SOCIETE GENERALE

30.06.2019 CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

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1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET - ASSETS

(In millions of euros)		30.06.2019	31.12.2018
Cash, due from central banks		99,479	96,585
Financial assets at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	420,968	365,550
Hedging derivatives	Notes 3.2 and 3.4	17,765	11,899
Financial assets at fair value through other comprehensive income	Notes 3.3 and 3.4	53,124	50,026
Securities at amortised cost	Notes 3.5, 3.8 and 3.9	12,151	12,026
Due from banks at amortised cost	Notes 3.5, 3.8 and 3.9	70,173	60,588
Customer loans at amortised cost	Notes 3.5, 3.8 and 3.9	438,251	447,229
Revaluation differences on portfolios hedged against interest rate risk		69	338
Investments of insurance companies	Note 4.3	157,907	146,768
Tax assets	Note 6	5,475	5,819
Other assets	Note 4.4	70,361	67,446
Non-current assets held for sale	Note 2.3	9,008	13,502
Investments accounted for using the equity method		243	249
Tangible and intangible fixed assets (1)	Note 8.4	28,986	26,751
Goodwill	Note 2.2	4,649	4,652
Total		**1,388,609**	**1,309,428**

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

CONSOLIDATED BALANCE SHEET - LIABILITIES

(In millions of euros)		30.06.2019	31.12.2018
Due to central banks		7,740	5,721
Financial liabilities at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	406,254	363,083
Hedging derivatives	Notes 3.2 and 3.4	9,703	5,993
Debt securities issued	Notes 3.6 and 3.9	127,276	116,339
Due to banks	Notes 3.6 and 3.9	101,269	94,706
Customer deposits	Notes 3.6 and 3.9	412,941	416,818
Revaluation differences on portfolios hedged against interest rate risk		7,563	5,257
Tax liabilities (1)	Note 6	1,237	1,157
Other liabilities (2)	Note 4.4	82,620	76,629
Non-current liabilities held for sale	Note 2.3	7,070	10,454
Insurance contracts related liabilities	Note 4.3	138,577	129,543
Provisions	Note 8.3	4,575	4,605
Subordinated debts	Note 3.9	14,565	13,314
Total liabilities		**1,321,390**	**1,243,619**
Shareholders' equity			
Shareholders' equity, Group share			
Issued common stocks, equity instruments and capital reserves		31,353	29,856
Retained earnings *		30,042	28,085
Net income *		1,740	4,121
Sub-total		**63,135**	**62,062**
Unrealised or deferred capital gains and losses		(643)	(1,036)
Sub-total equity, Group share		**62,492**	**61,026**
Non-controlling interests		4,727	4,783
Total equity		**67,219**	**65,809**
Total		**1,388,609**	**1,309,428**

* *The amounts have been restated following the first time application of an amendment to IAS 12 "Income taxes" (see Note 1).*

(1) Since 1 January 2019, provisions for income tax adjustments are presented under "Tax liabilities" as a consequence of the application of IFRIC 23 "Uncertainty over income tax treatments" (see Note 1).

(2) As a result of the application of IFRS 16 "Leases" as from 1 January 2019, the Group has recorded a lease liability under "Other Liabilities" that represents the obligation to make lease payments (see Note 1).

CONSOLIDATED INCOME STATEMENT

(In millions of euros)		1st half of 2019	2018	1st half of 2018
Interest and similar income	Note 3.7	11,858	22,678	10,919
Interest and similar expense	Note 3.7	(6,288)	(11,659)	(5,467)
Fee income	Note 4.1	4,534	9,124	4,489
Fee expense	Note 4.1	(1,865)	(3,600)	(1,787)
Net gains and losses on financial transactions		2,388	5,189	2,878
o/w net gains and losses on financial instruments at fair value through profit or loss	*Note 3.1*	*2,289*	*5,119*	*2,856*
o/w net gains and losses on financial instruments at fair value through other comprehensive income	*Note 3.3*	*101*	*83*	*24*
o/w net gains and losses from the derecognition of financial assets at amortised cost		*(2)*	*(13)*	*(2)*
Net income of insurance activities	Note 4.3	898	1,724	859
Income from other activities	Note 4.2	5,632	10,761	5,325
Expenses from other activities	Note 4.2	(4,682)	(9,012)	(4,468)
Net banking income		**12,475**	**25,205**	**12,748**
Personnel expenses	Note 5	(5,091)	(9,561)	(4,785)
Other operating expenses	Note 8.2	(3,243)	(7,366)	(3,860)
Amortisation, depreciation and impairment of tangible and intangible fixed assets		(725)	(1,004)	(487)
Gross operating income		**3,416**	**7,274**	**3,616**
Cost of risk	Note 3.8	(578)	(1,005)	(378)
Operating income		**2,838**	**6,269**	**3,238**
Net income from investments accounted for using the equity method		15	56	29
Net income/expense from other assets		(131)	(208)	(41)
Earnings before tax		**2,722**	**6,117**	**3,226**
Income tax *	Note 6	(645)	(1,304)	(765)
Consolidated net income *		**2,077**	**4,813**	**2,461**
Non-controlling interests		337	692	334
Net income, Group share *		**1,740**	**4,121**	**2,127**
Earnings per ordinary share	Note 7.2	**1.69**	**4.24**	**2.22**
Diluted earnings per ordinary share	Note 7.2	**1.69**	**4.24**	**2.22**

* *The amounts have been restated following the first time application of an amendment to IAS 12 "Income taxes" (see Note 1).*

STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(In millions of euros)	1st half of 2019	2018	1st half of 2018
Consolidated net income *	**2,077**	**4,813**	**2,461**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**532**	**24**	**128**
Translation differences	195	370	346
Revaluation of debt instruments at fair value through other comprehensive income	43	(233)	(129)
Revaluation differences for the period	*99*	*(193)*	*(121)*
Reclassified into income	*(56)*	*(40)*	*(8)*
Revaluation of available-for-sale financial assets (1)	256	(74)	(4)
Revaluation differences for the period	*239*	*(54)*	*(4)*
Reclassified into income	*17*	*(20)*	*-*
Revaluation of hedging derivatives	116	(120)	(130)
Revaluation differences for the period	*121*	*(156)*	*(164)*
Reclassified into income	*(5)*	*36*	*34*
Unrealised gains and losses of entities accounted for using the equity method	-	1	1
Others	-	-	9
Related tax	(78)	80	35
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**(118)**	**411**	**146**
Actuarial gains and losses on defined benefit plans	(144)	30	57
Revaluation of own credit risk of financial liabilities at fair value through profit or loss	46	529	141
Revaluation of equity instruments at fair value through other comprehensive income	(48)	1	1
Unrealised gains and losses of entities accounted for using the equity method	(1)	(3)	(3)
Related tax	29	(146)	(50)
Total unrealised or deferred gains and losses	**414**	**435**	**274**
Net income and unrealised or deferred gains and losses *	**2,491**	**5,248**	**2,735**
*o/w Group share **	*2,133*	*4,588*	*2,455*
o/w non-controlling interests	*358*	*660*	*280*

* *The amounts have been restated following the first time application of an amendment to IAS 12 "Income taxes" (see Note 1).*

(1) Unrealised gains and losses on available-for-sale financial assets are related exclusively to insurance activities.

CHANGES IN SHAREHOLDERS' EQUITY

	Capital and associated reserves						
(In millions of euros)	**Issued common stocks**	**Issuing premium and capital reserves**	**Elimination of treasury stock**	**Other equity instruments**	**Total**	**Retained earnings**	**Net income, Group share**
Shareholders' equity at 1 January, 2018	**1,010**	**20,344**	**(493)**	**8,566**	**29,427**	**30,504**	**-**
Increase in common stock	-	-	-	-	-	-	-
Elimination of treasury stock	-	-	(257)	-	(257)	(37)	-
Issuance / Redemption / Remuneration of other equity instruments *	-	-	-	392	392	(316)	-
Equity component of share-based payment plans	-	24	-	-	24	-	-
1st half of 2018 dividends paid *	-	-	-	-	-	(1,764)	-
Effect of change of the consolidation scope	-	-	-	-	-	40	-
Sub-total of changes linked to relations with shareholders *	***-***	***24***	***(257)***	***392***	***159***	***(2,077)***	***-***
Change in unrealised or deferred gains and losses	-	-	-	-	-	-	-
1st half of 2018 Net income for the period *	-	-	-	-	-	-	2,127
Change in equity of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	(7)	-
Sub-total *	***-***	***-***	***-***	***-***	***-***	***(7)***	***2,127***
Shareholders' equity at 30 June 2018 *	**1,010**	**20,368**	**(750)**	**8,958**	**29,586**	**28,420**	**2,127**
Increase in common stock	-	-	-	-	-	-	-
Elimination of treasury stock	-	-	83	-	83	25	-
Issuance / Redemption / Remuneration of other equity instruments *	-	-	-	152	152	(399)	-
Equity component of share-based payment plans	-	35	-	-	35	-	-
2nd half of 2018 dividends paid	-	-	-	-	-	-	-
Effect of change of the consolidation scope	-	-	-	-	-	12	-
Sub-total of changes linked to relations with shareholders *	***-***	***35***	***83***	***152***	***270***	***(362)***	***-***
Change in unrealised or deferred gains and losses	-	-	-	-	-	-	-
2nd half of 2018 Net income for the period *	-	-	-	-	-	-	1,994
Change in equity of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	27	-
Sub-total *	***-***	***-***	***-***	***-***	***-***	***27***	***1,994***
Shareholders' equity at 31 December 2018 *	**1,010**	**20,403**	**(667)**	**9,110**	**29,856**	**28,085**	**4,121**
Allocation to retained earnings	-	-	-	-	-	4,114	(4,121)
Shareholders' equity at 1 January 2019	**1,010**	**20,403**	**(667)**	**9,110**	**29,856**	**32,199**	**-**
Increase in common stock (see Note 7.1)	50	839	-	-	889	-	-
Elimination of treasury stock (see Note 7.1)	-	-	95	-	95	(77)	-
Issuance / Redemption / Remuneration of other equity instruments (see Note 7.1)	-	-	-	490	490	(311)	-
Equity component of share-based payment plans	-	24	-	-	24	-	-
1st half of 2019 dividends paid (see Note 7.2)	-	-	-	-	-	(1,770)	-
Effect of change of the consolidation scope	-	-	-	-	-	(1)	-
Sub-total of changes linked to relations with shareholders	***50***	***863***	***95***	***490***	***1,498***	***(2,159)***	***-***
Change in unrealised or deferred gains and losses	-	-	-	-	-	-	-
1st half of 2019 Net income for the period	-	-	-	-	-	-	1,740
Change in equity of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	-
Other changes	-	-	-	(1)	(1)	2	-
Sub-total	***-***	***-***	***-***	***(1)***	***(1)***	***2***	***1,740***
Shareholders' equity at 30 June 2019	**1,060**	**21,266**	**(572)**	**9,599**	**31,353**	**30,042**	**1,740**

** The amounts have been restated following the first time application of an amendment to IAS 12 "Income taxes" (see Note 1).*

Unrealised or deferred gains and losses				Non-controlling interests				
that will be reclassified subsequently into income	that will not be reclassified subsequently into income	Total	Shareholders' equity, Group share	Capital and reserves	Other equity instruments issued by subsidiaries	Unrealised or deferred gains and losses	Total	Total consolidated shareholders' equity
(1,044)	**(459)**	**(1,503)**	**58,428**	**3,768**	**800**	**(45)**	**4,523**	**62,951**
-	-	-	-	-	-	-	-	-
-	-	-	(294)	-	-	-	-	(294)
-	-	-	76	(33)	-	-	(33)	43
-	-	-	24	-	-	-	-	24
-	-	-	(1,764)	(364)	-	-	(364)	(2,128)
-	-	-	40	(4)	-	-	(4)	36
-	***-***	***-***	***(1,918)***	***(401)***	***-***	***-***	***(401)***	***(2,319)***
183	148	331	331	-	-	(55)	(55)	276
-	-	-	2,127	334	-	-	334	2,461
-	(2)	(2)	(2)	3	-	-	3	1
-	-	-	(7)	-	-	-	-	(7)
183	***146***	***329***	***2,449***	***337***	***-***	***(55)***	***282***	***2,731***
(861)	**(313)**	**(1,174)**	**58,959**	**3,704**	**800**	**(100)**	**4,404**	**63,363**
-	-	-	-	-	-	-	-	-
-	-	-	108	-	-	-	-	108
-	-	-	(247)	-	-	-	-	(247)
-	-	-	35	-	-	-	-	35
-	-	-	-	(4)	-	-	(4)	(4)
-	-	-	12	(1)	-	-	(1)	11
-	***-***	***-***	***(92)***	***(5)***	***-***	***-***	***(5)***	***(97)***
(125)	264	139	139	-	-	23	23	162
-	-	-	1,994	358	-	-	358	2,352
-	(1)	(1)	(1)	(3)	-	-	(3)	(4)
-	-	-	27	6	-	-	6	33
(125)	***263***	***138***	***2,159***	***361***	***-***	***23***	***384***	***2,543***
(986)	**(50)**	**(1,036)**	**61,026**	**4,060**	**800**	**(77)**	**4,783**	**65,809**
-	7	7	-	2	-	(2)	-	-
(986)	**(43)**	**(1,029)**	**61,026**	**4,062**	**800**	**(79)**	**4,783**	**65,809**
-	-	-	889	-	-	-	-	889
-	-	-	18	-	-	-	-	18
-	-	-	179	(33)	-	-	(33)	146
-	-	-	24	-	-	-	-	24
-	-	-	(1,770)	(373)	-	-	(373)	(2,143)
-	-	-	(1)	(8)	-	-	(8)	(9)
-	***-***	***-***	***(661)***	***(414)***	***-***	***-***	***(414)***	***(1,075)***
510	(123)	387	387	-	-	21	21	408
-	-	-	1,740	337	-	-	337	2,077
-	(1)	(1)	(1)	-	-	-	-	(1)
-	-	-	1	-	-	-	-	1
510	***(124)***	***386***	***2,127***	***337***	***-***	***21***	***358***	***2,485***
(476)	**(167)**	**(643)**	**62,492**	**3,985**	**800**	**(58)**	**4,727**	**67,219**

CASH FLOW STATEMENT

(In millions of euros)	1st half of 2019	2018 **	1st half of 2018 **
Consolidated net income (I) *	**2,077**	**4,813**	**2,461**
Amortisation expense on tangible fixed assets and intangible assets (including operational leasing)	2,608	4,589	2,248
Depreciation and net allocation to provisions	(2,764)	2,343	230
Net income/loss from investments accounted for using the equity method	(15)	(53)	(27)
Change in deferred taxes	63	357	315
Net income from the sale of long-term assets and subsidiaries	(60)	(101)	(48)
Other changes *	(396)	(358)	(583)
Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)	**(564)**	**6,777**	**2,135**
Income on financial instruments at fair value through profit or loss	(29)	4,901	6,148
Interbank transactions	(4,543)	(1,921)	(6,630)
Customers transactions	14,554	(11,732)	6,513
Transactions related to other financial assets and liabilities	(18,403)	(1,598)	(32,486)
Transactions related to other non-financial assets and liabilities	9,792	(4,643)	1,385
Net increase/decrease in cash related to operating assets and liabilities (III)	**1,371**	**(14,993)**	**(25,070)**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)	**2,884**	**(3,403)**	**(20,474)**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments	627	(5,758)	(4,937)
Net cash inflow (outflow) related to tangible and intangible fixed assets	(3,248)	(7,621)	(3,546)
Net cash inflow (outflow) related to investment activities (B)	**(2,621)**	**(13,379)**	**(8,483)**
Cash flow from/to shareholders	(1,577)	(2,543)	(2,443)
Other net cash flows arising from financing activities	3,434	(471)	190
Net cash inflow (outflow) related to financing activities (C)	**1,857**	**(3,014)**	**(2,253)**
Effect of changes in foreign exchange rates on cash and cash equivalents (D)	719	2,179	1,378
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)	**2,839**	**(17,617)**	**(29,832)**
Cash, due from central banks (assets)	96,585	114,404	114,404
Due to central banks (liabilities)	(5,721)	(5,604)	(5,604)
Current accounts with banks (see Notes 3.5 and 4.3)	24,667	22,159	22,159
Demand deposits and current accounts with banks (see Note 3.6)	(13,875)	(11,686)	(11,686)
Cash and cash equivalents at the start of the year	**101,656**	**119,273**	**119,273**
Cash, due from central banks (assets)	99,479	96,585	85,456
Due to central banks (liabilities)	(7,740)	(5,721)	(9,956)
Current accounts with banks (see Notes 3.5 and 4.3)	28,381	24,667	27,155
Demand deposits and current accounts with banks (see Note 3.6)	(15,625)	(13,875)	(13,214)
Cash and cash equivalents at the end of the year	**104,495**	**101,656**	**89,441**
Net inflow (outflow) in cash and cash equivalents	**2,839**	**(17,617)**	**(29,832)**

* *The amounts have been restated following the first time application of an amendment to IAS 12 "Income taxes" (see Note 1).*

** *The amounts have been restated compared to the 2018 published consolidated financial statements due to reclassification into a separate line item (D) of the effect of changes in foreign exchange rates on cash and cash equivalents.*

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

ACCOUNTING STANDARDS

The condensed interim consolidated financial statements for the Societe Generale group ("the Group") for the six-month period ending 30 June 2019 were prepared and are presented in accordance with IAS (International Accounting Standard) 34 "Interim Financial Reporting".

