parameter (no longer linked to the deal, modification of the observability rule of the parameter, etc…).

The transfers from Level 2 to Level 3 during the six-month period ended 30 June 2020 are also explained by an in-depth review of all the models used by the Group.

3. ESTIMATES OF MAIN UNOBSERVABLE INPUTS

According to the fair value hierarchy established by IFRS 13, level 3 (L3) comprises products valued using inputs that are not based on observable market data (referred to as unobservable inputs).

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

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

The notes and the related fully funded swaps are classified as level 3 when the valuation of the associated embedded derivatives (underlyings of the notes) is also based on unobservable market data.

On each element of an identified list of unobservable parameters, it comes to determining the uncertainty of marking, and cross sensitivities with this uncertainty for a confidence interval of the value of the positions.

In parallel, marking the levels of each of these parameters is collected and reported in the note.

The methods for determining the level of uncertainty, as well as calculating the confidence interval from sensibilities depend on each parameter.

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

Type of underlyings	**Assets** In EUR million	**Liabilities** In EUR million	**Main products**	**Valuation techniques used**	**Significant unobservable inputs**	**Range of inputs Min & Max**
Equity / Funds	17 439	17 466	Derivatives on funds, equities or baskets of stocks derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets on stocks	Equity volatilities	[10% ; 132.7%]
					Equity dividends	[0% ; 29.1%]
					Correlations	[-100% ; 97.8%]
					Hedge funds volatilities	[7.6% ; 20%]
					Mutual fund volatilities	[2.1% ; 26.1%]
Rates and Forex	4 397	4 398	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	[-46.4% ; 90%]
			Forex derivatives	Forex option pricing models	Forex volatilities	[0% ; 27.5%]
			Interest rate derivatives whose notional is indexed on the prepayment behaviour on European collateral pools	Prepayement modeling	Constant prepayment rates	[0% ; 20%]
			Inflation instruments and derivatives	Inflation pricing models	Correlations	[55%; 88.9%]
Credit	4 005	4 004	Collateralized Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	[0% ; 100%]
					Recovery rate variance for single name underlyings	[0% ; 100%]
			Other credit derivatives	Credit default models	Time to default correlations	[0% ; 100%]
					Quanto correlations	[-50% ; 40%]
					Credit spreads	[0 bps ; 1 000 bps]
Commodity	19	19	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	[-74.7%; 93.8%]
Total	**25 860**	**25 887**				

Unobservable inputs add a degree of uncertainty in the valuation of Level 3 instruments.

However, by the nature of its activities (mainly Private Banking, Securities Services and fully hedged issuance) the Group has very limited market risk exposure. The impact of an immediate change in an unobservable parameter would have no consequence on the net profit of the Group.

NOTE 3.6 - LOANS, RECEIVABLES AND SECURITIES AT AMORTISED COST

1. OVERVIEW OF FINANCIAL ASSETS AT AMORTISED COST

	30.06.2020		31.12.2019*	
(In EUR thousand)	**Carrying amount**	o/w impairment	**Carrying amount**	o/w impairment
Due from banks	10 596 506	*(917)*	11 423 275	*(405)*
Customer loans	23 291 444	*(58 105)*	24 661 720	*(24 864)*
Securities	6 636 171	*(2 657)*	7 180 331	*(590)*
Total	**40 524 121**	***(61 679)***	**43 265 326**	***(25 859)***

**Restated figures.*

CHANGE IN CLASSIFICATION OF VARIABLE FUNDING NOTES FOR MONTALIS B.V

During Q2 2020, Montalis B.V., a consolidated subsidiary of SG Luxembourg, identified that, in 2020 as well as in prior years, the classification of variable funding notes owned was not accurate. The notes on the asset side were indeed classified under *Customer loans at amortised cost* instead of *Securities at amortised cost*. A change in classification has been performed in June 2020 and the variable funding notes are now presented under *Securities at amortized cost*.

Figures from 31 December 2019 have been restated as well for an amount of EUR 1 767 million on the asset side and from EUR 28 million on the profit and loss side.

CHANGE IN CLASSIFICATION OF LOANS FOR SGCMF

The Bank performed the reclassification of two counterparts from *Customer loans* to *Due from banks*. Figures from 31 December 2019 have been restated for an amount of EUR 1 928 million.

IMPACT COVID-19 ON EXEMPTION PERIODS & ACCOUNTING TREATMENT

Due to the Covid-19 crisis, the Group implemented changes in accounting estimates related to the determination of expected credit losses on loans, receivables and securities at amortised cost during the first semester 2020. Details of the main changes during the period and of the financial impacts are presented in Note 3.9.

2. DUE FROM BANKS

(In EUR thousand)	30.06.2020	31.12.2019
Deposits and loans		
Demand and overnights		
Current accounts	580 650	817 909
Overnight deposits and loans and others	1 402 876	19
Term		
Term deposits and loans	8 602 222	10 590 015
Subordinated and participating loans	-	-
Loans secured by notes and securities	11 604	15 518
Gross amount	**10 597 352**	**11 423 461**
Impairment		
Allowances for impairment losses	(917)	(405)
Revaluation of hedged items	**-**	-
Net amount	**10 596 435**	**11 423 056**
Securities purchased under resale agreements	71	219
Total	**10 596 506**	**11 423 275**

3. CUSTOMER LOANS

(In EUR thousand)	30.06.2020	31.12.2019
Customer loans at amortized cost		
Trade loans	832 198	1 012 106
Housing loans	3 054 382	1 265 804
Overdrafts	841 012	641 929
Related receivables	34 923	33 594
Other customer loans	18 586 871	21 732 920
Cash credit loans	*15 967 356*	*18 693 334*
Equipment loans	*347 874*	*356 145*
Other loans	*2 271 641*	*2 683 441*
Gross amount	**23 349 386**	**24 686 353**
Allowances for impairment losses	(58 105)	(24 864)
Revaluation of hedged items	163	231
Total	**23 291 444**	**24 661 720**

4. SECURITIES

(In EUR thousand)	30.06.2020	31.12.2019
Negociable certificates, bonds and other debt securities	6 629 589	7 166 647
Related receivables	9 239	14 274
Securities before impairment	**6 638 828**	**7 180 921**
Impairment	(2 657)	(590)
Securities	**6 636 171**	**7 180 331**

NOTE 3.7 - DEBTS

1. DUE TO BANKS

(In EUR thousand)	**30.06.2020**	**31.12.2019**
Demand deposits and current accounts	135 778	129 325
Overnight deposits and borrowings and others	58 791	6 301
Term deposits	24 132 923	23 774 173
Related payables	6 709	9 617
Securities sold under repurchase agreements	97 776	918 323
Total	**24 431 977**	**24 837 739**

2. CUSTOMER DEPOSITS

(In EUR thousand)	**30.06.2020**	**31.12.2019**
Other demand deposits	15 257 713	13 482 119
Other term deposits	11 521 357	14 358 447
Related payables	4 846	12 138
Revaluation of hedged items	-	-
Total customer deposits	**26 783 916**	**27 852 704**
Securities sold to customers under repurchase agreements	-	-
Total	**26 783 916**	**27 852 704**

BREAKDOWN OF OTHER DEMAND DEPOSITS BY CUSTOMER TYPE

(In EUR thousand)	**30.06.2020**	**31.12.2019**
Professionals and corporates	4 371 520	6 098 164
Individual customers	3 035 934	2 738 056
Financial customers	7 847 232	4 644 232
Others[(1)]	3 027	1 667
Total	**15 257 713**	**13 482 119**

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

3. DEBT SECURITIES ISSUED

(In EUR thousand)	**30.06.2020**	**31.12.2019**
Term savings certificates	-	-
Bond borrowings	-	-
Interbank certificates and negotiable debt instruments	72 661	223 535
Related payables	107	606
Revaluation of hedged items	-	-
Total	**72 768**	**224 141**

NOTE 3.8 - INTEREST INCOME AND EXPENSE

	1st half of 2020			1st half of 2019*		
(In EUR thousand)	**Income**	**Expense**	**Net**	**Income***	**Expense**	**Net**
Financial instruments at amortised cost	309 543	(142 465)	167 078	345 914	(203 375)	142 539
Central banks	*-*	*(13 807)*	*(13 807)*	*-*	*(10 865)*	*(10 865)*
Bonds and other debt securities	*38 271*	*(2 110)*	*36 161*	*62 775*	*(10 820)*	*51 955*
Due from/to banks	*93 202*	*(81 965)*	*11 237*	*89 243*	*(119 313)*	*(30 070)*
Customer loans and deposits	*175 981*	*(44 563)*	*131 418*	*192 046*	*(56 527)*	*135 519*
Subordinated debt	*-*	*-*	*-*	*-*	*(5 850)*	*(5 850)*
Securities lending/borrowing	*1 692*	*(20)*	*1 672*	*1 850*	*-*	*1 850*
Securities purchased/sold under resale/purchase agreements and borrowings secured by notes and securities	*397*	*-*	*397*	*-*	*-*	*-*
Hedging derivatives	2 081	(36 121)	(34 040)	4 902	(40 029)	(35 127)
Financial instruments at fair value through other comprehensive income	25 928	-	25 928	27 614	-	27 614
Lease agreement	-	(245)	(245)	-	(274)	(274)
Real estate lease agreements	*-*	*(242)*	*(242)*	*-*	*(270)*	*(270)*
Non-real estate lease agreements	*-*	*(3)*	*(3)*	*-*	*(4)*	*(4)*
Subtotal interest income/expense on financial instruments using the effective interest method	**337 552**	**(178 831)**	**158 721**	**378 430**	**(243 678)**	**134 752**
Financial instruments at fair value through profit or loss	1 442	-	1 442	291	-	291
Total Interest income and expense	**338 994**	**(178 831)**	**160 163**	**378 721**	**(243 678)**	**135 043**
o/w interest income from impaired financial assets	*1 093*	*-*	*1 093*	*1 984*	*-*	*1 984*

**Restated figures, please refer to Note 3.6*

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

NOTE 3.9 - IMPAIRMENT AND PROVISIONS

OVERVIEW OF IMPAIRMENT AND PROVISIONS

(In EUR thousand)	30.06.2020	31.12.2019
Impairment of financial assets at fair value through other comprehensive income	13	44
Impairment of financial assets at amortised cost	61 788	26 025
Loans and receivables at amortized cost, including debt securities	*61 679*	*25 859*
Other assets at amortized cost	*109*	*166*
Total impairment of financial assets	**61 801**	**26 069**
Provisions on Financing commitments	2 319	821
Provisions on Guarantee commitments	547	316
Total credit risk provisions	**2 866**	**1 137**

1. IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN OF FINANCIAL ASSETS IMPAIRMENT

(In EUR thousand)	Amounts at 01.01.2020	Alloca-tions	Write-backs available*	Net allo-cations	Write-backs used**	Currency	Amounts at 30.06.2020
Financial assets at fair value through other comprehensive income	**44**	**2**	**(33)**	**(31)**	**-**	**-**	**13**
Impairment on performing out-standings (Stage 1)	44	2	(33)	(31)	-	-	13
Impairment on under-performing outstandings (Stage 2)	-	-	-	-	-	-	-
Impairment on doubtful out-standings (Stage 3)	-	-	-	-	-	-	-
Financial assets at amortised cost	**26 025**	**42 991**	**(7 189)**	**35 802**	**(14)**	**(25)**	**61 788**
Impairment on performing out-standings (Stage 1)	12 135	17 471	(6 016)	11 455	-	28	23 618
Impairment on under-performing outstandings (Stage 2)	738	16 020	(1 170)	14 850	-	(55)	15 533
Impairment on doubtful out-standings (Stage 3)	13 152	9 500	(3)	9 497	(14)	2	22 637
TOTAL	**26 069**	**42 993**	**(7 222)**	**35 771**	**(14)**	**(25)**	**61 801**

*Write-backs available correspond to reversal of impairment
**Write-backs used correspond to utilisation of impairment previously recorded

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

(In EUR thousand)	Amounts at 01.01.2020	Production & Acquisition	Derecognition (among which write-offs) and repayments	Transfer between stages of impairment and model updates	Other variations	Amounts at 30.06.2020
Financial assets at fair value through other comprehensive income	**44**	**-**	**-**	**(31)**	**-**	**13**
Impairment on performing outstandings (Stage 1)	44	-	-	(31)	-	13
Impairment on under-performing outstandings (Stage 2)	-	-	-	-	-	-
Impairment on doubtful outstandings (Stage 3)	-	-	-	-	-	-
Financial assets at amortised cost	**26 025**	**4 115**	**(1 655)**	**33 253**	**50**	**61 788**
Impairment on performing outstandings (Stage 1)	12 135	4 115	(1 453)	8 782	39	23 618
Impairment of under-performing outstandings (Stage 2)	738	-	(79)	14 863	9	15 533
Impairment on doubtful outstandings (Stage 3)	13 152	-	(123)	9 608	2	22 637
TOTAL	**26 069**	**4 115**	**(1 655)**	**33 222**	**50**	**61 801**