These notes should be read in conjunction with the audited consolidated financial statements for the year ending 31 December 2018 included in the 2019 Registration document.

The most significant change made to the accounting principles is the application of IFRS 16 "Leases" as from 1 January 2019.

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

FINANCIAL STATEMENTS PRESENTATION

As the IFRS accounting framework does not specify a standard model, the format used for the condensed interim consolidated financial statements is consistent with the format of financial statements proposed by the French Accounting Standard Setter, the Autorité des Normes Comptables (ANC), under Recommendation No. 2017-02 of 2 June 2017.

The disclosures provided in the notes to the interim 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 2019. Disclosures provided in these notes focus on information that is both relevant and material to the financial statements of the Societe Generale group, its activities and the circumstances in which it conducted its operations over the period.

PRESENTATION CURRENCY

The presentation currency of the consolidated financial statements is the euro.

The figures presented in the financial statements and in the notes are expressed in millions of euros, unless otherwise specified. The effect of rounding can generate discrepancies between the figures presented in the financial statements and those presented in the notes.

2. NEW ACCOUNTING STANDARDS APPLIED BY THE GROUP AS OF 1 JANUARY 2019

IFRS 16 “Leases”

IFRIC 23 “Uncertainty over Income Tax Treatments”

Annual improvements (2015-2017)

Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”

Amendments to IAS 19 “Plan amendments, curtailments and settlements”

IFRS 16 “LEASES”

This new standard supersedes IAS 17 and modifies the accounting requirements for leases, more specifically in relation to the lessees’ financial statements, with very few impacts for the lessors.

As from 1 January 2019, the Group applies IFRS 16 adopted by the European Union on 31 October 2017. The Group did not early apply the provisions of IFRS 16 to the previous reporting period. Consequently, the accounting principles applicable to leases and the related disclosures presented in the notes to the consolidated financial statements have been amended as from 1 January 2019.

ACCOUNTING TREATMENTS DEFINED BY IFRS 16

Recognition of the leases in the balance sheet

For all lease agreements, with the exception of the exemptions provided by the standard, the lessee is required to recognise a right-of-use asset in its balance sheet representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

In its income statement, the lessee separately recognises the depreciation of the right-of-use asset and the interest expense on the lease liability.

The accounting principles applied by the Group are detailed in the Note 8.4.

Scope

Given the Group’s activities, these accounting treatments apply to property leases, computer equipment leases and a very small percentage of vehicle leases. The Group uses the option offered by the standard to not apply the provisions of IFRS 16 to intangible assets leases (softwares for example).

TRANSITION REQUIREMENTS

For the first-time application of IFRS 16, the Group chose to implement the amended retrospective approach proposed by the standard.

At 1 January 2019, the amount of the lease liability on outstanding leases was calculated by discounting residual rental payments with the incremental borrowing rates of the lessee entities in effect on that date (rates determined according to the principles described on the Note 8.4), taking into account the residual maturity of the contracts. The corresponding right-of-use assets are recorded on the balance sheet for an amount equal to the lease liability.

Leases that have a remaining life of less than 12 months and those that are automatically renewable are considered short-term leases (leases of less than one year) and are not recorded in the balance sheet, in compliance with the option offered by IFRS 16 transition requirements.

Pursuant to IFRS 16 in its provisions on the amended retrospective approach, comparative data on financial year 2018 that are presented with regards to 2019 are not restated.

IMPACTS OF THE FIRST-TIME APPLICATION OF IFRS 16

The first-time application of IFRS 16 resulted in an increase in the balance sheet by EUR 2,050 million related to the recognition of a lease liability and a corresponding right-of-use asset.

The lease liability is recorded under *Other liabilities* and the right-of-use assets are classified among the tangible fixed assets, with the exception of the leases included in a group of assets and liabilities held for sale which are presented under dedicated line items in the consolidated financial statements.

At 1 January 2019, the first-time application of IFRS 16 has no impact on the Group shareholders' equity.

On the date of the initial recording of the right-of-use and the lease liability, no deferred tax is recorded because the asset value equals to the liability value. The net temporary differences that may result from subsequent changes in the right-of-use and lease liability result in the recognition of deferred tax.

Impacts on the balance sheet at 1 January 2019

(In millions of euros)		01.01.2019
ASSETS		
Other assets	*c*	(3)
Non-current assets held for sale	*a*	42
Tangible and intangible fixed assets		2,011
Total IFRS 16 impacts		**2,050**

LIABILITIES		
Other liabilities	*b*	2,008
Non-current liabilities held for sale	*c*	42
Total IFRS 16 impacts		**2,050**

At 1 January 2019, the first-time application of IFRS 16 results in:

(a) An increase of EUR 2,011 million in the *Tangible and intangible fixed assets* which breaks down into:

- An increase of EUR 2,118 million in the tangible fixed assets due to:
  - The recognition in the balance sheet of right-of-use assets for EUR 2,110 million related to lease contracts regarding the following underlying assets:
    - EUR 2,012 million linked to building leases contracted for the lease of French and international commercial spaces (branches in the retail banking networks) and office spaces;
    - EUR 93 million related to computer equipment leases (of which EUR 83 million for the lease of data centers);
    - EUR 5 million concerning vehicle leases.
  - The reclassification for EUR 107 million of the leasehold rights (paid to the former tenants of the premises) related to the leases, previously recorded under the intangible fixed assets and considered now as a separate component of the right-of-use;
  - The reclassification for EUR -102 million, mainly composed of EUR -99 million of deferred revenues related to rent-free periods, previously recognised under *Other liabilities*;
  - The reclassification for EUR 3 million of prepaid expenses related to prepaid rents, previously recorded under *Other assets*.
- A decrease of EUR 107 million in the intangible fixed assets related to the reclassification of leasehold rights.

(b) An increase of EUR 2,008 million in the *Other liabilities* linked to the following movements:

- The recognition of a lease liability for EUR 2,110 million;
- The reclassification for EUR -102 million, including EUR -99 million of the deferred revenues related to rent-free periods.

(c) The recognition of right-of-use assets and a lease liability for EUR 42 million under *Non-current assets held for sale* and *Non-current liabilities related to non-current assets held for sale* for entities held for sale.

Reconciliation of the amount of the future minimum operating lease payments reported at 31 December 2018 with the amount of the lease liability recognised at 1 January 2019

The table below aims to reconcile:

- the future minimum operating lease payments related to operating lease contracts on tangible assets used by the Group at 31 December 2018; and
- the lease liability recognised in the balance sheet at 1 January 2019, in application of IFRS 16.

(In millions of euros)

Future minimum operating lease payments at 31 December 2018	**2,388**
Lease contracts not recorded in the balance sheet (1)	(38)
Non-discounted lease liability at 1 January 2019	**2,350**
Discount effect	(214)
Discount rate (2)	*2.74%*
Scope effect (3)	16
Discounted lease liability at 1 January 2019 (4)	**2,152**

(1) Short-term contracts or contracts on low-value assets;

(2) The discount rate in the table corresponds to the weighted average incremental borrowing rate of the lessee entities;

(3) Lease liability recorded at 1 January 2019 related to leases whose minimum operating lease payments had been excluded from the amount reported as of 31 December 2018 due to their low materiality;

(4) This amount includes the lease liability recorded under "Other liabilities" (EUR 2,110 million) and under "Non-current liabilities held for sale" (EUR 42 million).

IFRIC 23 "UNCERTAINTY OVER INCOME TAX TREATMENTS"

This interpretation provides clarifications about the measurement and the accounting treatment of income tax when there is uncertainty over income tax treatments. It must be determined whether the treatment is likely to be accepted by the relevant authorities, assuming that they will control the treatment in question and will have all the relevant information. If the probability of acceptance of the tax treatment is less than 50%, this uncertainty must be reflected in the amount of tax assets and liabilities, based on a method that provides the best prediction of the resolution of the uncertainty.

To comply with these new principles, the process for identifying, analysing and monitoring tax uncertainties has been reviewed. This interpretation has no impact on the amount of the Group shareholders' equity at 1 January 2019 but leads as from this date to a reclassification of the provisions for income tax adjustments under *Tax liabilities.*

ANNUAL IMPROVEMENTS (2015-2017)

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

The objective of the amendment to IAS 12 is to clarify the accounting for the income tax consequences of the remuneration paid to holders of equity instruments. It is now specified that the accounting for these tax consequences is linked more directly to past transactions or events that generated distributable profits than to distributions *per se*.

The application of this amendment resulted in a reclassification into the income statement (under *Income tax*) of the tax savings related to the payment of coupons to holders of perpetual subordinated and deeply subordinated notes previously recorded in retained earnings. This change in presentation is carried out retrospectively with a restatement of comparative data. The tax savings recognised in the income statement amounted to EUR 118 million at 30 June 2019, EUR 257 million at 31 December 2018 and EUR 121 million at 30 June 2018.

The other amendments contained in the Annual Improvements cycle (2015 - 2017) did not have a significant impact on the Group consolidated financial statements.

The amendments described below did not have any impact on the Group consolidated financial statements.

AMENDMENTS TO IAS 28 “LONG-TERM INTERESTS IN ASSOCIATES AND JOINT VENTURES”

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

AMENDMENTS TO IAS 19 “PLAN AMENDMENT, CURTAILMENT OR SETTLEMENT”

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

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

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

IASB published accounting standards and amendments, some of which have not been adopted by the European Union as at 30 June 2019. They are required to be applied from annual periods beginning on 1 January 2020 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Group as at 30 June 2019.

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

2020

Amendments to IFRS 3 "Business Combinations"

Amendments to IAS 1 and IAS 8 "Definition of Material"

2021

IFRS 17 "Insurance Contracts"

AMENDMENTS TO IFRS 3 "BUSINESS COMBINATIONS"

Issued by IASB on 22 October 2018.

The amendments are intended to provide clearer application guidance to make it easier to differentiate between the acquisition of a business and the acquisition of a group of assets, whose accounting treatment is different.

AMENDMENTS TO IAS 1 AND IAS 8 "DEFINITION OF MATERIAL"

Issued by IASB on 31 October 2018.

These amendments are intended to clarify the definition of 'material' in order to facilitate the exercise of judgement during the preparation of financial statements, particularly when selecting the information to be presented in the Notes.

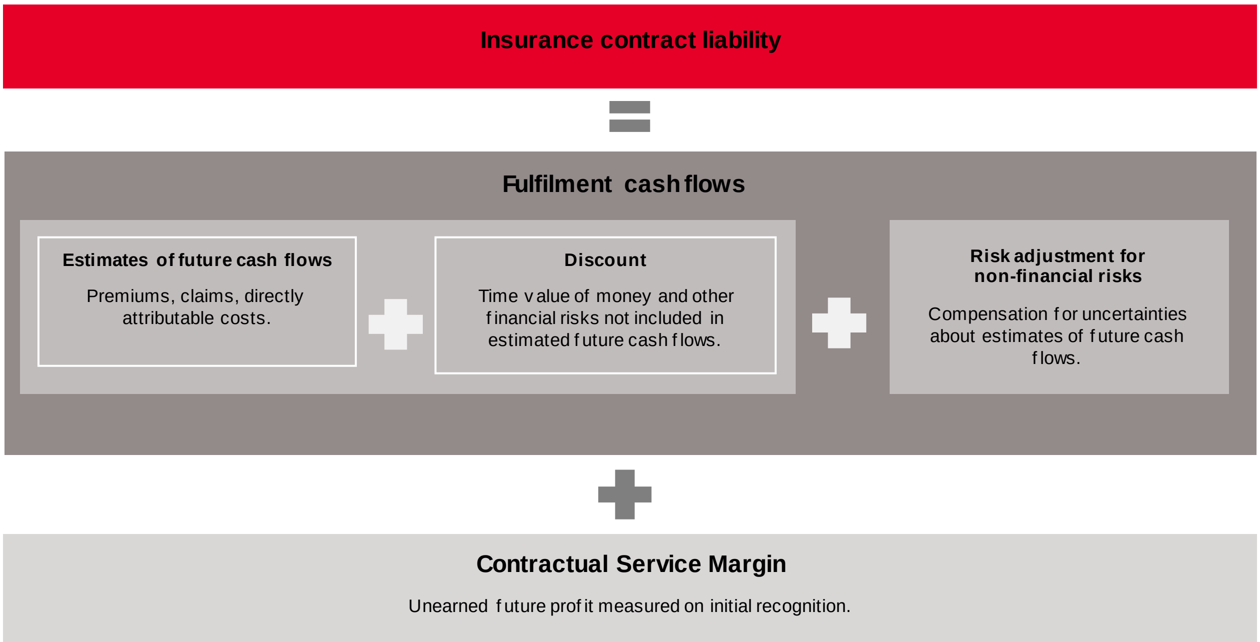
IFRS 17 "INSURANCE CONTRACTS"

Issued by IASB on 18 May 2017.

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

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

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



Positive contractual service margins will be recognised as income over the duration of the insurance service, whereas negative margins will be immediately recognised as expense, as soon as the insurance contract is identified as onerous.

The general model will be the default measurement model for all insurance contracts.

However IFRS 17 also provides a mandatory alternative model for insurance contracts with direct participation features. Under this model, called "variable fee approach", the measurement of the insurance contract liability shall take into account the obligation to pay to policyholders a substantial share of the fair value returns on the underlying items, less a fee for future services provided by the insurance contract (changes in the fair value of underlying items due to policyholders are then recognised as an adjustment of the contractual service margin).

A simplified measurement (premium allocation approach) is also allowed by the standard under conditions for short-term contracts (12 months or less) and contracts for which the result of premium allocation approach is closed to the general approach.

These measurement models will have to be applied to homogeneous portfolios of insurance contracts. The level of aggregation of these portfolios will be assessed considering:

- contracts that are subject to similar risks and managed together;
- the year during which contracts are issued; and
- at initial recognition, contracts that are onerous, contracts that have no significant possibility of becoming onerous subsequently, and the remaining contracts.

On 26 June 2019, 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. In particular, it is proposed to defer its first application date by one year, which would be postponed to the annual periods beginning on 1 January 2022.

4. USE OF ESTIMATES AND JUDGMENT

When applying the accounting principles disclosed in the following notes for the purpose of preparing the Group's consolidated financial statements, the Management makes assumptions and estimates that may have an impact on the figures recorded in the income statement, on the *Unrealised or deferred gains and losses* on the valuation of assets and liabilities in the balance sheet, and on the information disclosed in the notes to the consolidated financial statements.

In order to make these assumptions and estimates, the Management uses the information available at the date of preparation of the 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.

These estimates are notably used in the fair value measurement of financial instruments and the measurement of asset impairment and of provisions recognised as liabilities in the balance sheet, as well as tax assets and liabilities recognised in the balance sheet and goodwill. The use of estimates and judgment also concerns the analysis of the contractual cash flow characteristics of financial assets as well as the assessment of control for determining the scope of consolidated entities (especially for structured entities).

For the determination of impairment and provisions for credit risk, the use of estimates and judgment relates in particular to the assessment of the deterioration in credit risk observed since the initial recognition of financial assets and the measurement of the amount of expected credit losses on these same financial assets.

In addition, the application of IFRS 16 has led the Group to expand its use of judgment to estimate the lease period to be applied in determining the right-of-use assets and the lease liability.

Brexit

The United Kingdom organised on 23 June 2016 a referendum in which a majority of British citizens voted to leave the European Union (Brexit). Negotiations are in progress to redefine the economic relationships between the United Kingdom and the European Union. The exit date has been postponed again to 31 October 2019. The Group closely follows the progress of the discussions and their consequences in the short, medium and long term, and they are, when appropriate, taken into account in making assumptions and estimates for preparing its consolidated financial statements.

IBOR Reform

The financial crisis revealed weaknesses in the methodology used for determining the benchmarks for the interbank offered rates called IBOR (EURIBOR, LIBOR etc.), currently based on contributions submitted by a panel of banks and sometimes on insufficient volumes of transactions. A reform is under way at the international level to strengthen the methodology for setting the current interest rates benchmarks and to shift to new set of overnight risk-free rates (€STER, SOFR, SONIA, etc.). At this stage, the conditions for replacing interest rates benchmarks in existing financial contracts remain uncertain.

This reform could have accounting impacts on the measurement of assets and liabilities using these interest rates benchmarks as well as on the accounting treatment for the related hedging derivatives. IASB has launched work on this topic to amend current accounting standards to limit the effects of the IBOR reform on the financial statements of the companies concerned.