2. CREDIT RISK PROVISIONS

BREAKDOWN OF PROVISIONS

(In EUR thousand)	Amounts at 01.01.2020	Allocations	Write-backs available	Net impairment losses	Currency	Amounts at 30.06.2020
Financing commitments	**821**	**1 755**	**(252)**	**1 503**	**(5)**	**2 319**
Provisions on performing outstandings (Stage 1)	821	1 223	(251)	972	(6)	1 787
Provisions on under-performing outstandings (Stage 2)	-	532	(1)	531	1	532
Provisions on doubtful outstandings (Stage 3)	-	-	-	-	-	-
Guarantee commitments	**316**	**460**	**(227)**	**233**	**(2)**	**547**
Provisions on performing outstandings (Stage 1)	244	418	(219)	199	1	444
Provisions on under-performing outstandings (Stage 2)	12	42	(8)	34	(3)	43
Provisions on doubtful outstandings (Stage 3)	60	-	-	-	-	60
TOTAL	**1 137**	**2 215**	**(479)**	**1 736**	**(7)**	**2 866**

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

(In EUR thousand)	Amounts at 31.12.2019	Production & Acquisition	Derecognition (among which write-offs) and repayments	Transfer between stages of impairment	Other variations	Amounts at 30.06.2020
Financing and Guarantee commitments						
Provisions on performing outstandings (Stage 1)	**1 065**	266	(58)	969	(11)	**2 231**
Provisions on under-performing outstandings (Stage 2)	12	12	(3)	553	1	575
Provisions on doubtful outstandings (Stage 3)	60	-	-	-	-	60
Total	**1 137**	**278**	**(61)**	**1 522**	**(10)**	**2 866**

The impact on net credit risk derived from impairment and provisions of EUR 37 507 thousands during the first half of 2020, mainly due to:

– the update of the models and parameters for expected credit losses calculation on Stage 1 & Stage 2 exposures (EUR 18.1 million);

– transfers of credit outstandings in Stage 2 mostly from the Corporate loan portfolio given the deteriorated economic context (EUR 10.1 million);

– an increase in doubtful credit outstandings or Stage 3 exposures mostly Private Banking portfolio (EUR 9.3 million).

3. COST OF RISK

(In EUR thousand)	1st half of 2020	1st half of 2019
Credit risk		
Net allocation to impairment losses	(35 771)	9 052
On financial assets at fair value through other comprehensive income	*31*	*4*
On financial assets at amortised cost	*(35 802)*	*9 048*
Net allocations to provisions	(1 736)	(76)
On financing commitments	*(1 503)*	*(206)*
On guarantee commitments	*(233)*	*130*
Losses not covered on irrecoverable loans	-	(25)
Amounts recovered on irrecoverable loans	-	-
Income from guarantee not taken into account for the calculation of impairment	-	-
Other risks	**-**	**-**
Total	**(37 507)**	**8 951**

NOTE 4 - OTHER ACTIVITIES

NOTE 4.1 - FEE INCOME AND EXPENSE

	1st half of 2020			1st half of 2019*		
(In EUR thousand)	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**275**	**(11 976)**	**(11 701)**	**276**	**(14 872)**	**(14 596)**
Transactions with customers	**34 908**	**-**	**34 908**	**36 949**	**-**	**36 949**
Financial instruments operations	**88 203**	**(37 100)**	**51 103**	**62 162**	**(20 132)**	**42 030**
Securities transactions	*55 750*	*(36 468)*	*19 282*	*39 904*	*(19 941)*	*19 963*
Primary market transactions[1]	*24 470*	*-*	*24 470*	*15 682*	*-*	*15 682*
Foreign exchange transactions and financial derivatives	*7 983*	*(632)*	*7 351*	*6 576*	*(191)*	*6 385*
Loan and guarantee commitments	**23 702**	**(19 694)**	**4 008**	**21 606**	**(21 601)**	**5**
Sundry services	**69 059**	**-**	**69 059**	**98 481**	**-**	**98 481**
Asset management fees	*26 272*	*-*	*26 272*	*30 548*	*-*	*30 548*
Means of payment fees	*1 605*	*-*	*1 605*	*1 535*	*-*	*1 535*
Insurance products fees	*1 078*	*-*	*1 078*	*1 164*	*-*	*1 164*
Underwriting fees of UCITS	*1 456*	*-*	*1 456*	*1 853*	*-*	*1 853*
Fund administration fees	*16 006*	*-*	*16 006*	*15 482*	*-*	*15 482*
Other services [2]	*22 642*	*-*	*22 642*	*47 899*	*-*	*47 899*
Others [3]	**2 127**	**(15 013)**	**(12 886)**	**304**	**(32 324)**	**(32 020)**
Total	**218 274**	**(83 783)**	**134 491**	**219 778**	**(88 929)**	**130 849**

**Restated figures, please refer to Note 1.6.*

(1) Of which EUR 19 431 thousand in 1st half 2020 and EUR 15 656 thousand in 2019 of issuance activity.
(2) Of which EUR 13 436 thousand of custody fees in 1st half 2020 and EUR 14 346 thousand in 1st half 2019.
(3) Mainly relates to reinsurance fees paid as well as various fees re-charged by SG Paris.

NOTE 4.2 - INCOME AND EXPENSE FROM OTHER ACTIVITIES

(In EUR thousand)	1st half of 2020	1st half of 2019*
Income from other activities [1]	31 529	17 243
Expenses from other activities	(4 963)	(4 027)
Total	**26 566**	**13 216**

**Restated figures, please refer to Note 1.6.*

(1) As at 2019, income is related mainly to revenues from SGIS (EUR 14 384 thousand, EUR 0 as at 2020), for 2020 income is mainly related to non-recurring insurance reimbursement (EUR 28 500 thousand).

NOTE 4.3 – INSURANCE ACTIVITIES

1. INSURANCE CONTRACTS RELATED LIABILITIES

BREAKDOWN OF INSURANCE CONTRACTS RELATED LIABILITIES

(In EUR thousand)	30.06.2020	31.12.2019
Underwriting reserves of insurance companies	194 682	207 893
Total	**194 682**	**207 893**

UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In EUR thousand)	30.06.2020	31.12.2019
Life insurance underwriting reserves	138 118	135 470
Other than life insurance underwriting reserves	56 564	72 423
Total	**194 682**	**207 893**
Attributable to reinsurers	(4 976)	(3 484)
Underwriting reserves of insurance net of the share attributable to reinsurers	**189 706**	**204 409**

STATEMENT OF CHANGES IN UNDERWRITING RESERVES

(In EUR thousand)	Underwriting reserves for unit-linked policies	Life insurance underwriting reserves	Non-life insurance underwriting reserves
Reserves at 1 January 2020	**-**	**135 470**	**72 423**
Allocation to insurance reserves	-	2 648	(15 859)
Revaluation of unit-linked policies	-	-	-
Charges deducted from unit-linked policies	-	-	-
Transfers and allocation adjustments	-	-	-
New customers	-	-	-
Profit-sharing	-	-	-
Others	-	-	-
Reserves at 30 June 2020 (except provisions for deferred profit-sharing)	**-**	**138 118**	**56 564**

UNDERWRITING OF INSURANCE COMPANIES BY REMAINING MATURITY

(In EUR thousand)	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	30.06.2020
Underwriting reserves of insurance companies	-	16 223	64 892	113 567	**194 682**

(In EUR thousand)	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2019
Underwriting reserves of insurance companies	-	17 324	69 296	121 273	**207 893**

2. INVESTMENTS OF INSURANCE ACTIVITIES

As at 30 June 2020, derivative and non-derivative financial assets and investment property held by insurance entities are isolated on the balance sheet under *Investments of insurance companies*.