A project structure has been set up within the Group to monitor the work undertaken on this reform and to anticipate the impacts that would be related to the transition to the new risk-free rates benchmarks.

NOTE 2 - CONSOLIDATION

NOTE 2.1 - CONSOLIDATION SCOPE

The consolidation scope includes subsidiaries and structured entities under the Group's exclusive control, joint arrangements (joint ventures and joint operations) 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.

The main changes to the consolidation scope at 30 June 2019, compared with the scope applicable at the closing date of 31 December 2018, are as follows:

EUROBANK

On 31 May 2019, the Group sold all its participation in Eurobank, its Polish subsidiary, to Bank Millennium. The sale reduced the Group's balance sheet by EUR 3.4 billion, mainly through a decrease of EUR 2.9 billion in customer loans and of EUR 1.8 billion in customer deposits, reported respectively under *Non-current assets held for sale* and *Non-current liabilities held for sale* at 31 December 2018.

BANKA SG ALBANIA

On 29 March 2019, the Group sold all its participation in Banka SG Albania, its Albanian subsidiary, to OTP Bank. The sale reduced the Group's balance sheet by EUR 0.7 billion, mainly through a decrease of EUR 0.4 billion in customer loans and a decrease of EUR 0.6 billion in customer deposits, reported respectively under *Non-current assets held for sale* and *Non-current liabilities held for sale* at 31 December 2018.

SG EXPRESS BANK

On 15 January 2019, the Group sold all its participation in SG Express Bank, its Bulgarian subsidiary, to OTP Bank. The sale reduced the Group's balance sheet by EUR 3.4 billion, mainly through a decrease of EUR 2.4 billion in customer loans and a decrease of EUR 2.7 billion in customer deposits, reported respectively under *Non-current assets held for sale* and *Non-current liabilities held for sale* at 31 December 2018.

SOCIETE GENERALE PRIVATE BANKING NV/SA

On 28 February 2019, the Group sold all its participation in Societe Generale Private Banking NV/SA, its Belgian private banking subsidiary, to ABN AMRO. The sale reduced the Group's balance sheet by EUR 1.1 billion due to a decrease of EUR 1.1 billion in *Non-current assets held for sale* (o/w EUR 0.4 billion in cash, due from central banks and EUR 0.5 billion in customer loans) and a decrease of EUR 1.1 billion in *Non-current liabilities held for sale* (o/w EUR 1 billion in customer deposits).

LA BANQUE POSTALE FINANCEMENT

On March 2019, the Group sold to La Banque Postale its investment in La Banque Postale Financement (35%) accounted for using the equity method.

NOTE 2.2 - GOODWILL

The table below shows the changes in the net values of goodwill recorded by the Cash-Generating Units (CGUs) in the first half of 2019:

(In millions of euros)	Net book value at 31.12.2018	Acquisitions and other increases [1]	Disposals and other decreases [2]	Net book value at 30.06.2019
French Retail Banking	**797**	**-**	**-**	**797**
Societe Generale Network	286	-	-	286
Crédit du Nord	511	-	-	511
International Retail Banking & Financial Services	**2,885**	**-**	**(114)**	**2,771**
Europe	1,450	-	(89)	1,361
Russia	-	-	-	-
Africa, Mediterranean Basin and Overseas	231	-	(3)	228
Insurance	335	-	-	335
Equipment and Vendor Finance	335	-	(22)	313
Auto Leasing Financial Services	534	-	-	534
Global Banking and Investor Solutions	**970**	**112**	**(1)**	**1,081**
Global Markets and Investor Services	501	63	-	564
Financing and Advisory	57	-	-	57
Asset and Wealth Management	412	49	(1)	460
Total	**4,652**	**112**	**(115)**	**4,649**

(1) Acquisition of Commerzbank's "Equity Markets and Commodities" (EMC) business.
(2) The goodwill of the entities held for sale has been reclassified to "Non-current assets held for sale" (see Note 2.3).

Following the agreement signed on 8 November 2018, the Group is committed to acquiring Commerzbank "Equity Markets and Commodities" (EMC) business. The EMC business purchased comprises manufacturing and market making of flow ("Flow business") and structured products ("Exotic, Vanilla and Funds" business) as well as part of asset management activities ("Asset Management" business).

The integration process of staff, trading books and infrastructure started in the first half of 2019 and is expected to continue until the beginning of the first half of 2020.

Based on the progress of the integration process at 30 June, the Group has already taken control of the "Exotic, Vanilla and Funds" (EVF) business and the asset management activities leading to the recognition of goodwill: EUR 63 million for the EVF business (included in the "Global Markets and Investor Services" CGU) and EUR 49 million for the asset management business (included in the "Asset and Wealth Management" CGU).

The transfers of trading books related the EVF business are recorded under *Financial assets at fair value through profit or loss* and *Financial liabilities at fair value through profit and loss* in the consolidated balance sheet (see Note 3.1).

NOTE 2.3 - NON-CURRENT ASSETS HELD FOR SALE AND RELATED DEBTS

(In millions of euros)	30.06.2019	31.12.2018
Assets	**9,008**	**13,502**
Fixed assets and Goodwill	623	262
Financial assets	7,313	11,245
Financial assets at fair value through profit or loss	*116*	*111*
Hedging derivatives	-	-
Financial assets at fair value through other comprehensive income	*623*	*1,429*
Securities at amortised cost	*294*	*59*
Due from banks at amortised cost	*184*	*324*
Customer loans at amortised cost	*6,096*	*9,322*
Other assets	1,072	1,995
Liabilities	**7,070**	**10,454**
Provisions	24	22
Financial liabilities	6,866	10,309
Financial liabilities at fair value through profit or loss	*102*	*2*
Hedging derivatives	-	-
Debt securities issued	-	*116*
Due to banks	*741*	*596*
Customer deposits	*6,023*	*9,595*
Subordinated debts	-	-
Other liabilities	180	123

As at 30 June 2019, the *Non-current assets held for sale* and *Non-current liabilities held for sale* items mainly encompass the assets and liabilities of the Group's Macedonian, Moldavian, Montenegrin, Serbian, Slovenian and West Indian retail banking entities (Ohridska Banka, Mobiasbanca Groupe SG, SG Banka Montenegro, SG Banka Srbija A.D. Beograd, SKB Banka D.D. Ljubljana and SG de Banque aux Antilles), the assets and liabilities related to the German truck and trailer rental company Pema GmbH and the assets and liabilities related to the South African securities services activity (SG Johannesburg).

The change of the *Non-current assets held for sale* and *Non-current liabilities held for sale* items mainly comes from:

- The sale of entities detailed in the Note 2.1 during the first half of 2019;
- The reclassification of assets and liabilities of the entities SKB Banka D.D. Ljubljana, SG de Banque aux Antilles and Pema GmbH.

The principle applied whereby some *Non-current assets held for sale* (mostly goodwill and fixed assets) are assessed at their lowest between accounting value and net fair value for the disposal costs means that all or part of any expected capital loss from the sale of a group of assets can be allocated as soon as the assets are reclassified under *Non-current assets held for sale.* In this context, the impairment cost recognised by the Group at 30 June 2019 amounts to EUR -135 million under *Net income / expense from other assets.*

NOTE 3 - FINANCIAL INSTRUMENTS

Data presented in Note 3 exclude financial instruments from insurance activities; for the latter, the information is presented in Note 4.3.

NOTE 3.1 - FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

OVERVIEW OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2019		31.12.2018	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Trading portfolio (1)	393,311	321,988	338,312	285,478
Financial instruments mandatorily at fair value through profit or loss	24,924		24,057	
Financial instruments at fair value through profit or loss using the fair value option	2,733	84,266	3,181	77,605
Total	**420,968**	**406,254**	**365,550**	**363,083**
o/w securities purchased/sold under resale/repurchase agreements	*130,912*	*116,648*	*129,628*	*98,874*

(1) At 30 June 2019, the trading portfolio includes trading books related to the activities of manufacturing and market-making of structured products (“Exotic, Vanilla and Funds”) acquired from Commerzbank during the first half of 2019 (see Note 2.2).

1. TRADING PORTFOLIO

ASSETS

(In millions of euros)	30.06.2019	31.12.2018
Bonds and other debt securities	36,293	29,732
Shares and other equity securities	69,467	49,297
Loans and receivables and securities purchased under resale agreements	141,487	135,861
Trading derivatives (1)	146,007	122,983
Other trading assets	57	439
Total	**393,311**	**338,312**
o/w securities lent	*14,051*	*12,411*

(1) See Note 3.2 Financial derivatives.

LIABILITIES

(In millions of euros)	30.06.2019	31.12.2018
Amounts payable on borrowed securities	41,382	51,264
Bonds and other debt instruments sold short	7,496	6,231
Shares and other equity instruments sold short	1,083	1,248
Borrowings and securities sold under repurchase agreements	116,404	98,299
Trading derivatives (1)	154,022	126,946
Other trading liabilities	1,601	1,490
Total	**321,988**	**285,478**

(1) See Note 3.2 Financial derivatives.

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

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

(In millions of euros)	30.06.2019	31.12.2018
Bonds and other debt securities	171	158
Shares and other equity securities	2,296	1,996
Loans and receivables and securities purchased under resale agreements	22,457	21,903
Total	**24,924**	**24,057**

The loans and receivables and securities purchased under resale agreements recorded in the balance sheet under Financial assets mandatorily at fair value through profit or loss mainly include:

- loans that include prepayment features with compensation that do not reflect the effect of changes in the benchmark interest rate;
- loans that include indexation clauses that do not permit to recognise as basic loans (SPPI).

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

ASSETS

(In millions of euros)	30.06.2019	31.12.2018
Bonds and other debt securities	1,496	1,310
Loans and receivables and securities purchased under resale agreements	164	819
Separate assets for employee benefits plans	1,073	1,052
Total	**2,733**	**3,181**

LIABILITIES

Financial liabilities measured at fair value through profit or loss using the fair value option predominantly consist of structured bonds issued by the Societe Generale group.

Changes in fair value attributable to own credit risk generated a gain of EUR 46 million at 30 June 2019, which was recognised in other comprehensive income. Up to this date, the total gains and losses attributable to own credit risk amounted to EUR -149 million.

The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale group's most recent financing terms and conditions on the markets and the residual maturity of the related liabilities.

At 30 June 2019, the difference between the fair value of financial liabilities measured using the fair value option through profit or loss (EUR 84,266 million versus EUR 77,605 million at 31 December 2018) and their amount redeemable at maturity (EUR 84,495 million versus EUR 78,080 million at 31 December 2018) stood at EUR -229 million (EUR -475 million at 31 December 2018).

NOTE 3.2 - FINANCIAL DERIVATIVES

1. TRADING DERIVATIVES

	30.06.2019		31.12.2018	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments	95,310	93,564	74,253	73,835
Foreign exchange instruments	24,035	28,722	19,246	19,466
Equity and index instruments	21,305	24,457	21,450	23,675
Commodities Instruments	3,172	3,516	5,708	6,081
Credit derivatives	2,107	2,670	2,224	2,704
Other forward financial instruments	78	1,093	102	1,185
Total	**146,007**	**154,022**	**122,983**	**126,946**

The Group uses credit derivatives in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentration and to implement a proactive risk and capital management approach. All credit derivatives, regardless of their purpose, are measured at fair value through profit or loss and cannot be qualified as hedging instruments for accounting purposes. Accordingly, they are recognised at fair value among trading derivatives.

2. HEDGING DERIVATIVES

The Group made the choice to maintain the IAS 39 provisions related to hedge accounting. Consequently, equity instruments do not qualify for hedge accounting regardless of their accounting category.

	30.06.2019		31.12.2018	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value hedge	**17,485**	**9,448**	**11,666**	**5,767**
Interest rate instruments	17,476	9,442	11,650	5,765
Foreign exchange instruments	9	1	16	2
Equity and index instruments	-	5	-	-
Cash flow hedge	**194**	**167**	**105**	**204**
Interest rate instruments	181	137	27	140
Foreign exchange instruments	13	-	78	38
Equity and index Instruments	-	30	-	26
Net investment hedge	**86**	**88**	**128**	**22**
Foreign exchange instruments	86	88	128	22
Total	**17,765**	**9,703**	**11,899**	**5,993**

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 Corporate and Investment Banking 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. Highly probable funding requirements are determined using historic data established for each activity and representative of balance sheet outstandings. These data may be increased or decreased with changes in management methods.

NOTE 3.3 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

OVERVIEW OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(In millions of euros)	30.06.2019	31.12.2018
Debt instruments	52,883	49,736
Bonds and other debt securities	*52,842*	*49,696*
Loans and receivables and securities purchased under resale agreements	*41*	*40*
Shares and other equity securities	241	290
Total	**53,124**	**50,026**
o/w securities lent	*451*	*483*

1. DEBT INSTRUMENTS

CHANGES IN THE CARRYING AMOUNT

(In millions of euros)	2019
Balance at 1 January	**49,736**
Acquisitions / originations	28,161
Disposals / redemptions	(26,299)
Changes in scope and others	(15)
Changes in fair value during the period	1,087
Changes in related receivables	12
Translation differences	201
Balance at 30 June	**52,883**

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

(In millions of euros)	30.06.2019	31.12.2018
Unrealised gains	447	416
Unrealised losses	(171)	(183)
Total	**276**	**233**

2. EQUITY INSTRUMENTS

The Group has chosen only in a very few cases to designate equity instruments to be measured at fair value through other comprehensive income.

3. NET GAINS AND LOSSES RECOGNISED IN NET INCOME ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(In millions of euros)	1st half of 2019	2018	1st half of 2018
Realised gains and losses on sale of debt instruments	56	39	3
Dividends incomes on financial assets at fair value through other comprehensive income	45	44	21
Total	**101**	**83**	**24**

NOTE 3.4 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

	30.06.2019				31.12.2018			
(In millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio	**93,613**	**151,550**	**2,141**	**247,304**	**69,429**	**144,430**	**1,470**	**215,329**
Bonds and other debt securities	32,651	3,246	396	36,293	26,059	3,403	270	29,732
Shares and other equity securities	60,962	8,494	11	69,467	43,370	5,926	1	49,297
Loans and receivables and securities purchased under resale agreements	-	139,753	1,734	141,487	-	134,662	1,199	135,861
Other trading assets	-	57	-	57	-	439	-	439
Trading derivatives	**195**	**142,377**	**3,435**	**146,007**	**23**	**119,460**	**3,500**	**122,983**
Interest rate instruments	4	92,816	2,490	95,310	8	71,628	2,617	74,253
Foreign exchange instruments	180	23,664	191	24,035	8	19,038	200	19,246
Equity and index instruments	-	20,943	362	21,305	-	21,211	239	21,450
Commodity instruments	-	3,067	105	3,172	-	5,666	42	5,708
Credit derivatives	-	1,823	284	2,107	-	1,826	398	2,224
Other forward financial instruments	11	64	3	78	7	91	4	102
Financial assets measured mandatorily at fair value through profit or loss	**127**	**22,213**	**2,584**	**24,924**	**117**	**21,091**	**2,849**	**24,057**
Bonds and other debt securities	12	40	119	171	12	36	110	158
Shares and other equity securities	115	289	1,892	2,296	105	194	1,697	1,996
Loans and receivables and securities purchased under resale agreements	-	21,884	573	22,457	-	20,861	1,042	21,903
Financial assets measured using fair value option through profit or loss	**1,332**	**1,300**	**101**	**2,733**	**1,126**	**1,702**	**353**	**3,181**
Bonds and other debt securities	1,322	174	-	1,496	1,126	184	-	1,310
Loans and receivables and securities purchased under resale agreements	10	53	101	164	-	466	353	819
Other financial assets	-	-	-	-	-	-	-	-
Separate assets for employee benefit plans	-	1,073	-	1,073	-	1,052	-	1,052
Hedging derivatives	**-**	**17,765**	**-**	**17,765**	**-**	**11,899**	**-**	**11,899**
Interest rate instruments	-	17,657	-	17,657	-	11,677	-	11,677
Foreign exchange instruments	-	108	-	108	-	222	-	222
Equity and index instruments	-	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	**51,536**	**1,347**	**241**	**53,124**	**48,738**	**998**	**290**	**50,026**
Bonds and other debt securities	51,536	1,306	-	52,842	48,738	958	-	49,696
Shares and other equity securities	-	-	241	241	-	-	290	290
Loans and receivables	-	41	-	41	-	40	-	40
Total financial assets at fair value	**146,803**	**336,552**	**8,502**	**491,857**	**119,433**	**299,580**	**8,462**	**427,475**

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

(In millions of euros)	30.06.2019				31.12.2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio	**8,654**	**157,819**	**1,493**	**167,966**	**7,787**	**149,776**	**969**	**158,532**
Amounts payable on borrowed securities	75	41,198	109	41,382	308	50,956	-	51,264
Bonds and other debt instruments sold short	7,496	-	-	7,496	6,231	-	-	6,231
Shares and other equity instruments sold short	1,083	-	-	1,083	1,248	-	-	1,248
Borrowings and securities sold under repurchase agreements	-	115,020	1,384	116,404	-	97,330	969	98,299
Other trading liabilities	-	1,601	-	1,601	-	1,490	-	1,490
Trading derivatives	**289**	**148,954**	**4,779**	**154,022**	**81**	**123,075**	**3,790**	**126,946**
Interest rate instruments	34	90,738	2,792	93,564	6	70,986	2,843	73,835
Foreign exchange instruments	160	28,441	121	28,722	5	19,346	115	19,466
Equity and index instruments	-	22,995	1,462	24,457	-	23,103	572	23,675
Commodity instruments	-	3,434	82	3,516	-	6,041	40	6,081
Credit derivatives	-	2,349	321	2,670	-	2,484	220	2,704
Other forward financial instruments	95	997	1	1,093	70	1,115	-	1,185
Financial liabilities measured using fair value option through profit or loss	**246**	**41,632**	**42,388**	**84,266**	**265**	**39,408**	**37,932**	**77,605**
Hedging derivatives	**-**	**9,703**	**-**	**9,703**	**-**	**5,993**	**-**	**5,993**
Interest rate instruments	-	9,579	-	9,579	-	5,905	-	5,905
Foreign exchange instruments	-	89	-	89	-	62	-	62
Equity and index instruments	-	35	-	35	-	26	-	26
Total financial liabilities at fair value	**9,189**	**358,108**	**48,660**	**415,957**	**8,133**	**318,252**	**42,691**	**369,076**

3. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AT FAIR VALUE

(In millions of euros)	Balance at 31.12.2018	Acquisitions	Disposals / redemp-tions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance at 30.06.2019
Trading portfolio	**1,470**	**1,411**	**(467)**	**(947)**	**197**	**470**	**7**	**-**	**2,141**
Bonds and other debt securities	270	416	(299)	(26)	5	25	5	-	396
Shares and other equity securities	1	2	-	-	8	-	-	-	11
Loans and receivables and securities purchased under resale agreements	1,199	993	(168)	(921)	184	445	2	-	1,734
Other trading assets	-	-	-	-	-	-	-	-	-
Trading derivatives	**3,500**	**165**	**(54)**	**(155)**	**549**	**(569)**	**-**	**(1)**	**3,435**
Interest rate instruments	2,617	8	-	(137)	545	(539)	(4)	-	2,490
Foreign exchange instruments	200	9	-	(7)	-	(11)	-	-	191
Equity and index instruments	239	144	(54)	(9)	4	34	5	(1)	362
Commodity instruments	42	4	-	-	-	59	-	-	105
Credit derivatives	398	-	-	(2)	-	(111)	(1)	-	284
Other forward financial instruments	4	-	-	-	-	(1)	-	-	3
Financial assets measured mandatorily at fair value through profit or loss	**2,849**	**138**	**(28)**	**(671)**	**12**	**288**	**8**	**(12)**	**2,584**
Bonds and other debt securities	110	15	(9)	-	3	-	-	-	119
Shares and other equity securities	1,697	119	(18)	(33)	8	127	4	(12)	1,892
Loans and receivables and securities purchased under resale agreements	1,042	4	(1)	(638)	1	161	4	-	573
Financial assets measured using fair value option through profit or loss	**353**	**-**	**(50)**	**-**	**-**	**(191)**	**-**	**(11)**	**101**
Bonds and other debt securities	-	-	-	-	-	-	-	-	-
Loans and receivables and securities purchased under resale agreements	353	-	(50)	-	-	(191)	-	(11)	101
Other financial assets	-	-	-	-	-	-	-	-	-
Separate assets for employee benefit plans	-	-	-	-	-	-	-	-	-
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign exchange instruments	-	-	-	-	-	-	-	-	-
Equity and index instruments	-	-	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	**290**	**-**	**-**	**-**	**-**	**(49)**	**-**	**-**	**241**
Debt instruments	-	-	-	-	-	-	-	-	-
Equity instruments	290	-	-	-	-	(49)	-	-	241
Loans and receivables	-	-	-	-	-	-	-	-	-
Total financial assets at fair value	**8,462**	**1,714**	**(599)**	**(1,773)**	**758**	**(51)**	**15**	**(24)**	**8,502**

FINANCIAL LIABILITIES AT FAIR VALUE

(In millions of euros)	Balance at 31.12.2018	Issues	Redemptions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance at 30.06.2019
Trading portfolio	**969**	**1,196**	**(881)**	**(7)**	**185**	**31**	**-**	**-**	**1,493**
Debt securities issued	-	-	-	-	-	-	-	-	-
Amounts payable on borrowed securities	-	-	-	-	109	-	-	-	109
Bonds and other debt instruments sold short	-	-	-	-	-	-	-	-	-
Shares and other equity instruments sold short	-	-	-	-	-	-	-	-	-
Borrowings and securities sold under repurchase agreements	969	1,196	(881)	(7)	76	31	-	-	1,384
Other trading liabilities	-	-	-	-	-	-	-	-	-
Trading derivatives	**3,790**	**750**	**(25)**	**(423)**	**247**	**331**	**108**	**1**	**4,779**
Interest rate instruments	2,843	26	-	(387)	220	(17)	107	-	2,792
Foreign exchange instruments	115	9	-	-	-	(2)	(1)	-	121
Equity and index instruments	572	712	(25)	(36)	27	209	3	-	1,462
Commodity instruments	40	3	-	-	-	39	-	-	82
Credit derivatives	220	-	-	-	-	102	(1)	-	321
Other forward financial instruments	-	-	-	-	-	-	-	1	1
								-	
Financial liabilities measured using fair value option through profit or loss	**37,932**	**9,999**	**(7,875)**	**(1,042)**	**329**	**2,906**	**257**	**(118)**	**42,388**
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign exchange instruments	-	-	-	-	-	-	-	-	-
Equity and index instruments	-	-	-	-	-	-	-	-	-
								-	
Total financial liabilities at fair value	**42,691**	**11,945**	**(8,781)**	**(1,472)**	**761**	**3,268**	**365**	**(117)**	**48,660**

4. VALUATION METHODS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE BALANCE SHEET

For financial instruments recognised at fair value on the balance sheet, fair value is determined primarily on the basis of the prices quoted on an active market. These prices can be adjusted if none are available on the balance sheet date or if the clearing value does not reflect transaction prices.

However, due notably to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Group does not have quoted prices in the markets.

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 the Group's 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.

Derivatives and security financing transactions are subject to a Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA). The Group includes all clients and clearing houses in this adjustment, which also reflects the netting agreements as they exist for each counterparty.

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 symmetrically 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.

Similarly, an adjustment to take into account the costs or profits linked to the financing of these transactions (FVA, Funding Value Adjustment) is also performed.

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 the Group'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).

CUSTOMER LOANS

The fair value of loans and receivables is calculated, in the absence of an actively traded market for these loans, by discounting the expected cash flows to present value at a discount rate based on interest rates prevailing on the market at the reporting date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

5. ESTIMATES OF MAIN UNOBSERVABLE INPUTS

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.

(In millions of euros)

Cash instruments and derivatives [1]	Assets	Liabilities	Main products	Valuation techniques used	Significant unobservable inputs	Range of inputs min & max
Equities/funds	709	30,760	Simple and complex instruments or derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets of stocks	Equity volatilities	4.4%; 67.6%
					Equity dividends	0%; 13.2%
					Correlations	-89.5%; 98.5%
					Hedge fund volatilities	8.5%; 20%
					Mutual fund volatilities	1.5%; 42.3%
Rates and Forex	5,604	17,497	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	-46.5%; 90%
			Forex derivatives	Forex option pricing models	Forex volatilities	1%; 32.8%
			Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayment modelling	Constant prepayment rates	0%; 20%
			Inflation instruments and derivatives	Inflation pricing models	Correlations	50.5%; 88.9%
Credit	284	321	Collateralised 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
Commodities	105	82	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	14%; 96%
Long term equity investments	1,800	-	Securities held for strategic purposes	Net Book Value / Recent transactions	Non applicable	-
TOTAL	**8,502**	**48,660**				

(1) Hybrid instruments are broken down by main unobservable inputs.

6. SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

Unobservable inputs are assessed carefully, particularly in this persistently uncertain economic environment and market. However, by their very nature, unobservable inputs inject a degree of uncertainty into the valuation of Level 3 instruments.

To quantify this, fair value sensitivity was estimated at 30 June 2019 on instruments whose valuation requires certain unobservable inputs. This estimate was based either on a “standardised” variation in unobservable inputs, calculated for each input on a net position, or on assumptions in line with the additional valuation adjustment policies for the financial instruments in question.

The “standardised” variation is:

- either the standard deviation of consensus prices (TOTEM, etc.) used to measure an input nevertheless considered as unobservable; or
- the standard deviation of historic data used to measure the input.

SENSITIVITY OF LEVEL 3 FAIR VALUE TO A REASONABLE VARIATION IN UNOBSERVABLE INPUTS

(In millions of euros)	30.06.2019 Negative impact	30.06.2019 Positive impact	31.12.2018 Negative impact	31.12.2018 Positive impact
Shares and other equity instruments and derivatives	**(20)**	**94**	**(13)**	**96**
Equity volatilities	-	30	-	19
Dividends	(2)	7	(3)	9
Correlations	(17)	51	(9)	62
Hedge Fund volatilities	-	-	-	-
Mutual Fund volatilities	(1)	6	(1)	6
Rates or Forex instruments and derivatives	**(7)**	**62**	**(6)**	**58**
Correlations between exchange rates and/or interest rates	(5)	59	(4)	55
Forex volatilities	(1)	3	(1)	2
Constant prepayment rates	-	-	-	-
Inflation / inflation correlations	(1)	-	(1)	1
Credit instruments and derivatives	**(4)**	**14**	**(4)**	**14**
Time to default correlations	(4)	8	(2)	4
Recovery rate variance for single name underlyings	-	-	-	-
Quanto correlations	-	6	(2)	10
Credit spreads	-	-	-	-
Commodity derivatives	-	**1**	-	**1**
Commodities correlations	-	1	-	1
Long term securities	**NA**	**NA**	**NA**	**NA**

It should be noted that, given the already conservative valuation levels, this sensitivity is higher for a favourable impact on results than for an unfavourable impact. Moreover, the amounts shown above illustrate the uncertainty of the valuation as of the computation date on the basis of a reasonable variation in inputs. Future variations in fair value or consequences of extreme market conditions cannot be deduced or forecast from these estimates.

7. DEFERRED MARGIN RELATED TO MAIN UNOBSERVABLE INPUTS

The remaining amount to be recorded in the income statement, resulting from the difference between the transaction price and the amount determined at this date using valuation techniques, minus the amounts recorded in the income statement after initial recognition, is shown in the table below. This amount is recorded in the income statement over time, or when the inputs become observable.

(In millions of euros)	2019
Deferred margin at 1 January	**1,237**
Deferred margin on new transactions during the period	346
Margin recorded into income during the period	(357)
o/w amortisation	*(233)*
o/w switch to observable inputs	*(8)*
o/w disposed, expired or terminated	*(116)*
Deferred margin at 30 June	**1,226**

NOTE 3.5 - LOANS, RECEIVABLES AND SECURITIES AT AMORTISED COST

OVERVIEW OF FINANCIAL ASSETS AT AMORTISED COST

	30.06.2019		31.12.2018	
(In millions of euros)	**Carrying amount**	*o/w impairment*	**Carrying amount**	*o/w impairment*
Due from banks	70,173	*(27)*	60,588	*(32)*
Customer loans	438,251	*(11,111)*	447,229	*(11,435)*
Securities	12,151	*(12)*	12,026	*(10)*
Total	**520,575**	***(11,150)***	**519,843**	***(11,477)***

1. DUE FROM BANKS

(In millions of euros)	30.06.2019	31.12.2018
Current accounts	27,498	23,958
Deposits and loans	18,521	18,453
Securities purchased under resale agreements	23,969	18,000
Subordinated and participating loans	104	91
Related receivables	81	99
Due from banks before impairment [(1)]	**70,173**	**60,601**
Credit loss impairment	(27)	(32)
Revaluation of hedged items	27	19
Due from banks	**70,173**	**60,588**

(1) At 30 June 2019, the amount of due from banks with level 3 of impairment (credit impaired outstanding) was EUR 39 million compared to EUR 51 million at 31 December 2018.

2. CUSTOMER LOANS

(In millions of euros)	30.06.2019	31.12.2018
Overdrafts	19,228	21,230
Other customer loans	376,484	375,982
Lease financing agreements	33,002	32,345
Securities purchased under resale agreements	17,120	26,078
Related receivables	3,090	2,692
Customer loans before impairment [(1)]	**448,924**	**458,327**
Credit loss impairment	(11,111)	(11,435)
Revaluation of hedged items	438	337
Customer loans	**438,251**	**447,229**

(1) At 30 June 2019, the amount of due from banks with level 3 of impairment (credit impaired outstanding) was EUR 16,877 million compared to EUR 17,818 million at 31 December 2018.

3. SECURITIES

(In millions of euros)	30.06.2019	31.12.2018
Government securities	5,966	5,826
Negotiable certificates, bonds and other debt securities	6,090	6,106
Related receivables	76	79
Securities before impairment	**12,132**	**12,011**
Impairment	(12)	(10)
Revaluation of hedged items	31	25
Securities	**12,151**	**12,026**

NOTE 3.6 - DEBTS

1. DUE TO BANKS

(In millions of euros)	30.06.2019	31.12.2018
Demand deposits and current accounts	15,625	13,875
Overnight deposits and borrowings and others	2,590	2,248
Term deposits	74,339	72,965
Related payables	152	130
Revaluation of hedged items	278	129
Securities sold under repurchase agreements	8,285	5,359
Total	**101,269**	**94,706**

2. CUSTOMER DEPOSITS

(In millions of euros)	30.06.2019	31.12.2018
Regulated savings accounts	96,424	93,230
Demand	*70,980*	*68,082*
Term	*25,444*	*25,148*
Other demand deposits (1)	226,408	222,642
Other term deposits (1)	80,685	82,932
Related payables	801	387
Revaluation of hedged items	225	219
Total customer deposits	**404,543**	**399,410**
Borrowings secured by notes and securities	26	-
Securities sold to customers under repurchase agreements	8,372	17,408
Total	**412,941**	**416,818**

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

3. DEBT SECURITIES ISSUED

(In millions of euros)	30.06.2019	31.12.2018
Term savings certificates	587	474
Bond borrowings	22,219	24,381
Interbank certificates and negotiable debt instruments	102,612	89,913
Related payables	553	804
Revaluation of hedged items	1,305	767
Total	**127,276**	**116,339**
o/w floating-rate securities	*47,737*	*39,121*

NOTE 3.7 - INTEREST INCOME AND EXPENSE

(In millions of euros)	1st half of 2019			2018			1st half of 2018		
	Income	Expense	Net	Income	Expense	Net	Income	Expense	Net
Financial instruments at amortised cost	7,678	(4,137)	3,541	14,030	(7,021)	7,009	6,658	(3,226)	3,432
Central banks	*247*	*(93)*	*154*	*575*	*(151)*	*424*	*289*	*(73)*	*216*
Bonds and other debt securities	*212*	*(1,089)*	*(877)*	*257*	*(1,931)*	*(1,674)*	*144*	*(909)*	*(765)*
Due from/to banks	*587*	*(886)*	*(299)*	*1,077*	*(1,354)*	*(277)*	*402*	*(494)*	*(92)*
Customer loans and deposits	*6,087*	*(1,599)*	*4,488*	*11,435*	*(2,889)*	*8,546*	*5,518*	*(1,348)*	*4,170*
Subordinated debt	*-*	*(276)*	*(276)*	*-*	*(542)*	*(542)*	*-*	*(279)*	*(279)*
Securities lending/borrowing	*2*	*(2)*	*-*	*7*	*(5)*	*2*	*5*	*(5)*	*-*
Repo transactions	*543*	*(192)*	*351*	*679*	*(149)*	*530*	*300*	*(118)*	*182*
Hedging derivatives	3,058	(2,129)	929	6,358	(4,638)	1,720	3,206	(2,241)	965
Financial instruments at fair value through other comprehensive income	340	-	340	622	-	622	269	-	269
Lease agreements (1)	581	(22)	559	1,126	-	1,126	553	-	553
Real estate lease agreements	*95*	*(22)*	*73*	*194*	*-*	*194*	*97*	*-*	*97*
Non-real estate lease agreements	*486*	*-*	*486*	*932*	*-*	*932*	*456*	*-*	*456*
Sub-total interest income/expense on financial instruments using the effective interest method	**11,657**	**(6,288)**	**5,369**	**22,136**	**(11,659)**	**10,477**	**10,686**	**(5,467)**	**5,219**
Financial instruments mandatorily at fair value through profit or loss	201	-	201	542	-	542	233	-	233
Total interest income and expense	**11,858**	**(6,288)**	**5,570**	**22,678**	**(11,659)**	**11,019**	**10,919**	**(5,467)**	**5,452**
o/w interest income from impaired financial assets	*154*	*-*	*154*	*357*	*-*	*-*	*181*	*-*	*-*

(1) Lease agreements include, in income, interests from finance lease receivables. As a result of the application of IFRS 16 "Leases" as from 1 January 2019, lease agreements also include interests on lease liabilities as expense.