OVERVIEW OF INVESTMENTS OF INSURANCE ACTIVITIES

(In EUR thousand)	30.06.2020	31.12.2019
Available-for-sale financial assets	522 907	527 812
Debt instruments	*372 535*	*373 027*
Equity instruments	*150 372*	*154 785*
Due from banks	45 964	27 436
Customer loans	-	-
Real estate investments	-	-
Total investments of insurance activities before elimination of intercompany transactions	**568 871**	**555 248**
Elimination of intercompany transactions	(45 964)	(27 436)
Total investments of insurance activities after elimination of intercompany transactions	**522 907**	**527 812**

The following tables show the carrying amounts after eliminating intercompany transactions.

ANALYSIS OF FINANCIAL ASSETS DEPENDING ON THEIR CONTRACTUAL CHARACTERISTICS

The following table shows the carrying amount of the financial assets included in *Investments from insurance activities*, whereby those assets whose contractual conditions give rise to cash-flows on set dates that are solely payments of principal and interest (basic instruments) are presented separately from trading assets and assets measured using the fair value option through profit or loss.

Notes to the interim condensed consolidated financial statements (continued)
As at 30 June 2020

(In EUR thousand)	**30.06.2020** Basic debt instruments	Equity instruments	Total carrying amount	Fair value
Financial assets at fair value through profit or loss	-	-	-	-
Hedging derivatives	-	-	-	-
Available-for-sale financial assets	372 535	150 372	522 907	522 907
Due from banks	-	-	-	-
Customer loans	-	-	-	-
Total financial invesments	**372 535**	**150 372**	**522 907**	**522 907**

(In EUR thousand)	**31.12.2019** Basic debt instruments	Equity instruments	Total carrying amount	Fair value
Financial assets at fair value through profit or loss	-	-	-	-
Hedging derivatives	-	-	-	-
Available-for-sale financial assets	373 027	154 785	527 812	527 812
Due from banks	-	-	-	-
Customer loans	-	-	-	-
Total financial invesments	**373 027**	**154 785**	**527 812**	**527 812**

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

(In EUR thousand)	**30.06.2020** Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (trading portfolio)	-	-	-	-
Financial assets at fair value through profit or loss using the fair value option	-	-	-	-
Hedging derivatives	-	-	-	-
Available-for-sale financial assets	520 899	-	2 008	522 907
Total	**520 899**	**-**	**2 008**	**522 907**

(In EUR thousand)	**31.12.2019** Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (trading portfolio)	-	-	-	-
Financial assets at fair value through profit or loss using the fair value option	-	-	-	-
Hedging derivatives	-	-	-	-
Available-for-sale financial assets	525 615	-	2 197	527 812
Total	**525 615**	**-**	**2 197**	**527 812**

CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In EUR thousand)	1st half 2020
Balance as of 1 January	**527 812**
Acquisitions	23 450
Disposals / redemptions	(23 023)
Transfers to held-to-maturity financial assets	-
Change in others	(1 112)
Gains and losses on changes in fair value recognised directly in equity during the year	(5 114)
Impairment losses on equity instruments recognised in profit and loss	894
Translation differences	-
Balance as of 31 December	**522 907**

IMPACT OF AFS DEPRECIATION FOLLOWING COVID-19

Due to the Covid-19 crisis, the Group implemented changes in accounting estimates related to the determination of impairment on available-for-sale assets during the first semester 2020. Details of the main changes during the period and of the financial impacts are presented in Notes 1.5 and 3.9.

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

	30.06.2020		
(In EUR thousand)	Capital gains	Capital losses	Net revaluation
Unrealised gains and losses of insurance companies	**27 318**	**(2 151)**	**25 167**
On equity instruments available-for-sale	*18 224*	*(319)*	*17 905*
On debt instruments available-for-sale	*9 094*	*(1 832)*	*7 262*
Deferred profit-sharing	-	-	-

	31.12.2019		
(In EUR thousand)	Capital gains	Capital losses	Net revaluation
Unrealised gains and losses of insurance companies	**31 165**	**(884)**	**30 281**
On available-for-sale equity instruments	*19 449*	*(319)*	*19 130*
On available-for-sale debt instruments	*11 716*	*(565)*	*11 151*
Deferred profit-sharing	-	-	-

3. NET INCOME FROM INSURANCE ACTIVITIES

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

(In EUR thousand)	1st half of 2020	1st half of 2019
Net premiums	50 661	51 547
Net income from investments	2 692	4 107
Cost of benefits (including changes in reserves)	(26 407)	(36 523)
Other net technical income (expense)	(1 374)	(2 308)
Net income of insurance activities	**25 572**	**16 823**
Funding costs	(1 452)	(1 410)
Net banking income of insurance companies	**24 120**	**15 413**

NET INCOME FROM INVESTMENTS

(In EUR thousand)	1st half of 2020	1st half of 2019
Dividend income on equity instruments	53	307
Interest income	3 349	3 617
On available-for-sale financial assets	*3 286*	*3 617*
On loans and receivables	*-*	*-*
Other net interest income	*63*	*-*
Net gains or losses on financial instruments at fair value through profit or loss	(892)	(820)
Net gains or losses on available-for-sale financial instruments	182	1 003
Capital gain or loss on sale of debt instruments	*284*	*1 057*
Capital gain or loss on sale of equity instruments	*(996)*	*-*
Impairment losses on equity instruments	*894*	*(54)*
Net gains or losses on real estate investments	-	-
Total net income from investments	**2 692**	**4 107**

4. MANAGEMENT OF INSURANCE RISKS

BREAKDOWN BY RATING OF BASIC FINANCIAL INSTRUMENTS

The following tables show the carrying amounts after eliminating intercompany transactions.

	30.06.2020		
(In EUR thousand)	**Available-for-sale financial assets**	**Due from banks**	**Total**
AAA	35 480	-	35 480
AA+ / AA / AA-	189 121	-	189 121
A+ / A / A-	97 629	45 964	143 593
BBB+ / BBB / BBB-	164 890	-	164 890
BB+ / BB / BB-	-	-	-
B+ / B / B-	-	-	-
CCC+ / CCC / CCC-	-	-	-
CC+ / CC / CC-	-	-	-
Lower than CC-	-	-	-
Without rating	35 787	-	35 787
Total before intercompany elimination	**522 907**	**45 964**	**568 871**
Intercompany amounts	-	(45 964)	(45 964)
Carrying amount	**522 907**	**-**	**522 907**

The rating scale is the scale used for Solvency 2 purposes, which calls for the second highest rating determined by the rating agencies (Standard & Poor's, Moody's Investors Service and Fitch Ratings) to be used. The ratings in question apply to issues or, where these are not available, to issuers.

	31.12.2019		
(In EUR thousand)	**Available-for-sale financial assets**	**Due from banks**	**Total**
AAA	34 296	-	34 296
AA+ / AA / AA-	191 332	-	191 332
A+ / A / A-	115 290	27 436	142 726
BBB+ / BBB / BBB-	164 321	-	164 321
BB+ / BB / BB-	-	-	-
B+ / B / B-	-	-	-
CCC+ / CCC / CCC-	-	-	-
CC+ / CC / CC-	-	-	-
Lower than CC-	-	-	-
Without rating	22 573	-	22 573
Total before intercompany elimination	**527 812**	**27 436**	**555 248**
Intercompany amounts	-	(27 436)	(27 436)
Carrying amount	**527 812**	**-**	**527 812**

NOTE 4.4 - OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

(In EUR thousand)	30.06.2020	31.12.2019
Guarantee deposits paid (1)	359 461	252 020
Settlement accounts on securities transactions	109 646	334 603
Prepaid expenses	13 691	8 950
Miscellaneous receivables	654 097	306 369
Accrued income	*209 916*	*161 330*
Amounts receivable	*363 072*	*16 975*
Other	*81 109*	*128 064*
Gross amount	**1 136 895**	**901 942**
Impairment	(109)	(166)
Net amount	**1 136 786**	**901 776**

(1) Mainly relates to guarantee deposits paid on financial instruments.

2. OTHER LIABILITIES

(In EUR thousand)	30.06.2020	31.12.2019
Guarantee deposits received (1)	127 389	22 040
Settlement accounts on securities transactions	156 862	430 237
Expenses payable on employee benefits	18 627	25 953
Lease liability	99 211	106 962
Deferred income(2)	27 683	16 397
Miscellaneous payables (3)	1 194 010	695 330
Other securities transactions	*16*	*14*
Amounts payables and sundry creditors	*1 193 994*	*695 316*
Total	**1 623 782**	**1 296 919**

(1) Mainly relates to guarantee deposits received on financial instruments.
(2) Out of which EUR 12 500 thousand of deffered income from SGLux due to sale of Global Fund Trading business Out of which EUR 7 860 thousand of deffered income from SGIS, due to IFRS15 application
(3) Miscellaneous payables primarily include other securities transactions and amounts payable and sundry creditors

NOTE 5 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

NOTE 5.1 - PERSONNEL EXPENSES

PERSONNEL EXPENSES

(In EUR thousand)	**1st half of 2020**	**1st half of 2019**
Employee compensation	(86 530)	(90 165)
Social security charges and payroll taxes	(8 580)	(8 766)
Net pension expenses - defined contribution plans	(1 965)	(1 812)
Net pension expenses - defined benefit plans	(7 836)	(5 881)
Employee profit-sharing and incentives	-	(60)
Total	**(104 911)**	**(106 684)**
Including net expenses from share-based payments	*(977)*	*(991)*

NOTE 5.2 - EMPLOYEE BENEFITS

Group entities in Luxembourg and abroad, may award their employees:

- post-employment benefits, such as pension plans or retirement benefits;
- termination benefits.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In EUR thousand)	**Provisions at 31.12.2019**	**Allocations(1)**	**Write-backs/ utilization**	**Net allocation**	**Actuarial gains and losses**	**Other**	**Provisions at 30.06.2020**
Provisions for employee benefits	**70 666**	**5 143**	**(3 208)**	**1 935**	**9 741**	**377**	**82 719**
Provisions for retirement plans	*58 854*	*4 710*	*(2 885)*	*1 825*	*9 741*	*314*	*70 734*
Provisions for other long-term benefits	*10 444*	*387*	*(185)*	*202*	*-*	*22*	*10 668*
Other provisions for employee benefits	*1 368*	*46*	*(138)*	*(92)*	*-*	*41*	*1 317*

NOTE 6 - INCOME TAX

1. INCOME TAX

(In EUR thousand)	1st half of 2020	1st half of 2019
Current taxes	(12 204)	(2 611)
Deferred taxes	(3 211)	(12 684)
Total taxes	**(15 415)**	**(15 295)**

Reconciliation of the difference between the Group's standard tax rate and its effective tax rate:

(In EUR thousand)	1st half of 2020	1st half of 2019
Income before tax excluding net income from companies accounted for using the equity method	112 298	173 064
Tax rate applicable at the end of the year	24.94%	24.94%
Theoretical income tax	**(28 007)**	**(43 162)**
Tax effect of non-taxable income	18 711	25 879
Tax effect of non-deductible expenses	(3 288)	2
Tax without basis *	(2 235)	(2 781)
Provisions for tax adjustments	-	-
Sub-consolidated results taxed at other rates	1 583	5 084
Previous year corrections	(752)	-
Other items	(1 427)	(317)
Total income tax	**(15 415)**	**(15 295)**

**mainly refers to tax expenses of fiscally integrated entities.*

Tax credits resulting on income from receivables and trading portfolios, when used to settle the tax on income due in the same period, are booked in the same accounts as the income they are linked to. The corresponding tax charge is maintained in the account "Tax expense", explaining the transfer in the net banking result.

Tax impact on non-taxable income is mainly explained through various income received from fully taxable resident or non-resident participations held by the Group. As all conditions for participation exemption regime are met (EU parent directive and article 166 LITL), the Group avoids double taxation by using these provisions.

Without considering this participation exemption regime, effective tax rate of the Group amounts to 16.47% on 30 June 2020 (31 December 2019: 15.91%).

2. TAX ASSETS AND LIABILITIES

TAX ASSETS

(In EUR thousand)	30.06.2020	31.12.2019
Current tax assets	4 745	5 124
Deferred tax assets	-	6 595
o/w deferred tax assets on tax loss carryforward	*-*	*6 595*
o/w deferred tax assets on temporary differences	*-*	*-*
Total	**4 745**	**11 719**

TAX LIABILITIES

(In EUR thousand)	30.06.2020	31.12.2019
Current tax liabilities	14 940	10 804
Deferred tax liabilities and provision from income tax adjustments	153 830	163 943
Total	**168 770**	**174 747**

NOTE 7 - SHAREHOLDERS' EQUITY

(In EUR thousand)	30.06.2020	31.12.2019
Share capital	1 389 043	1 389 043
Share premium	2 817	2 817
Consolidation reserve	510 531	468 827
Revaluation reserve	14 255	24 672
Legal reserve	138 905	138 905
Special reserve for Net Wealth Tax reduction	247 708	207 569
Retained earnings	758 408	563 402
Net income for the year	102 224	283 445
Total	**3 163 891**	**3 078 680**

1. SHARE CAPITAL

As at 30 June 2020 and 31 December 2019, the fully subscribed share capital amounted to EUR 1 389 042 648 divided into 11 024 148 registered shares with a nominal value of EUR 126 each.