These interest expenses include the refinancing cost of financial instruments at fair value through profit or loss, the results of which are classified in net gains or losses on these instruments (see Note 3.1).

NOTE 3.8 - IMPAIRMENT AND PROVISIONS

OVERVIEW OF IMPAIRMENT AND PROVISIONS

(In millions of euros)	30.06.2019	31.12.2018
Impairment of financial assets at fair value through other comprehensive income	9	11
Impairment of financial assets at amortised cost	11,382	11,673
Loans and receivables and securities at amortised cost	*11,150*	*11,477*
Other assets at amortised cost (1)	*232*	*196*
Total impairment of financial assets	**11,391**	**11,684**
Provisions on financing commitments	266	252
Provisions on guarantee commitments	373	386
Total credit risk provisions	**639**	**638**

(1) o/w EUR 136 million of impairment on operating lease receivables as at 30 June 2019 (vs. EUR 131 million as at 31 December 2018); this impairment is calculated as lifetime expected credit losses since their initial recognition in compliance with the "simplified" approach permitted by the standard. Those receivables are presented under "Miscellaneous receivables" (see Note 4.4).

1. IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN OF FINANCIAL ASSETS IMPAIRMENT

(In millions of euros)	Amount at 31.12.2018	Allocations	Write-backs available	Net impairment losses	Write-backs used	Currency and scope effects	Amount at 30.06.2019
Financial assets at fair value through other comprehensive income							
Impairment on performing outstandings (Stage 1)	**3**	-	(2)	**(2)**		-	**1**
Impairment on under-performing outstandings (Stage 2)	**-**	-	-	**-**		-	**-**
Impairment on doubtful outstandings (Stage 3)	**8**	-	-	**-**	-	-	**8**
Total	**11**	**-**	**(2)**	**(2)**	**-**	**-**	**9**
Financial assets measured at amortised cost							
Impairment on performing outstandings (Stage 1)	**887**	378	(349)	**29**		(11)	**905**
Impairment on under-performing outstandings (Stage 2)	**1,038**	561	(616)	**(55)**		(5)	**978**
Impairment on doubtful outstandings (Stage 3)	**9,748**	2,483	(1,920)	**563**	(843)	31	**9,499**
Total	**11,673**	**3,422**	**(2,885)**	**537**	**(843)**	**(15)**	**11,382**
o/w lease financing and similar agreements	***767***	***138***	***(117)***	***21***	***(33)***	***(8)***	***747***
Impairment on performing outstandings (Stage 1)	***83***	*19*	*(16)*	***3***		*(3)*	***83***
Impairment on under-performing outstandings (Stage 2)	***98***	*27*	*(38)*	***(11)***		*(1)*	***86***
Impairment on doubtful outstandings (Stage 3)	***586***	*92*	*(63)*	***29***	*(33)*	*(4)*	***578***

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

(In millions of euros)	**Amount at 31.12.2018**	**Production & Acquisition**	**Derecognition (among which debt waivers) and repayments**	**Transfer between stages of impairment**	**Other variations**	**Amount at 30.06.2019**
Financial assets at fair value through other comprehensive income						
Impairment on performing outstandings (Stage 1)	3				(2)	1
Impairment on under-performing outstandings (Stage 2)	-					-
Impairment on doubtful outstandings (Stage 3)	8					8
Total	**11**	**-**	**-**	**-**	**(2)**	**9**
Financial assets at amortised cost						
Impairment on performing outstandings (Stage 1)	887	180	(116)	(157)	111	905
Impairment on under-performing outstandings (Stage 2)	1,038	69	(106)	141	(164)	978
Impairment on doubtful outstandings (Stage 3)	9,748	152	(1,024)	328	295	9,499
Total	**11,673**	**401**	**(1,246)**	**312**	**242**	**11,382**
o/w lease financing and similar agreements	***767***	***16***	***(42)***	***9***	***(3)***	***747***
Impairment on performing outstandings (Stage 1)	*83*	*12*	*(6)*	*(13)*	*7*	*83*
Impairment on under-performing outstandings (Stage 2)	*98*	*3*	*(8)*	*11*	*(18)*	*86*
Impairment on doubtful outstandings (Stage 3)	*586*	*1*	*(28)*	*11*	*8*	*578*

2. PROVISIONS FOR CREDIT RISK

BREAKDOWN OF PROVISIONS

(In millions of euros)	Amount at 31.12.2018	Allocations	Write-backs available	Net impairment losses	Currency and scope effects	Amount at 30.06.2019
Financing commitments						
Provisions on performing outstandings (Stage 1)	**98**	58	(57)	**1**	-	**99**
Provisions on under-performing outstandings (Stage 2)	**119**	45	(80)	**(35)**	-	**84**
Provisions on doubtful outstandings (Stage 3)	**35**	82	(70)	**12**	36	**83**
Total	**252**	**185**	**(207)**	**(22)**	**36**	**266**
Guarantee commitments						
Provisions on performing outstandings (Stage 1)	**47**	17	(26)	**(9)**	(1)	**37**
Provisions on under-performing outstandings (Stage 2)	**68**	40	(32)	**8**	20	**96**
Provisions on doubtful outstandings (Stage 3)	**271**	70	(62)	**8**	(39)	**240**
Total	**386**	**127**	**(120)**	**7**	**(20)**	**373**

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

(In millions of euros)	Amount at 31.12.2018	Production	Derecognition	Transfer between stages of impairment	Other variations	Amount at 30.06.2019
Financing commitments						
Provisions on performing outstandings (Stage1)	98	23	(29)	(9)	16	99
Provisions on under-performing outstandings (Stage 2)	119	5	(21)	14	(33)	84
Provisions on doubtful outstandings (Stage 3)	35	8	(20)	25	35	83
Total	**252**	**36**	**(70)**	**30**	**18**	**266**
Guarantee commitments						
Provisions on performing outstandings (Stage1)	47	8	(7)	(4)	(7)	37
Provisions on under-performing outstandings (Stage 2)	68	2	(10)	7	29	96
Provisions on doubtful outstandings (Stage 3)	271	10	(21)	6	(26)	240
Total	**386**	**20**	**(38)**	**9**	**(4)**	**373**

3. COST OF RISK

(In millions of euros)	1st half of 2019	2018	1st half of 2018
Net allocations to impairment losses	(535)	(970)	(406)
on financial assets at fair value through other comprehensive income	*2*	-	*(1)*
on financial assets at amortised cost	*(537)*	*(970)*	*(405)*
Net allocations to provisions	15	59	75
on financing commitments	*22*	*82*	*80*
on guarantee commitments	*(7)*	*(23)*	*(5)*
Losses not covered on irrecoverable loans	(127)	(263)	(130)
Amounts recovered on irrecoverable loans	69	169	83
Total	**(578)**	**(1,005)**	**(378)**

NOTE 3.9 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

1. FINANCIAL ASSETS MEASURED AT AMORTISED COST

(In millions of euros)	30.06.2019 Carrying amount	30.06.2019 Fair value
Due from banks	70,173	70,281
Customer loans	438,251	442,498
Securities	12,151	12,337
Total	**520,575**	**525,116**

(In millions of euros)	31.12.2018 Carrying amount	31.12.2018 Fair value
Due from banks	60,588	60,674
Customer loans	447,229	451,366
Securities	12,026	12,113
Total	**519,843**	**524,153**

2. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

(In millions of euros)	30.06.2019 Carrying amount	30.06.2019 Fair value
Due to banks	101,269	101,220
Customer deposits	412,941	413,215
Debt securities issued	127,276	127,850
Subordinated debts	14,565	14,793
Total	**656,051**	**657,078**

(In millions of euros)	31.12.2018 Carrying amount	31.12.2018 Fair value
Due to banks	94,706	94,564
Customer deposits	416,818	417,019
Debt securities issued	116,339	116,336
Subordinated debts	13,314	13,316
Total	**641,177**	**641,235**

NOTE 4 - OTHER ACTIVITIES

NOTE 4.1 - FEE INCOME AND EXPENSE

	1st half of 2019			2018			1st half of 2018		
(In millions of euros)	Income	Expense	Net	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**76**	**(73)**	**3**	**148**	**(182)**	**(34)**	**70**	**(89)**	**(19)**
Transactions with customers	**1,540**	**-**	**1,540**	**3,187**	**-**	**3,187**	**1,557**	**-**	**1,557**
Transactions on financial instruments	**1,100**	**(1,148)**	**(48)**	**2,308**	**(2,334)**	**(26)**	**1,164**	**(1,171)**	**(7)**
Securities transactions	204	(467)	(263)	539	(1,030)	(491)	259	(479)	(220)
Primary market transactions	65	-	65	136	-	136	81	-	81
Foreign exchange transactions and financial derivatives	831	(681)	150	1,633	(1,304)	329	824	(692)	132
Loan and guarantee commitments	**385**	**(99)**	**286**	**711**	**(78)**	**633**	**373**	**(39)**	**334**
Various services	**1,433**	**(545)**	**888**	**2,770**	**(1,006)**	**1,764**	**1,325**	**(488)**	**837**
Asset management fees	287	-	287	634	-	634	313	-	313
Means of payment fees	450	-	450	847	-	847	412	-	412
Insurance product fees	115	-	115	228	-	228	114	-	114
Underwriting fees of UCITS	37	-	37	85	-	85	40	-	40
Other fees	544	(545)	(1)	976	(1,006)	(30)	446	(488)	(42)
Total	**4,534**	**(1,865)**	**2,669**	**9,124**	**(3,600)**	**5,524**	**4,489**	**(1,787)**	**2,702**

NOTE 4.2 - INCOME AND EXPENSE FROM OTHER ACTIVITIES

	1st half of 2019			2018			1st half of 2018		
(In millions of euros)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Real estate development	48	(1)	47	76	(2)	74	33	(1)	32
Real estate leasing	41	(13)	28	34	(40)	(6)	22	(13)	9
Equipment leasing [(1)]	5,331	(3,782)	1,549	10,102	(7,156)	2,946	4,960	(3,283)	1,677
Other activities	212	(886)	(674)	549	(1,814)	(1,265)	310	(1,171)	(861)
Total	**5,632**	**(4,682)**	**950**	**10,761**	**(9,012)**	**1,749**	**5,325**	**(4,468)**	**857**

(1) The amount recorded under this heading is mainly due to income and expenses related to long-term leasing and car fleet management businesses.

NOTE 4.3 - INSURANCE ACTIVITIES

1. INSURANCE CONTRACTS RELATED LIABILITIES

BREAKDOWN OF INSURANCE CONTRACTS RELATED LIABILITIES

(In millions of euros)	30.06.2019	31.12.2018
Underwriting reserves of insurance companies	137,830	128,769
Financial liabilities of insurance companies	747	774
Total	**138,577**	**129,543**

UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In millions of euros)	30.06.2019	31.12.2018
Life insurance underwriting reserves for unit-linked policies	31,974	28,850
Other life insurance underwriting reserves	93,031	90,992
Non-life insurance underwriting reserves	1,416	1,418
Deferred profit-sharing booked in liabilities	11,409	7,509
Total	**137,830**	**128,769**
Attributable to reinsurers	(752)	(703)
Underwriting reserves of insurance companies (including provisions for deferred profit-sharing) net of the share attributable to reinsurers	**137,078**	**128,066**

2. INVESTMENTS OF INSURANCE ACTIVITIES

(In millions of euros)	30.06.2019	31.12.2018
Financial assets at fair value through profit or loss (trading portfolio)	1,770	1,876
Bonds and other debt instruments	*245*	*200*
Shares and other equity instruments	*31*	*29*
Trading derivatives	*1,494*	*1,647*
Financial assets at fair value through profit or loss (fair value option)	61,414	56,240
Bonds and other debt instruments	*29,899*	*27,881*
Shares and other equity instruments	*31,237*	*28,085*
Loans, receivables and repo transactions	*278*	*274*
Hedging derivatives	460	409
Available-for-sale financial assets	91,982	86,299
Debt instruments	*76,081*	*72,613*
Equity instruments	*15,901*	*13,686*
Due from banks (2)	7,830	7,983
Customer loans	101	119
Held-to-maturity financial assets	72	-
Real estate investments	602	609
Total investments of insurance activities before elimination of intercompany transactions	**164,231**	**153,535**
Elimination of intercompany transactions	(6,324)	(6,767)
Total investments of insurance activities after elimination of intercompany transactions (1) (2)	**157,907**	**146,768**

(1) Investments in other Group companies that are made in representation of unit-linked liabilities are kept in the Group's consolidated balance sheet without any significant impact thereon.

(2) o/w EUR 883 million of current accounts at 30 June 2019 (after elimination of intercompany transactions) vs. EUR 710 million at 31 December 2018.

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

ANALYSIS OF FINANCIAL ASSETS DEPENDING ON THEIR CONTRACTUAL CHARACTERISTICS

The following table separately shows the carrying value of the financial assets included in *Investments from insurance activities*, whose contractual conditions give rise to cash-flows on set dates which are solely payments of principal and interest (basic instruments).

	30.06.2019			
(In millions of euros)	**Basic instruments**	**Other instruments**	**Total carrying amount**	**Fair value**
Financial assets at fair value through profit or loss	-	60,047	60,047	60,047
Hedging derivatives	-	455	455	455
Available-for-sale financial assets	72,049	18,777	90,826	90,826
Due from banks	2,611	3,194	5,805	6,142
Customer loans	101	-	101	99
Held-to-maturity financial assets	72	-	72	72
Total financial investments	**74,833**	**82,473**	**157,306**	**157,641**

	31.12.2018			
(In millions of euros)	**Basic instruments**	**Other instruments**	**Total carrying amount**	**Fair value**
Financial assets at fair value through profit or loss	-	55,177	55,177	55,177
Hedging derivatives	-	401	401	401
Available-for-sale financial assets	68,261	16,407	84,668	84,668
Due from banks	2,122	3,672	5,794	6,139
Customer loans	119	-	119	117
Total financial investments	**70,502**	**75,657**	**146,159**	**146,502**

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

	30.06.2019			
(In millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading portfolio	75	245	35	355
Financial assets at fair value through profit or loss using the fair value option	53,373	5,965	354	59,692
Hedging derivatives	-	455	-	455
Available-for-sale financial assets	84,680	6,052	94	90,826
Total	**138,128**	**12,717**	**483**	**151,328**

	31.12.2018			
(In millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading portfolio	29	384	49	462
Financial assets at fair value through profit or loss using the fair value option	48,821	5,516	378	54,715
Hedging derivatives	-	401	-	401
Available-for-sale financial assets	79,104	5,466	98	84,668
Total	**127,954**	**11,767**	**525**	**140,246**

CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	2019
Balance as of 1 January	**84,668**
Acquisitions	7,928
Disposals / redemptions	(5,584)
Transfers to held-to-maturity financial assets	4
Change in scope and others	464
Gains and losses on changes in fair value recognised directly in equity during the period	3,338
Impairment losses on equity instruments recognised in profit or loss	(22)
Translation differences	30
Balance as of 30 June	**90,826**

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

	30.06.2019		
(In millions of euros)	**Capital gains**	**Capital losses**	**Net revaluation**
Unrealised gains and losses of insurance companies	**619**	**(26)**	**593**
On available-for-sale equity instruments	*1,866*	*(100)*	*1,766*
On available-for-sale debt instruments and assets reclassified as loans and receivables	*8,537*	*(236)*	*8,301*
Deferred profit-sharing	*(9,784)*	*310*	*(9,474)*

	31.12.2018		
(In millions of euros)	**Capital gains**	**Capital losses**	**Net revaluation**
Unrealised gains and losses of insurance companies	**384**	**(47)**	**337**
On available-for-sale equity instruments	*1,114*	*(391)*	*723*
On available-for-sale debt instruments and assets reclassified as loans and receivables	*6,338*	*(477)*	*5,861*
Deferred profit-sharing	*(7,068)*	*821*	*(6,247)*

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 millions of euros)	1st half of 2019	2018	1st half of 2018
Net premiums	6,919	12,568	6,515
Net income from investments	1,812	1,928	1,157
Cost of benefits (including changes in reserves and profit-sharing) (1)	(7,721)	(12,541)	(6,921)
Other net technical income (expense)	(112)	(231)	108
Net income from insurance activities	**898**	**1,724**	**859**
Funding costs	(2)	(7)	(3)
Net banking income of insurance companies	**896**	**1,717**	**856**

(1) o/w EUR -1,848 million in respect of profit-sharing at 30 June 2019.

NOTE 4.4 - OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

(In millions of euros)	30.06.2019	31.12.2018
Guarantee deposits paid [(1)]	47,688	46,694
Settlement accounts on securities transactions	8,318	6,645
Prepaid expenses	1,122	1,057
Miscellaneous receivables [(2)]	12,016	11,817
Miscellaneous receivables - insurance	1,527	1,511
Gross amount	**70,671**	**67,724**
Impairments [(3)]	(310)	(278)
Net amount	**70,361**	**67,446**

(1) Mainly relates to guarantee deposits paid on financial instruments, the fair value of which is taken to be the same as their book value net of impairment for credit risk.

(2) Miscellaneous receivables primarily include trade receivables, fee income and income from other activities to be received. The operating leases receivables equal to EUR 922 million as of 30 June 2019.

(3) Impairments on other assets are related to:

- *credit risk on operating lease receivables for an amount of EUR 136 million as of 30 June 2019 and EUR 131 million as of 31 December 2018;*
- *credit risk on assets acquired by adjudication and sundry debtors for an amount of EUR 141 million as of 30 June 2019 and EUR 110 million as of 31 December 2018;*
- *other risks for an amount of EUR 33 million as of 30 June 2019 and EUR 37 million as of 31 December 2018.*

2. OTHER LIABILITIES

(In millions of euros)	30.06.2019	31.12.2018
Guarantee deposits received [(1)]	44,336	43,443
Settlement accounts on securities transactions	9,465	6,904
Expenses payable on employee benefits	2,204	2,396
Lease liability [(2)]	2,034	
Deferred income	1,598	1,620
Miscellaneous payables [(3)]	15,479	15,609
Miscellaneous payables - insurance	7,504	6,657
Total	**82,620**	**76,629**

(1) Mainly relates to guarantee deposits received on financial instruments, their fair value is taken to be the same as their book value.

(2) Lease liability recorded as a result of the application of IFRS 16 "Leases" as from 1 January 2019 (see Note 1).

(3) Miscellaneous payables primarily include trade payables, fee expense and expense from other activities to be paid.

NOTE 5 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

1. PERSONNEL EXPENSES

(In millions of euros)	1st half of 2019	2018	1st half of 2018
Employee compensation	(3,736)	(6,925)	(3,418)
Social security charges and payroll taxes	(813)	(1,648)	(820)
Net pension expenses - defined contribution plans	(353)	(724)	(337)
Net pension expenses - defined benefit plans	(26)	78	(62)
Employee profit-sharing and incentives	(163)	(342)	(148)
Total	**(5,091)**	**(9,561)**	**(4,785)**
Including net expenses from share-based payments	*(58)*	*(227)*	*(111)*

2. DETAILS OF PROVISIONS FOR EMPLOYEE BENEFITS

(In millions of euros)	Provisions at 31.12.2018	Allocations	Write-backs available	Net allocation	Write-backs used	Actuarial gains and losses	Currency and scope effects	Provisions at 30.06.2019
Provisions for employee benefits	**2,341**	342	(178)	**164**	(3)	114	10	**2,626**

On 9 April 2019, Societe Generale announced two transformation projects including a strategic adjustment of its Global Banking & Investor Solutions businesses and a more operational project aiming to adapt the head office structure for its International Retail Banking & Financial Services activities.

These projects result in an adjustment of the provisions for restructuring with an allocation of EUR 235.5 million recorded under *Personnel expenses* in the income statement.

In addition, these projects also led to an impairment of tangible fixed assets for an amount equal to EUR 10 million as well as an allocation to Other provisions related to the social support of these plans for an amount of EUR 9.9 million recorded under *Other operating expenses* in the income statement.

3. DESCRIPTION OF THE 2019 SHARE-BASED PAYMENT PLANS

2019 SOCIETE GENERALE FREE SHARES PLAN [(1)]

Shareholders' agreement	23.05.2018
Board of Directors' decision	13.03.2019
Number of free shares granted	1,541,937
Number of free shares outstanding at 30.06.2019	1,538,397
Vesting period	13.03.2019 - 31.03.2022
Performance conditions [(2)]	yes
Fair value (% of the share price at grant date)	80.1%
Method of valuation	Arbitrage

(1) Excluding shares awarded within the framework of the specific retention and remuneration policy concerning employees working within activities considered as having significant impact on the Group's risk profile and as defined by the Directive CRD4 in effect since 1 January 2014 (i.e. regulated staff).

(2) The performance conditions are based on Societe Generale group's net income.

2019 SOCIETE GENERALE PERFORMANCE SHARES PLAN [(1)]

Date of General Meeting	23.05.2018	
Date of Board of Directors' meeting	13.03.2019	
Total number of shares granted	1,292,108	
Vesting dates		
Sub-plan 1		31.03.2022
Sub-plans 2/3 and 7	1st instalment	31.03.2021
	2nd instalment	31.03.2022
Sub-plan 4		31.03.2022
Sub-plan 5	1st instalment	31.03.2023
	2nd instalment	29.03.2024
Sub-plan 6	1st instalment	31.03.2023
	2nd instalment	31.03.2025
Holding period end dates		
Sub-plan 1		N/A
Sub-plans 2/3 and 7	1st instalment	01.10.2021
	2nd instalment	01.10.2022
Sub-plan 4		01.10.2022
Sub-plan 5	1st instalment	01.10.2023
	2nd instalment	01.10.2024
Sub-plan 6	1st instalment	01.04.2024
	2nd instalment	01.04.2026
Performance conditions [(2)]	yes	
Fair value *(in EUR)* [(3)]		
Sub-plan 1		21.40
Sub-plans 2/3 and 7	1st instalment	22.32
	2nd instalment	20.93
Sub-plan 4		20.93
Sub-plan 5	1st instalment	10.86
	2nd instalment	11.35
Sub-plan 6	1st instalment	8.53
	2nd instalment	9.45

(1) Under the annual employee plan and awards in the context of the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including Chief Executive Officers and Management Committee members).

(2) The performance conditions are based on Societe Generale group's net income.

(3) The fair value is calculated using the arbitrage method of valuation.

NOTE 6 - INCOME TAX

1. INCOME TAX

(In millions of euros)	1st half of 2019	2018	1st half of 2018
Current taxes *	(582)	(947)	(450)
Deferred taxes	(63)	(357)	(315)
Total *	**(645)**	**(1,304)**	**(765)**

** The amounts have been restated following the first time application of an amendment to IAS 12 "Income taxes" (see Note 1).*

RECONCILIATION OF THE DIFFERENCE BETWEEN THE GROUP'S STANDARD TAX RATE AND ITS EFFECTIVE TAX RATE

(In millions of euros)	1st half of 2019	2018	1st half of 2018
Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill	**2,707**	**6,061**	**3,197**
Normal tax rate applicable to French companies (including 3.3% national contribution)	34.43%	34.43%	34.43%
Permanent differences *	(2.51)%	(2.66)%	0.45%
Differential on securities with tax exemption or taxed at reduced rate	2.72%	(0.10)%	(0.79)%
Tax rate differential on profits taxed outside France	(10.51)%	(10.11)%	(10.19)%
Impact of non-deductible losses and use of tax losses carried forward	(0.32)%	(0.04)%	0.04%
Group effective tax rate *	**23.81%**	**21.52%**	**23.94%**

** The amounts have been restated following the first time application of an amendment to IAS 12 "Income taxes" (see Note 1).*

The 2018 French Finance Act, published in the Official Journal on 31 December 2017, includes a gradual reduction in French tax rate. The downward path set by the 2018 French Finance Act provided for a standard Corporate Income Tax rate of 31% plus the existing national contribution of 3.3% (after a deduction of EUR 0.76 million from basic taxable income).

However, on 6 March 2019, the French Government submitted an amendment to the downward path of Corporate Income Tax for the year 2019 within a bill. Article 2 of the bill provides that the standard Corporate Income Tax rate would be 33.1/3% for companies with an annual turnover exceeding EUR 250 million, plus the existing national contribution of 3.3%. The bill was enacted by the Senate on 11 July 2019.

The bill doesn't reassess the downward path of Corporate Income Tax rate beyond 2019. Until 2022, the standard Corporate Income Tax of 33.33% will be brought down to 25%, plus the existing national contribution of 3.3%.

Deferred taxes on French companies are determined by applying the tax rate in effect at the reversal of the temporary difference. Regarding the gradual reduction in French tax rate until 2022 (including the national contribution payment):

- for income taxed at the ordinary tax rate, the rate is between 34.43% in 2019 and 25.83% from 2022;
- for income taxed at reduced rate, the rate is between 4.13% in 2019 and 3.10% from 2022.

Long-term capital gains on equity investments are exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate. This portion of fees and expenses is 12% of gross capital gains and is applicable only if the company realizes a net long-term capital gain.

Furthermore, under the parent-subsidiary regime, dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate.

2. TAX ASSETS AND LIABILITIES

TAX ASSETS

(In millions of euros)	30.06.2019	31.12.2018
Current tax assets	768	1,066
Deferred tax assets	4,707	4,753
o/w deferred tax assets on tax loss carryforwards	*2,715*	*2,895*
o/w deferred tax assets on temporary differences	*1,992*	*1,858*
Total	**5,475**	**5,819**

TAX LIABILITIES

(In millions of euros)	30.06.2019	31.12.2018
Current tax liabilities	473	552
Provisions for income tax adjustments (1)	107	
Deferred tax liabilities	657	605
Total	**1,237**	**1,157**

(1) Since 1 January 2019, provisions for income tax adjustments are presented under "Tax liabilities" as a consequence of the application of IFRIC 23 "Uncertainty over income tax treatments" (see Note 1).

NOTE 7 - SHAREHOLDERS' EQUITY

NOTE 7.1 - TREASURY SHARES AND SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

1. ORDINARY SHARES ISSUED BY SOCIETE GENERALE S.A.

(Number of shares)	30.06.2019	31.12.2018
Ordinary shares	847,732,648	807,917,739
Including treasury stock with voting rights [1]	*3,706,880*	*5,975,497*
Including shares held by employees	*54,985,274*	*51,668,863*

(1) Excluding Societe Generale shares held for trading purposes or in respect of the liquidity contract.

At 30 June 2019, Societe Generale S.A.'s fully paid up capital amounted to EUR 1,059,665,810 and was made up of 847,732,648 with a nominal value of EUR 1.25.

In the first half of 2019, Societe Generale S.A. carried out a capital increases relating to the exercise by the shareholders of the option to pay dividends in Societe Generale shares, amounting to EUR 50 million with additional paid-in capital of EUR 839 million.

2. TREASURY STOCK

At 30 June 2019, the Group held 13,508,186 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 1.59% of the capital of Societe Generale S.A.

The amount deducted by the Group from its equity for treasury shares (and related derivatives) came to EUR 572 million, including EUR 431million in shares held for trading purposes.

THE CHANGE IN TREASURY STOCK OVER THE 1ST SEMESTER 2019 BREAKS DOWN AS FOLLOWS:

(In millions of euros)	Liquidity contract	Trading activities	Treasury stock and active management of shareholders' equity	Total
Disposals net of purchases	4	(7)	98	**95**
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	-	20	(97)	**(77)**

3. EQUITY INSTRUMENTS ISSUED

At 30 June 2019, the equity instruments issued by the Group corresponded to a total of EUR 9,599 million. The change in the first half of year 2019 reflects the issue of a deeply subordinated note in Singapore dollars, for a total of EUR 490 million.

NOTE 7.2 - EARNINGS PER SHARE AND DIVIDENDS

1. EARNINGS PER SHARE

(In millions of euros)	1st half of 2019	2018	1st half of 2018
Net income, Group share *	1,740	4,121	2,127
Attributable remuneration to subordinated and deeply subordinated notes *	(355)	(709)	(339)
Issuance fees relating to subordinated and deeply subordinated notes	(2)	(10)	(5)
Net income attributable to ordinary shareholders	**1,383**	**3,402**	**1,783**
Weighted average number of ordinary shares outstanding [1]	816,726,466	801,909,473	801,607,044
Earnings per ordinary share (in euros)	**1.69**	**4.24**	**2.22**
Average number of ordinary shares used in the dilution calculation	-	-	-
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	816,726,466	801,909,473	801,607,044
Diluted earnings per ordinary share (in euros)	**1.69**	**4.24**	**2.22**

* *The amounts have been restated following the first time application of an amendment to IAS 12 "Income taxes" (see Note 1).*

(1) Excluding treasury shares.

2. DIVIDENDS PAID

Dividends paid by the Group for the first half of 2019 amounted to EUR 2,143 million and are detailed in the following table:

	1st half of 2019			2018		
(In millions of euros)	Group Share	Non-controlling interests	Total	Group Share	Non-controlling interests	Total
o/w paid in shares	(889)	-	(889)	-	-	-
o/w paid in cash	(881)	(373)	(1,254)	(1,764)	(368)	(2,132)

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1 - SEGMENT REPORTING

Segment income takes intra-group transactions into account, while these transactions are eliminated from segment assets and liabilities.

The amounts presented under *Income tax*, *Net income* and *Net income, Group share* have been restated compared with the 2018 published consolidated financial statements following the first time application of an amendment to IAS 12 “Income taxes” (see Note 1).

	Societe Generale group			French Retail Banking			Corporate Centre (1)		
(In millions of euros)	1st half of 2019	2018	1st half of 2018	1st half of 2019	2018	1st half of 2018	1st half of 2019	2018	1st half of 2018
Net banking income	12,475	25,205	12,748	3,910	7,860	3,999	(140)	182	58
Operating expenses (2)	(9,059)	(17,931)	(9,132)	(2,834)	(5,629)	(2,841)	65	(535)	(258)
Gross operating income	**3,416**	**7,274**	**3,616**	**1,076**	**2,231**	**1,158**	**(75)**	**(353)**	**(200)**
Cost of risk	(578)	(1,005)	(378)	(223)	(489)	(227)	(19)	(19)	(5)
Operating income	**2,838**	**6,269**	**3,238**	**853**	**1,742**	**931**	**(94)**	**(372)**	**(205)**
Net income fromcompanies accounted for using the equity method	15	56	29	4	28	16	3	7	2
Net income / expense from other assets	(131)	(208)	(41)	2	74	2	(134)	(274)	(32)
Impairment of goodwill	-	-	-	-	-	-	-	-	-
Earnings before tax	**2,722**	**6,117**	**3,226**	**859**	**1,844**	**949**	**(225)**	**(639)**	**(235)**
Income tax	(645)	(1,304)	(765)	(269)	(607)	(314)	63	425	166
Net income	**2,077**	**4,813**	**2,461**	**590**	**1,237**	**635**	**(162)**	**(214)**	**(69)**
Non-controlling interests	337	692	334	-	-	-	81	164	82
Net income, Group share	**1,740**	**4,121**	**2,127**	**590**	**1,237**	**635**	**(243)**	**(378)**	**(151)**

	International Retail Banking & Financial Services											
	International Retail Banking			Financial Services to Corporates			Insurance			Total		
(In millions of euros)	1st half of 2019 (3)	2018	1st half of 2018	1st half of 2019	2018	1st half of 2018	1st half of 2019	2018	1st half of 2018	1st half of 2019 (3)	2018	1st half of 2018
Net banking income	2,799	5,608	2,713	941	1,822	905	460	887	446	4,200	8,317	4,064
Operating expenses (2)	(1,669)	(3,238)	(1,634)	(495)	(955)	(470)	(185)	(333)	(177)	(2,349)	(4,526)	(2,281)
Gross operating income	**1,130**	**2,370**	**1,079**	**446**	**867**	**435**	**275**	**554**	**269**	**1,851**	**3,791**	**1,783**
Cost of risk	(222)	(335)	(138)	(39)	(69)	(28)	-	-	-	(261)	(404)	(166)
Operating income	**908**	**2,035**	**941**	**407**	**798**	**407**	**275**	**554**	**269**	**1,590**	**3,387**	**1,617**
Net income from companies accounted for using equity method	4	14	7	-	1	1	-	-	-	4	15	8
Net income / expense from other assets	1	7	4	-	1	-	-	-	-	1	8	4
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Earnings before tax	**913**	**2,056**	**952**	**407**	**800**	**408**	**275**	**554**	**269**	**1,595**	**3,410**	**1,629**
Income tax	(198)	(474)	(221)	(88)	(184)	(108)	(85)	(183)	(89)	(371)	(841)	(418)
Net income	**715**	**1,582**	**731**	**319**	**616**	**300**	**190**	**371**	**180**	**1,224**	**2,569**	**1,211**
Non-controlling interests	191	395	189	53	106	51	1	3	1	245	504	241
Net income, Group share	**524**	**1,187**	**542**	**266**	**510**	**249**	**189**	**368**	**179**	**979**	**2,065**	**970**

	Global Banking and Investor Solutions											
	Global Markets and Investors Services			Financing and Advisory			Asset and Wealth Management			Total		
(In millions of euros)	1st half of 2019	2018	1st half of 2018	1st half of 2019	2018	1st half of 2018	1st half of 2019	2018	1st half of 2018	1st half of 2019	2018	1st half of 2018
Net banking income	2,626	5,207	2,862	1,393	2,673	1,265	486	966	500	4,505	8,846	4,627
Operating expenses (2)	(2,511)	(4,521)	(2,390)	(966)	(1,815)	(909)	(464)	(905)	(453)	(3,941)	(7,241)	(3,752)
Gross operating income	**115**	**686**	**472**	**427**	**858**	**356**	**22**	**61**	**47**	**564**	**1,605**	**875**
Cost of risk	(11)	(21)	(2)	(70)	(53)	33	6	(19)	(11)	(75)	(93)	20
Operating income	**104**	**665**	**470**	**357**	**805**	**389**	**28**	**42**	**36**	**489**	**1,512**	**895**
Net income from companies accounted for using the equity method	4	8	4	-	(1)	-	-	(1)	(1)	4	6	3
Net income / expense from other assets	-	(1)	(1)	-	(1)	-	-	(14)	(14)	-	(16)	(15)
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Earnings before tax	**108**	**672**	**473**	**357**	**803**	**389**	**28**	**27**	**21**	**493**	**1,502**	**883**
Income tax	(25)	(172)	(125)	(36)	(101)	(68)	(7)	(8)	(6)	(68)	(281)	(199)
Net income	**83**	**500**	**348**	**321**	**702**	**321**	**21**	**19**	**15**	**425**	**1,221**	**684**
Non-controlling interests	8	19	9	2	2	1	1	3	1	11	24	11
Net income, Group share	**75**	**481**	**339**	**319**	**700**	**320**	**20**	**16**	**14**	**414**	**1,197**	**673**

(1) Income and expense not directly related to business line activities are recorded in the Corporate Centre income. The operating expenses include an income related to an operating tax adjustment of EUR 241 million for the second quarter 2019.