2. CONSOLIDATION RESERVE

Consolidation reserves represent the contribution of the subsidiaries to the Group reserves.

3. REVALUATION RESERVE

Revaluation reserve is composed of translation reserves, change in fair value of assets available-for-sale, change in fair value of hedging derivatives, change in fair-value of debt instruments at fair value through other comprehensive income, change in gains and losses on entities accounted for using the equity method and actuarial gains and losses on post-employment defined benefits plans. If the instruments are sold, the associated unrealised or deferred gains and losses are reclassified to Retained earnings at the opening of the next financial year.

(In EUR thousand)	**30.06.2020**	**31.12.2019**
Translation reserve	(2 792)	(2 237)
Revaluation of debt instruments at fair value through other comprehensive income	29 158	38 449
Revaluation reserve of available-for-sale financial assets	25 167	30 281
Revaluation of hedging derivatives	(27 664)	(30 341)
Unrealized gains and losses of entities accounted for using the equity method	6 843	5 844
Tax related	(8 087)	(10 724)
Unrealized or deferred gains (losses) that may be re-classified subsequently to profit or loss	**22 625**	**31 272**
Actuarial gains (losses) on defined benefits plans	(9 741)	(8 836)
Unrealised gains and losses of entities accounted for using the equity method	12	(105)
Tax related	1 359	2 341
Unrealized or deferred gains (losses) that will not be re-classified subsequently to profit or loss	**(8 370)**	**(6 600)**
Total Revaluation reserve	**14 255**	**24 672**

4. LEGAL RESERVE

In accordance with legal requirements, 5% of the net income for the period must be allocated to a legal reserve. This allocation is no longer required once this reserve reaches 10% of the subscribed and paid-up share capital. The legal reserve cannot be used for dividend payments.

As at 30 June 2020 and 31 December 2019 the legal reserve reached 10% of the capital and amounted to EUR 138 905 thousand.

5. SPECIAL RESERVE FOR NET WEALTH TAX REDUCTION

For the reporting periods ended 31 December 2014 to 2020, the Group reduced its Net Wealth Tax charge in accordance with the tax legislation; i.e. by setting up an unavailable reserve in an amount equal to five times the amount of the Net Wealth Tax reduction. The lock-in period on this reserve is five years starting on 1 January of the year following the year in which the Net Wealth Tax has been reduced.

(In EUR thousand)	**30.06.2020**	**31.12.2019**
2014	49 939	49 939
2015	1 485	1 485
2016	30 981	30 981
2017	41 356	41 356
2018	42 525	42 525
2019	41 283	41 283
2020	40 139	-
Total	**247 708**	**207 569**

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1 - SEGMENT REPORTING

SEGMENT REPORTING BY OPERATING SEGMENTS

Amounts by division incorporate the organizational structure of Group activities.

1st half of 2020

(In EUR thousand)	**Private Banking**	**Securities Services**	**Corporate and Investment Banking**	**Insurance activities**	**Corporate center**	**Total**
Interest margin	67 601	13 401	87 005	(1 452)	(6 393)	**160 163**
Net fees income	63 309	51 525	22 030	(515)	(1 858)	**134 491**
Net income from other activity	(809)	(1 164)	(30)	(2)	28 571	**26 566**
Total income on financial instruments	5 199	414	(9 708)	-	18 880	**14 785**
Net income of insurance activities	-	-	-	25 572	-	**25 572**
Internal remuneration	1 280	535	3 175	-	(4 990)	**-**
Net banking income	**136 580**	**64 711**	**102 472**	**23 603**	**34 210**	**361 576**
Operating expenses	(106 728)	(62 991)	(31 938)	(274)	(9 842)	**(211 773)**
Gross operating income	**29 852**	**1 720**	**70 534**	**23 329**	**24 368**	**149 803**
Cost of risk	(13 164)	(48)	(22 548)	-	(1 747)	**(37 507)**
Operating income	**16 688**	**1 672**	**47 986**	**23 329**	**22 621**	**112 297**
Net income from investments accounted for using the equity method	-	-	-	5 252	-	**5 252**
Net income/expense from other assets	-	-	-	-	-	**-**
Consolidated Net Income before tax	**16 688**	**1 672**	**47 986**	**28 581**	**22 621**	**117 549**
Tax expenses	(1 292)	(128)	(5 514)	(5 380)	(3 101)	**(15 415)**
Consolidated net income	**15 396**	**1 544**	**42 472**	**23 201**	**19 520**	**102 134**

30.06.2020

(In EUR thousand)	Private Banking	Securities Services	Corporate and Investment Banking	Insurance activities	Corporate center	Total
Total assets	**41 187 741**	**24 696**	**60 497 034**	**577 794**	**209 859**	**102 497 124**
Total liabilities and equity	**35 149 185**	**725 214**	**63 287 951**	**577 794**	**2 756 980**	**102 497 124**

1st half of 2019

(In EUR thousand)	Private Banking	Securities Services	Corporate and Investment Banking	Insurance activities	Corporate center	Total
Interest margin	77 226	20 026	77 651	(1 395)	(38 465)	135 043
Net fees income	58 747	61 368	13 204	(467)	(2 004)	130 849
Net income from other activity	(400)	(115)	13 740	11	(20)	13 216
Total income on financial instruments	38 201	676	11 186	-	33 369	83 432
Net income of insurance activities	-	-	-	16 823	-	16 823
Internal remuneration	2 192	698	4 637	-	(7 527)	-
Net banking income	**175 966**	**82 653**	**120 418**	**14 972**	**(14 647)**	**379 363**
Operating expenses	(114 989)	(64 378)	(25 824)	(274)	(14 910)	(220 375)
Gross operating income	**60 977**	**18 275**	**94 594**	**14 698**	**(29 557)**	**158 988**
Cost of risk	(2 454)	(68)	11 498	-	(25)	8 951
Operating income	**58 523**	**18 207**	**106 092**	**14 698**	**(29 582)**	**167 939**
Net income from investments accounted for using the equity method	-	-	-	5 267	-	5 267
Net income/expense from other assets	911	911	912	912	1 479	5 125
Consolidated Net Income before tax	**59 434**	**19 118**	**107 004**	**20 877**	**(28 103)**	**178 331**
Tax expenses	(11 251)	(768)	(3 340)	(307)	372	(15 295)
Consolidated net income	**48 183**	**18 350**	**103 664**	**20 570**	**(27 731)**	**163 036**

31.12.2019

(In EUR thousand)	Private Banking	Securities Services	Corporate and Investment Banking	Insurance activities	Corporate center	Total
Total assets	**38 758 265**	**27 693**	**76 304 653**	**582 234**	**1 367 755**	**117 040 600**
Total liabilities and equity	**34 723 708**	**1 064 645**	**78 056 699**	**582 234**	**2 613 314**	**117 040 600**

The methodology for segment reporting has been reviewed as at 30 June 2020, according to the new methodology applied as at 31 December 2019.