(2) These amounts include Personnel expenses, Other operating expenses and Amortisation, depreciation and impairment of tangible and intangible fixed assets.

(3) The International Retail Banking & Financial Services division includes also EUR -29 million of restructuring costs in operating expenses (and EUR +10 million of related income tax) not allocated to the business lines. These costs are added to the results of the International Retail Banking sub-division whose Net income, Groupe share for the 1st half of 2019 is, without these costs, EUR 543 million.

(In millions of euros)	Societe Generale group		French Retail Banking		Corporate Centre [2]	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Segment assets	1,388,609	1,309,428	227,613	222,086	118,047	106,392
Segment liabilities[1]	1,321,390	1,243,619	222,163	216,934	103,054	91,819

	International Retail Banking & Financial Services							
	International Retail Banking		Financial Services to Corporates		Insurance		Total	
(In millions of euros)	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Segment assets	131,281	128,303	44,150	42,868	160,145	148,999	335,576	320,170
Segment liabilities[1]	95,771	94,454	13,785	13,641	148,622	138,959	258,178	247,054

	Global Banking and Investor Solutions							
	Global Markets and Investors Services		Financing and Advisory		Asset and Wealth Management		Total	
(In millions of euros)	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Segment assets	539,147	489,757	134,151	137,064	34,075	33,959	707,373	660,780
Segment liabilities[1]	662,357	616,282	52,405	47,502	23,233	24,028	737,995	687,812

(1) Segment liabilities correspond to debts (i.e. total liabilities excluding equity).

(2) Assets and liabilities not directly related to the business line activities are recorded on the Corporate Centre's balance sheet. Thus the debt revaluation differences linked to own credit risk and the revaluation differences of the credit derivative instruments hedging the loans and receivables portfolios are allocated to the Corporate Centre.

NOTE 8.2 - OTHER OPERATING EXPENSES

(In millions of euros)	1st half of 2019	2018	1st half of 2018
Rentals [1]	(175)	(752)	(384)
Taxes and levies	(706)	(901)	(740)
Data & Telecom (except rentals)	(1,187)	(2,400)	(1,168)
Consulting fees	(620)	(1,338)	(633)
Other	(555)	(1,975)	(935)
Total	**(3,243)**	**(7,366)**	**(3,860)**

(1) Decrease related to the first time application of IFRS 16 "Leases" (see Note 1).

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

The European regulatory framework designed to enhance financial stability has been updated by Directive 2014/49/EU of 16 April 2014 on deposit guarantee schemes and Directive 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive).

The European Regulation EU n° 806/2014 of 15 July 2014 then determined the financing means of resolution mechanisms within the European Banking Union through the establishment of a Single Resolution Fund (SRF).

The Single Resolution Fund (SRF), established in January 2016, shall receive annual contributions from the participating European financial institutions. By the end of 2023, the available financial means of the Fund shall reach at least 1% of the amount of covered deposits of all these participating financial institutions. A share of the annual contributions can be provided through irrevocable payment commitments.

For the 1st half of 2019, the Group's contributions to the SRF and the National Resolution Fund (NRF) were as follows:

- Cash contributions (85%) for a total of EUR 376 million, of which EUR 343 million related to the SRF and EUR 33 million related to the NRF, which is non tax-deductible in France and has been recorded in the income statement in *Other administrative expenses,* among *Taxes and Levies*;
- Irrevocable payment commitments (15%) backed by a cash collateral for EUR 60 million related to the SRF, recorded as an asset in the balance sheet, among *Other assets*.

NOTE 8.3 - PROVISIONS

BREAKDOWN OF PROVISIONS

(in millions of euros)	**Provisions at 31.12.2018**	Allocations	Write-backs available	**Net allocation**	**Write-backs used**	**Currency and others**	**Provisions at 30.06.2019**
Provisions for credit risk on off-balance sheet commitments (see Note 3.8)	**638**	312	(328)	**(16)**	-	17	**639**
Provisions for employee benefits (see Note 5.2)	**2,341**	342	(178)	**164**	(3)	124	**2,626**
Provisions for tax adjustments (see Note 6) (1)	**135**					(135)	
Provisions for mortgage savings plans and accounts commitments	**171**	60	(21)	**39**	-	-	**210**
Other provisions	**1,320**	106	(296)	**(190)**	(20)	(10)	**1,100**
Total	**4,605**	**820**	**(823)**	**(3)**	**(23)**	**(4)**	**4,575**

(1) Since 1 January 2019, provisions for income tax adjustments are presented under "Tax liabilities" as a consequence of the application of IFRIC 23 "Uncertainty over income tax treatments" (see Note 1).

Other provisions include provisions for restructuring, provisions for commercial litigation and provisions for future repayment of funds in connection with customer financing transactions.

Each quarter the Group carries out a detailed examination of outstanding disputes that present a significant risk. The description of those disputes is provided in Note 9 "Information on risks and litigation".

NOTE 8.4 - TANGIBLE AND INTANGIBLE FIXED ASSETS

As a result of the first application of IFRS 16 "Leases" as from 1 January 2019, the Group recognises right-of-use assets that represent its right to use the underlying leased assets under *Tangible and intangible fixed assets*.

ACCOUNTING PRINCIPLES

RIGHTS-OF-USE FOR ASSETS LEASED BY THE GROUP

Lease

Definition of the lease

A contract is, or contains, a lease if it conveys to the lessor the right to control the use of an identified asset for a period of time in exchange for consideration:

- Control is conveyed when the customer has both the right to direct the identified asset's use, and to obtain substantially all the economic benefits from that use throughout the lease period.
- The existence of an identified asset will depend on the absence, for the lessor, of substantive substitution rights for the leased asset; this condition is measured with regard to the facts and circumstances existing at the commencement of the contract. If the lessor has the option of freely substituting the leased asset, the contract can not be qualified as a lease, since its purpose is the provision of a capacity and not an asset.
- A capacity portion of an asset is still an identified asset if it is physically distinct (*e.g.* a floor of a building). Conversely, a portion of the capacity or of an asset that is not physically distinct does not constitute an identified asset (*e.g.* the lease of co-working area within a unit with no pre-defined location inside that unit).

Separation of lease and non-lease components

A contract may cover the lease of an asset by the lessor as well as the supply of additional services by that lessor. In this scenario, the lessee can separate the lease components from the non-lease components of the contract and treat them separately. The rental payments stipulated in the contract must be separated between the lease components and the non-lease components based on their individual prices (as directly indicated in the contract or estimated on the basis on all of the observable information). If the lessee cannot separate the lease components from the non-lease components (or services), the entire contract is treated as a lease.

Lease term

Definition of the lease term

The lease period to be applied in determining the rental payments to be discounted matches the non-cancellable period of the lease adjusted for:

- options to extend the contract that the lessee is reasonably certain to exercise,
- and early termination options that the lessee is reasonably certain not to exercise.

LEASE TERM = **Non-cancellable period of the lease** + **Periods covered by an option to extend the lease*** + **Periods covered by an option to terminate the lease****

* *if the lessee is reasonably certain to exercise that option*

** *if the lessee is reasonably certain not to exercise that option*

The measurement of the reasonable certainty of exercising or not exercising the extension or early termination options shall take into account all the facts and circumstances that may create an economic incentive to exercise or not these options, specifically:

- the conditions for exercising these options (including measurement of the amount of the rental payments in case of an extension, or of the amount of penalties that may be imposed for early termination),
- substantial changes made to the leased premises (specific layouts, such as a bank vault),
- the costs associated with terminating the contract (negotiation costs, moving costs, research costs for a new asset that meets the lessee's requirements, etc.),
- the importance of the leased asset for the lessee, in view of its specific nature, its location, or the availability of substitute assets (specifically for branches located in commercially strategic sites, given their accessibility, expected traffic, or the prestige of the location),
- the history of renewals of similar contracts, as well as the strategy for the future use of the assets (based on the prospect of redeployment or rearrangement of a commercial branch network, for example).

When the lessee and the lessor each have the right to terminate the lease without the prior agreement of the other party and with no penalty other than a negligible one, the contract is no longer binding, and thus it no longer creates a lease liability.

In France, the majority of property leases contracted are nine-year commercial leases with early termination options at three and six years (so-called "3/6/9" leases). If a new contract is not signed by the end of that nine-year period, the initial lease is automatically extended. These "3/6/9" commercial leases are generally enforceable for a term of nine years, with an initial three-year non-cancellation period.

Changing the lease term

The term must be modified in case of a change of circumstances which lead the lessee to revise the exercise of the options included in the lease contract or in case of events which contractually oblige the lessee to exercise (or not) an option that had not been included (or is included) in the lease contract.

Following a change in the lease term, the lease obligation must be reassessed to reflect those changes by using a revised discount rate for the remaining estimated term of the contract.

Accounting treatment by the Group as a lessee

On the commencement date (on which the leased asset is made available for use), the lessee must record a lease liability on the liabilities side of the balance sheet and a right-of-use asset on the assets side of the balance sheet except for the exemptions described below.

In the income statement, the lessee must recognise an interest expense calculated on the lease liability under *Net banking income* and a depreciation of the right-of-use under *Amortisation, depreciation and impairment of tangible and intangible fixed assets.*

The rental payments will partly reduce the lease liability and partly remunerate this liability in the form of interest expense.

Exemptions and exclusions

The Group does not apply the new lease treatment to contracts with a term of less than one year (including renewal options), nor to contracts on low-value items by applying th exemption threshold of USD 5,000 as indicated in the standard's Basis for Conclusions (the threshold should be measured against the replacement cost per unit of the leased asset).

Rental payment amounts

The payments to be considered for the measurement of the lease liability include fixed and variable rental payments based on an index (*e.g.* consumer price index or construction cost index), plus, where applicable, the funds that the lessee expects to pay the lessor for residual value guarantees, purchase options, or early termination penalties.

However, variable lease payments that are indexed on the use of the leased asset (indexed on revenue or mileage, for example) are excluded from the measurement of lease liability. This variable portion of the rental payments is recorded in the net income over time according to fluctuations in contractual indexes fluctuations.

Rental payments have to be considered based on their amount net of value-added tax. In addition, for building leases, occupancy taxes and property taxes passed on by lessors will be excluded from lease liabilities because their amount, as set by the competent public authorities, is variable.

Recognition of the lease liability

The liability initial amount is equal to the discounted value of the rental payments that will be payable over the lease period.

This lease liability is then measured at the amortised cost using the effective interest rate method: part of each rental payment will then be booked as interest expenses in the income statement, and part will be gradually deducted from the lease liability on the balance sheet.

After the commencement date, the amount of the lease liability may be adjusted if the lease is amended, the lease period is re-estimated, or to account for contractual changes in the rental payments related to the application of indices or rates.

As applicable, the lessee must also recognise a provision in its liabilities to cover the costs of restoring the leased asset that would be assumed when the lease ends.

Recognition of the right-of-use

On the availability date of the leased asset, the lessee must enter a right-of-use asset, on the assets side of the balance sheet, for an amount equal to the initial value of the lease liability, plus, as applicable, initial direct costs (e.g. issuance of an authenticated lease, registration fees, negotiation fees, front-end fee, leasehold right, lease premium, etc), advance payments, and restoration costs.

This asset is then depreciated on a straight-line basis over the lease period that is applied for measuring the lease liability.

After the commencement date, the asset's value may be adjusted if the lease is amended, as it is the case for the lease liability.

Rights-of-use is presented on the lessee's balance sheet under the items of fixed assets where properties of the same type that are held in full ownership are entered. If the lease stipulates the initial payment of a leasehold right to the former tenant of the premises, the amount of that right is stated as a separate component of the right of use and presented under the same heading as the latter.

Lease discount rates

The Group uses the lessees' incremental borrowing rate to discount the rental payments as well as the amount of lease liabilities. For the entities which can directly refinance themselves on their local markets, the incremental borrowing rate is set at the lessee entity level, not at the Group level, in consideration of the borrowing terms and that entity's credit risk. For the entities which refinance themselves through the Group, the incremental borrowing rate is set by the Group.

The discount rates are set according to the currency, the country of the lessee entities and the maturity estimated of the contracts.

CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(In millions of euros)	31.12.2018	Impacts of the first application of IFRS 16	Increases / allowances	Disposals / reversals	Other movements	30.06.2019
Intangible assets						
Gross value	6,763	(107)	528	(44)	(135)	7,005
Amortisation and impairments	(4,565)	-	(242)	16	12	(4,779)
Sub-total	**2,198**	**(107)**	**286**	**(28)**	**(123)**	**2,226**
Tangible assets (w/o assets under operating leases)						
Gross value	11,051	(11)	395	(180)	(139)	11,116
Depreciation and impairments	(6,113)	4	(285)	98	89	(6,207)
Sub-total	**4,938**	**(7)**	**110**	**(82)**	**(50)**	**4,909**
Assets under operating leases						
Gross value	26,781	-	4,760	(3,687)	(830)	27,024
Depreciation and impairments	(7,183)	-	(1,926)	1,548	357	(7,204)
Sub-total	**19,598**	**-**	**2,834**	**(2,139)**	**(473)**	**19,820**
Investment Property						
Gross value	40	-	-	(1)	(6)	33
Depreciation and impairments	(23)	-	-	1	2	(20)
Sub-total	**17**	**-**	**-**	**-**	**(4)**	**13**
Rights-of-use						
Gross value		2,129	112	(20)	(2)	2,219
Amortisation and impairments		(4)	(203)	1	5	(201)
Sub-total		**2,125**	**(91)**	**(19)**	**3**	**2,018**
Total tangible and intangible fixed assets	**26,751**	**2,011**	**3,139**	**(2,268)**	**(647)**	**28,986**

BREAKDOWN OF MINIMUM PAYMENTS RECEIVABLE ON OPERATING LEASE ASSETS

(In millions of euros)	30.06.2019	31.12.2018
Payments due in less than one year	3,958	3,625
Payments due in one to five years	15,884	17,077
Payments due in more than five years	1,885	787
Total	**21,727**	**21,489**

INFORMATIONS RELATIVE TO LEASES ON TANGIBLE ASSETS USED BY THE GROUP

	Property Leases Most of the leases (>90%) involve building leases contracted for the lease of commercial and office space: - The commercial spaces are branches in the Group's French and international retail banking networks. - The office buildings are leased for certain departments reporting to the Group's French headquarters or the local head offices of the main foreign subsidiaries, and for certain locations in the main international financial centers: London, New York, Hong Kong... Outside France, residual lease periods are generally below 10 years. In some countries, such as Russia, leases can be annual, with optional automatic renewal. In other locations, specifically London and New York, lease periods can be as long as 25 years.
	Equipment Leases Other leases (<10%) are mainly computer equipment leases and a very small percentage of vehicle leases.

DETAILS OF THE EXPENSES ON LEASES AND SUB-LEASES INCOME

	30.06.2019			
(in millions of euros)	**Real estate**	**Computer equipment**	**Others**	**Total**
Lease	**(265)**	**(16)**	**(5)**	**(286)**
Interest expenses on lease liabilities	(22)	-	-	(22)
Depreciation charge for right-of-use assets	(180)	(14)	(3)	(197)
Expense relating to short-term leases	(61)	-	(1)	(62)
Expense relating to leases of low-value assets	(1)	(2)	(1)	(4)
Expense relating to variable lease payments	(1)	-	-	(1)
Sub-lease	**7**	**-**	**-**	**7**
Income from subleasing right-of-use assets	7	-	-	7

NOTE 9 - INFORMATION ON RISKS 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 “Others 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.