The definition of segments, the classification of treasury activities among segments and the source of data have been modified to better reflect the Group's busines activity and Management performance view. Figures for the period ended 30 June 2019 have been restated according to this review.

NOTE 8.2 - OTHER OPERATING EXPENSES

(In EUR thousand)	1st half of 2020	1st half of 2019
IT expenses	(15 318)	(18 170)
Telecommunication expenses	(1 929)	(1 816)
Marketing, advertising and public relations	(1 295)	(2 287)
Professional fees	(12 117)	(14 465)
Premises and equipment leases	(90)	(1 854)
Service and maintenance	(4 677)	(4 668)
Administrative expenses	(573)	(625)
VAT and other taxes	(19 568)	(16 394)
Training	(75)	(445)
Insurance fees	(450)	(365)
Data provider fees	(2 937)	(4 263)
Re-charge fees (1)	(25 286)	(26 549)
Other operating expenses	(1 270)	(1 627)
Total	**(85 585)**	**(93 528)**

(1) Mainly reinvoiced personnel fees from SG Group and allocated share of headquarter expenses.

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

The Banks records the expenses due from its contribution to bank resolution mechanisms under *other operating expenses.*

At the European level is the “Single Resolution Fund” (SRF), represented in Luxembourg by the “Fonds de Résolution Luxembourgeois” (Luxembourg Resolution Fund). On 1 January 2016, the “Fonds Nationaux de Résolution” (National Resolution Funds) were merged within the SRF.

By the beginning of 2024, the amount of the SRF’s financial resources must reach at least 1% of the guaranteed deposits, as laid down in Article 1, Paragraph 36 of the Law, of all approved financial institutions in all participating Member States. This amount has been collected since 2015 and will continue to be collected until 2023 from credit institutions through annual contributions.

For the full year of 2019, the Bank paid an amount of EUR 14 208 thousand for the Single Resolution Fund contribution of which EUR 12 077 thousand recognized as expenses. During the 1st half of 2020, for the full year, the Bank paid an amount of EUR 18 613 thousand of which EUR 15 821 thousand recognized as expenses.

NOTE 8.3 - PROVISIONS

BREAKDOWN OF PROVISIONS

(In EUR thousand)	Provisions at 01.01.2020	Allocations	Write-backs available	Net allocation	Actuarial Gain and Losses	Currency and others	Provisions at 30.06.2020
Provisions for credit of risk on off statement of financial commitments (see Note 3.9)	**1 137**	2 215	(479)	1 736	-	(7)	**2 866**
Provisions for employee benefits (see Note 5.2)	**70 666**	5 143	(3 208)	1 935	9 741	377	**82 719**
Other provisions(1)	**5 729**	367	(30)	337	-	9	**6 075**
Total	**77 532**	**7 725**	**(3 717)**	**4 008**	**9 741**	**379**	**91 660**

(1) *Other provisions include provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.*

NOTE 8.4 - TANGIBLE AND INTANGIBLE FIXED ASSETS

CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(In EUR thousand)	**Gross book value as at 01.01.2020**	**Acquisitions**	**Disposals**	**Changes in translation, and reclassifications**	**Gross value as at 30.06.2020**	**Accumulated depreciation and amortisation of assets at 01.01.2020**	**Allocations to amortisation and depreciation in the year**	**Impairment of assets in the year**	**Write-backs from amortisation and depreciation in the year**	**Others**	**Net book value as at 30.06.2020**
Intangible assets											
Software, EDP development costs	42 141	1 035	-	258	43 434	(27 426)	(3 290)	-	-	(126)	12 592
Internally generated assets	30 692	-	-	-	30 692	(21 046)	(2 016)	-	-	-	7 630
Assets under development	14 029	3 018	-	2	17 049	-	-	-	-	-	17 049
Others	1 500	-	-	-	1 500	(1 500)	-	-	-	-	-
Sub-total	**88 362**	**4 053**	**-**	**260**	**92 675**	**(49 972)**	**(5 306)**	**-**	**-**	**(126)**	**37 271**
Property and Equipment											
Land and buildings	22 240	-	-	-	22 240	(18 321)	(346)	-	-	-	3 573
Assets under development	5 816	1 987	-	44	7 847	-	-	-	-	-	7 847
Others	66 815	461	-	310	67 586	(45 362)	(2 715)	-	-	(162)	19 347
Sub-total	**94 871**	**2 448**	**-**	**354**	**97 673**	**(63 683)**	(3 061)	**-**	**-**	**(162)**	**30 767**
Right-of-use	**129 372**	**2 751**	**-**	**712**	**132 835**	**(22 693)**	**(12 910)**	**-**	**-**	**939**	**98 171**
Real estate	122 896	2 733	-	712	126 341	(19 989)	**(11 555)**	-	-	940	95 737
IT	5 394	-	-	-	5 394	(2 311)	**(1 150)**	-	-	-	1 933
Others	1 082	18	-	-	1 100	(393)	**(205)**	-	-	(1)	501
Property and equipment, other intangible and right-of-use assets	**312 605**	**9 252**	**-**	**1 326**	**323 183**	**(136 348)**	**(21 277)**	**-**	**-**	**651**	**166 209**

DETAILS OF THE EXPENSES ON LEASES

	1st half of 2020			
(In EUR thousand)	**Real estate**	**Computer equipment**	**Others**	**Total**
Lease	**(12 021)**	**(1 152)**	**(206)**	**(13 379)**
Interest expenses on lease liabilities	(242)	(2)	(1)	(245)
Depreciation charge for right-of-use assets	(11 555)	(1 150)	(205)	(12 910)
Expense relating to short-term leases	(224)	-	-	(224)
Expense relating to leases of low-value assets	-	-	-	-
Expense relating to variable lease payments	-	-	-	-

See Note 8.2 on Other operating expenses.

	1st half of 2019			
(In EUR thousand)	**Real estate**	**Computer equipment**	**Others**	**Total**
Lease	**(10 242)**	**(1 292)**	**(230)**	**(11 764)**
Interest expenses on lease liabilities	(270)	-	-	(270)
Depreciation charge for right-of-use assets	(9 632)	(1 156)	(186)	(10 974)
Expense relating to short-term leases	(335)	(135)	(29)	(499)
Expense relating to leases of low-value assets	(5)	(1)	(15)	(21)
Expense relating to variable lease payments	-	-	-	

NOTE 8.5. – INFORMATION ON RISK AND LITIGATION

Every quarter, the Group reviews in detail the disputes presenting a significant risk. These disputes may lead to the recording of a provision if it becomes probable or certain that the Group will incur an outflow of resources for the benefit of a third party without receiving at least the equivalent value in exchange. These provisions for litigations are classified among the *Other provisions* included in the *Provisions* item in the liabilities of the balance-sheet.

No detailed information can be disclosed on either the recording or the amount of a specific provision given that such disclosure would likely seriously prejudice the outcome of the disputes in question.

Sociéte Générale Private Banking (Switzerland), along with several other financial institutions, has been named as a defendant in a putative class action that is pending in the US District Court for the Northern District of Texas. The plaintiffs seek to represent a class of individuals who were customers of Stanford International Bank Ltd. (SIBL), with money on deposit at SIBL and/or holding Certificates of Deposit issued by SIBL as of 16 February 2009. The plaintiffs allege that they suffered losses as a result of fraudulent activity at SIBL and the Stanford Financial Group or related entities, and that the defendants are responsible for those alleged losses. The plaintiffs further seek to recoup payments made through or to the defendants on behalf of SIBL or related entities on the basis that they are alleged to have been fraudulent transfers. The Official Stanford Investors Committee (OSIC) was permitted to intervene and filed a complaint against Société Générale Private Banking (Switzerland) and the other defendants seeking similar relief.

The motion by Société Générale Private Banking (Switzerland) to dismiss these claims on grounds of lack of jurisdiction was denied by the court by order filed 5 June 2014. Société Générale Private Banking (Switzerland) sought reconsideration of the Court's jurisdictional ruling, which the Court ultimately denied. On 21 April 2015, the Court permitted the substantial majority of the claims brought by the plaintiffs and the OSIC to proceed.

On 7 November 2017, the District Court denied the plaintiffs' motion for class certification. The plaintiffs sought leave to appeal this decision, which the court of appeal denied on 20 April 2018. On 3 May 2019, several hundred individual plaintiffs filed motions to intervene in the pending OSIC action seeking recovery in their individual capacities for losses on their Stanford investments. The defendant financial institutions, including Société Générale Private Banking (Switzerland), opposed these motions. By order of 18 September 2019 the court denied the motions to intervene. One group of plaintiffs appealed the denial, and another initiated a separate action in Texas state court in Houston in November 2019. The state court action was removed to federal court and is now pending in the Southern District of Texas.

On 22 December 2015, the OSIC filed a motion for partial summary judgment seeking return of a transfer of USD 95 million to Société Générale Private Banking (Switzerland) made in December 2008 (prior to the Stanford insolvency) on the grounds that it is voidable under Texas state law as a fraudulent transfer. Société Générale Private Banking (Switzerland) has opposed this motion. By order dated 30 March 2020, the court denied OSIC's motion.

Société Générale and certain of its subsidiaries are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the SG entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the SG entities received redemptions. The suit alleges that the amounts that the SG entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately USD 150 million from the SG entities. The SG entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgements and remanded for further proceedings. On 1 June 2020, the United States Supreme Court denied Defendant-Appellees' petition for a writ of certiorari. The case will now be returned to the District Court for further proceedings.

NOTE 9 - CREDIT RISK

ANALYSIS OF GROSS OUTSTANDINGS AND PROVISIONS FOR CREDIT RISK

The following tables detail the provisioned outstandings (balance sheet and off-balance sheet) subject to impairment and provisions in accordance with the model for estimating expected credit losses introduced by IFRS 9 and the impairment and provisions by stage.

The scope of these tables includes:

- securities at amortised cost (excluding securities received under repurchase agreements), customer loans and due from banks measured at amortised cost;
- financing and guarantee commitments.

Table 1: Basel portfolio breakdown of provisioned outstandings

	30.06.2020				31.12.2019			
(In EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Sovereign	14 661	-	-	**14 661**	17 075	-	-	**17 075**
Institutions	15 370 461	-	-	**15 370 461**	15 067 320	-	-	**15 067 320**
Corporates	29 742 217	566 723	112 805	**30 421 745**	31 154 516	83 181	66 785	**31 304 482**
Retail	3 298 085	29 255	126 329	**3 453 669**	3 765 324	70 259	89 749	**3 925 331**
Total	**48 425 424**	**595 978**	**239 134**	**49 260 536**	**50 004 234**	**153 440**	**156 534**	**50 314 208**

Institutions are credit institutions (such as banks) or an investment firms (professional entities of financial sector.)

Sovereign means nations and governments as well as agencies and entities owned by governments and central banks.

Corporates are companies and entities with legal personality and a defined purpose among various activity sectors, and different from institutions.

Retail are single persons, group of persons or small or medium size entreprise acting for their own.

Table 2: Geographical breakdown of provisioned outstandings

	30.06.2020				31.12.2019			
(In EUR thousand)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
EU	42 050 191	484 596	215 114	**42 749 901**	43 155 685	146 698	136 007	**43 438 390**
Outside EU	6 375 233	111 382	24 020	**6 510 635**	6 848 549	6 742	20 527	**6 875 818**
Total	**48 425 424**	**595 978**	**239 134**	**49 260 536**	**50 004 234**	**153 440**	**156 534**	**50 314 208**

Table 3: Basel portfolio breakdown of provisions and impairment for credit risk

	30.06.2020				31.12.2019			
(In EUR thousand)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Sovereign	337	-	-	**337**	-	-	-	**-**
Institutions	1 049	-	-	**1 049**	584	-	-	**584**
Corporates	20 882	15 740	13 561	**50 183**	10 189	71	11 875	**22 136**
Retail	3 581	258	9 137	**12 976**	2 425	513	1 337	**4 274**
Total	**25 849**	**15 998**	**22 698**	**64 545**	**13 199**	**584**	**13 212**	**26 994**

Table 4: Geographical breakdown of provisions and impairment for credit risk

	30.06.2020				31.12.2019			
(In EUR thousand)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
EU	19 660	15 555	16 065	**51 280**	10 902	580	13 212	**24 694**
Outside EU	6 189	443	6 633	**13 265**	2 297	3	-	**2 300**
Total	**25 849**	**15 998**	**22 698**	**64 545**	**13 199**	**584**	**13 212**	**26 994**

Table 5: Provisioning of doubtful loans

(In EUR thousand)	**30.06.2020**	**31.12.2019**
Gross book outstandings	49 260 536	50 314 208
Doutbful loans	239 134	156 534
GROSS DOUBTFUL LOANS RATIO	**0.5%**	**0.3%**
Stage 1 provisions	25 849	13 199
Stage 2 provisions	15 998	584
Stage 3 provisions	22 698	13 212
GROUP GROSS DOUBTFUL LOANS COVERAGE RATIO (STAGE 3 PROVISIONS / DOUBTFUL LOANS)	**9.5%**	**8.5%**

NOTE 10 - EVENTS AFTER THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATE

Since the end of the last financial period, no subsequent significant event occurred.