- On 24 October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5 October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion as damages to the bank. On 19 March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, the Versailles Court of Appeal rejected on 23 September 2016 J. Kerviel's request for an expert determination of the damage suffered by Societe Generale, and therefore confirmed that the net accounting losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this decision has no impact on its tax situation. However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and indicated that they intended to call into question the deductibility of the loss caused by the actions of J. Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by an adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carryforwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the bank's forecasts. In view of the 2011 opinion of the French Supreme Administrative Court (Conseil d’état) and its established case law which was recently confirmed again in this regard, Societe Generale considers that there is no need to provision the corresponding deferred tax assets. In the event that the authorities decide, in due course, to confirm their current position, Societe Generale group will not fail to assert its rights before the competent courts. By a decision handed down on the 20 September 2018, the Investigation Committee of the reviewing and reassessment Criminal Court has furthermore declared inadmissible the request filed in May 2015 by J. Kerviel against his criminal sentence, confirming the absence of any new element or fact that could justify the reopening of the criminal file.

- Between 2003 and 2008, Societe Generale set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas Group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of SG struck-out and applied to the UK court for damages. On 3 April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. On 15 May 2018, the Court of Appeal discharged entirely the inquiry into damages granted by the High Court to Goldas but rejected Societe Generale’s arguments relating to service of the claims issued against Goldas, which are therefore time barred. On 18 December 2018, the Supreme Court refused permission to appeal to both Société Générale and Goldas. On 16 February 2017, the Paris Commercial Court dismissed Societe Generale’s claims against its insurers. Societe Generale filed an appeal against this decision.

- Societe Generale Algeria (“SGA”) and several of its branch managers are being prosecuted for breach of Algerian laws on exchange rates and capital transfers with other countries and on money laundering and the financing of terrorism. The defendants are accused of having failed to make complete or accurate statements to the Algerian authorities on capital transfers in connection with exports or imports made by clients of SGA and on cash payment transactions made at SGA counters. The events were discovered during investigations by the Algerian authorities, which subsequently filed civil claims before the criminal court. Sentences were delivered by the court of appeal against SGA and its employees in some proceedings, while charges were dropped in other ones. To date, fifteen cases have ended in favour of SGA and ten remain pending, eight of which before the Supreme Court.

- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC – Echange d'Images Chèques), which has contributed to the improvement of cheque payments' security and to the fight against fraud, the banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20 September 2010, after several years of investigation, the French competition authority ruled that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the Banque de France) a total of approximately EUR 385 million. Societe Generale was ordered to pay a fine of EUR 53.5 million and Crédit du Nord, its subsidiary, a fine of EUR 7 million. However, in its 23 February 2012 order, the French Court of Appeal, to which the matter was referred by all the banks involved except Banque de France, held that there was no competition law infringement, allowing the banks to recoup the fines paid. On 14 April 2015, the Supreme Court quashed and annulled the Court of Appeal decision on the grounds that the latter did not examine the arguments of two third parties who voluntarily intervened in the proceedings. The case was heard again on 3 and 4 November 2016 by the Paris Court of Appeal before which the case was remanded. On 21 December 2017, the Court of Appeal confirmed the fines imposed on Societe Generale and Crédit du Nord by the French competition authority. On 22 January 2018, Societe Generale and Crédit du Nord filed an appeal before the Supreme court against this decision. The court proceeding is still pending.

- Societe Generale Private Banking (Suisse), 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 Societe Generale Private Banking (Suisse) and the other defendants seeking similar relief.

  The motion by Societe Generale Private Banking (Suisse) to dismiss these claims on grounds of lack of jurisdiction was denied by the court by order filed 5 June 2014. Societe Generale Private Banking (Suisse) 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 May 3, 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 Societe Generale Private Banking (Suisse), are opposing these motions.

  On 22 December 2015, the OSIC filed a motion for partial summary judgment seeking return of a transfer of USD 95 million to Societe Generale Private Banking (Suisse) made in December 2008 (prior to the Stanford insolvency) on the grounds that it is voidable under Texas state law as a fraudulent transfer. Societe Generale Private Banking (Suisse) has opposed this motion.

- Notwithstanding the agreements reached with the US authorities regarding certain London Interbank Offered Rates and the Euro Interbank Offered Rate ("the IBOR matter"), the Bank continues to defend civil proceedings in the United States (as described below) and to respond to information requests received from other authorities, including the Attorneys General of various States of the United States and the New York Department of Financial Services ("NYDFS").

  In the United States, Societe Generale, along with other financial institutions, has been named as a defendant in putative class actions involving the setting of US Dollar Libor, Japanese Yen Libor, and Euribor rates and trading in instruments indexed to those rates. Societe Generale has also been named in several individual (non-class) actions concerning the US Dollar Libor rate. All of these actions are pending in the US District Court in Manhattan (the "District Court").

  As to US Dollar Libor, all claims against Societe Generale have been dismissed by the District Court or voluntarily dismissed by the plaintiffs, except in two putative class actions and one individual action that are effectively stayed. Certain individual plaintiffs whose claims were dismissed filed motions for leave to amend their complaints to add or revive claims against Societe Generale, but those applications were denied by the District Court. The class plaintiffs and a number of individual plaintiffs have appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit.

  As to Japanese Yen Libor, the District Court dismissed the complaint brought by purchasers of Euroyen over-the-counter derivative products and the plaintiffs have appealed that ruling to the United States Court of Appeals for the Second Circuit. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange, the District Court has allowed certain Commodity Exchange ("CEA") Act claims to proceed to discovery. The plaintiff's deadline to move for class certification in that action is now 21 August 2019.

  As to Euribor, the District Court dismissed all claims against Societe Generale in the putative class action and denied the plaintiffs' motion to file a proposed amended complaint. Plaintiffs have appealed those rulings to the United States Court of Appeals for the Second Circuit.

  In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other specified instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

- Beginning on 15 January 2019, Societe Generale and SG Americas Securities, LLC ("SGAS"), along with other financial institutions, have been named in three putative antitrust class actions in the US District Court in Manhattan, which have since been consolidated. Plaintiffs allege that the USD ICE LIBOR panel banks conspired to make artificially low submissions to that benchmark in order to profit on their trading in derivatives tied to USD ICE LIBOR. Plaintiffs seek to certify a class comprised of U.S residents (individuals and entities) that transacted with a defendant in floating rate debt instruments or interest rate swaps tied to USD ICE LIBOR and received a payment at any time between 1 February 2014 to the present, regardless of when the instrument was purchased.

- Societe Generale, along with several other financial institutions, was named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with foreign exchange spot and derivatives trading. The action was brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. Societe Generale has reached a settlement of USD 18 million, which was approved by the Court on 6 August 2018. A separate putative class action on behalf of putative classes of indirect purchasers is also pending. SG has been dismissed from the action on jurisdictional grounds. On 7 November 2018, a group of individual entities that elected to opt out of the main class action settlement filed a lawsuit against SG, SG Americas Securities, LLC, and several other financial institutions. A motion to dismiss was filed on 1 April 2019.

- On 10 December 2012, the French Supreme Administrative Court (Conseil d'État) rendered two decisions confirming that the "précompte tax" which used to be levied on corporations in France does not comply with EU law and defined a methodology for the reimbursement of the amounts levied by the tax authorities. However, such methodology considerably reduces the amount to be reimbursed. Societe Generale purchased in 2005 the "précompte tax" claims of two companies (Rhodia and Suez, now ENGIE) with a limited recourse on the selling companies. One of the above decisions of the French Supreme Administrative Court relates to Rhodia. Societe Generale has brought proceedings before the French administrative courts. The latest court decision rendered is a rejection, on 1 February 2016 by the French Administrative Supreme Court, of an appeal lodged by ENGIE and Societe Generale.

  Several French companies applied to the European Commission, who considered that the decisions handed down by the French Supreme Administrative Court on 10 December 2012, which was supposed to implement the decision rendered by the Court of Justice of the European Union C-310/09 on 15 September 2011, infringed a number of principles of European law. The European Commission subsequently brought infringement proceedings against the French Republic in November 2014, and since then confirmed its position by publishing a reasoned opinion on 29 April 2016 and by referring the matter to the Court of Justice of the European Union on 8 December 2016. The Court of Justice of European Union rendered its judgement on 4 October 2018 and sentenced France for failure by the the French Supreme Administrative Court to disregard the tax on EU sub-subsidiaries in order to secure the withholding tax paid in error as well as on the absence of any preliminary question. With regard to the practical implementation of the decision, Societe Generale will assert its rights before the competent courts and the French tax authority, from which it expects diligent treatment and in accordance with the law.

- Societe Generale, along with other financial institutions, has been named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. The action is pending in the US District Court in Manhattan. Motions to dismiss the action were denied by an order dated 4 October 2016, and discovery is now proceeding. Societe Generale and certain subsidiaries, along with other financial institutions, have also been named as defendants in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims.

- Since August 2015, various former and current employees of the Societe Generale group have been under investigation by German criminal prosecution and tax authorities for their alleged participation in the so called "CumEx" patterns in connection with withholding tax on dividends on German shares. These investigations relate to a fund administered by SGSS GmbH proprietary trading activities and transactions carried out on behalf of clients. The Group entities respond to the requests of the German authorities.

  SGSS GmbH has been informed by the Bonn District Court on 19 June 2019 that criminal proceedings had been initiated against two individuals who were employed by a company having previously advised this fund, the latter being suspected by the German prosecutors to have been involved in potentially fraudulent CumEx transactions. The Bonn District Court is currently assessing whether SGSS GmbH should be ordered to be joined in these criminal proceedings as a "secondary party".

- In May 2019, SGAS was named, along with other financial institutions, as a defendant in a putative class action in the U.S. alleging anti-competitive behavior in the pricing of "agency bonds" issued by U.S. Government Sponsored Enterprises (GSEs), including Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae). A motion to dismiss was filed on 13 June 2019. SGAS has also received a subpoena from the U.S. Department of Justice ("DOJ") in connection with its US agency bond business. SGAS is responding to these requests and is cooperating with the investigation.

- Societe Generale 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 $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 judgments and remanded for further proceedings. By order dated 23 April 2019, the Second Circuit has stayed the mandate, pending disposition of Defendant-Appellees' impending petition for review by the United States Supreme Court.

- On 10 July 2019, Societe General was named as a defendant in a litigation filed in the US District Court in Miami by plaintiffs seeking to recover under the Cuban Liberty and Democracy Solidarity (Libertad) Act of 1996 (known as the Helms-Burton Act) for alleged losses stemming from the expropriation by the Cuban government in 1960 of Banco Nunez in which they are alleged to have held an interest. Plaintiffs claim damages from Societe Generale under the terms of this statute.

NOTE 10 - RISK MANAGEMENT LINKED WITH FINANCIAL INSTRUMENTS

Note 10 is presented solely in the financial statements and is not included in chapter 4 of the Registration Document for the update of the first half of 2019.

1. 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.

The scope of these tables includes:

- Securities (excluding securities received under repurchase agreements), customer loans and due from banks measured at amortised cost or at fair value through other comprehensive income;
- Operational and finance leases;
- Financing and guarantee commitments.

Nota Bene: the oustandings of ex-Newedge brokerage activities outside France are excluded from the figures provided in tables 1, 2 and 3. There are no exclusions in tables 4 and 5.

To be homogeneous, all of the British Overseas Territories are now presented separately from the United Kingdom. The 2018 tables have been corrected with this new presentation.

Table 1: Basel portfolio breakdown of provisioned outstandings

	30.06.2019				31.12.2018			
(In millions of euros)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Sovereign	160,229	696	184	161,109	145,759	733	218	**146,710**
Institutional	51,486	226	35	51,747	55,034	361	82	**55,477**
Corporate	353,564	12,416	9,024	375,004	357,221	13,949	9,410	**380,580**
Retail	195,874	15,593	8,968	220,435	184,958	16,017	9,289	**210,264**
Others	22,462	80	49	22,591	23,111	67	54	**23,232**
Total	**783,615**	**29,011**	**18,260**	**830,886**	**766,083**	**31,127**	**19,053**	**816,263**

Table 2: Geographical breakdown of provisioned outstandings

(In millions of euros)	30.06.2019				31.12.2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
France	354,501	18,406	10,803	**383,710**	339,663	19,298	10,806	**369,767**
Western Europe (excluding France)	154,977	3,398	1,953	**160,328**	156,177	3,602	1,996	**161,775**
Eastern Europe EU	47,929	3,262	1,025	**52,216**	49,423	3,612	1,279	**54,314**
Eastern Europe (excluding EU)	24,526	784	517	**25,827**	22,423	905	844	**24,172**
North America	106,447	258	426	**107,131**	107,433	361	606	**108,400**
Latin America and Caribbean	9,955	1,021	220	**11,196**	10,603	985	237	**11,825**
Asia Pacific	42,017	338	196	**42,551**	39,343	165	225	**39,733**
Africa and Middle East	43,263	1,544	3,120	**47,927**	41,018	2,199	3,060	**46,277**
Total	**783,615**	**29,011**	**18,260**	**830,886**	**766,083**	**31,127**	**19,053**	**816,263**

Table 3: Provisioned outstandings by rating of counterparty

(In millions of euros)	30.06.2019				31.12.2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1	61,897	-	-	**61,897**	65,767	-	-	**65,767**
2	108,760	1	-	**108,761**	97,899	-	-	**97,899**
3	76,359	7	-	**76,366**	74,741	2	-	**74,743**
4	126,034	130	-	**126,164**	127,159	647	-	**127,806**
5	107,063	2,846	-	**109,909**	99,575	2,976	-	**102,551**
6	25,322	5,326	-	**30,648**	25,459	5,668	-	**31,127**
7	1,722	2,039	-	**3,761**	2,472	2,780	-	**5,252**
Default (8, 9, 10)	-	-	8,272	**8,272**	-	-	8,589	**8,589**
Other methods	276,458	18,662	9,988	**305,108**	273,011	19,054	10,464	**302,529**
Total	**783,615**	**29,011**	**18,260**	**830,886**	**766,083**	**31,127**	**19,053**	**816,263**

Table 4: Basel portfolio breakdown of provisions and impairment for credit risk

(In millions of euros)	30.06.2019				31.12.2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Sovereign	7	4	68	**78**	10	1	69	**80**
Institutional	8	5	19	**32**	9	6	16	**31**
Corporate	573	594	4,932	**6,099**	589	648	5,098	**6,335**
Retail	454	555	4,785	**5,794**	427	570	4,870	**5,867**
Others	-	-	26	**26**	-	-	9	**9**
Total	**1,042**	**1,158**	**9,830**	**12,030**	**1,035**	**1,225**	**10,062**	**12,322**

Table 5: Geographical breakdown of provisions and impairment for credit risk

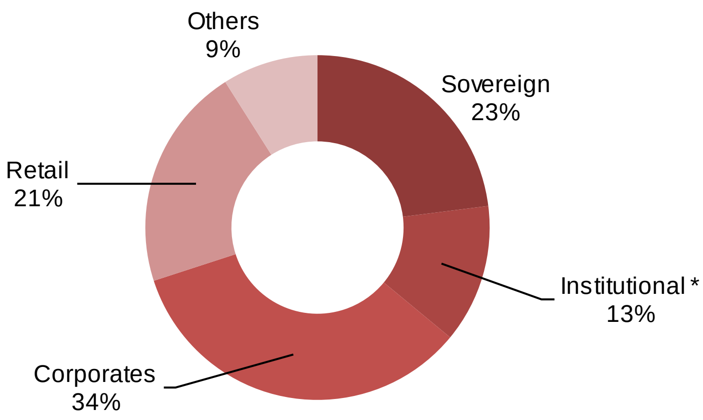
(In millions of euros)	30.06.2019				31.12.2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
France	432	709	5,298	**6,439**	427	735	5,292	**6,454**
Western Europe (excluding France)	180	109	867	**1,156**	178	119	906	**1,203**
Eastern Europe EU	92	150	699	**941**	118	170	842	**1,130**
Eastern Europe (excluding EU)	83	24	441	**548**	76	18	655	**749**
North America	48	12	59	**119**	32	27	52	**111**
Latin America and Caribbean	7	6	107	**120**	7	6	73	**86**
Asia Pacific	11	6	152	**169**	14	2	153	**169**
Africa and Middle East	189	142	2,207	**2,538**	184	148	2,088	**2,420**
Total	**1,042**	**1,158**	**9,830**	**12,030**	**1,035**	**1,225**	**10,062**	**12,322**

2. EXPOSURES ANALYSIS

The measurement used for credit exposures in this section is EAD – Exposure At Default (on- and off-balance sheet). Under the Standard Approach, EAD is calculated net of collateral and provisions.

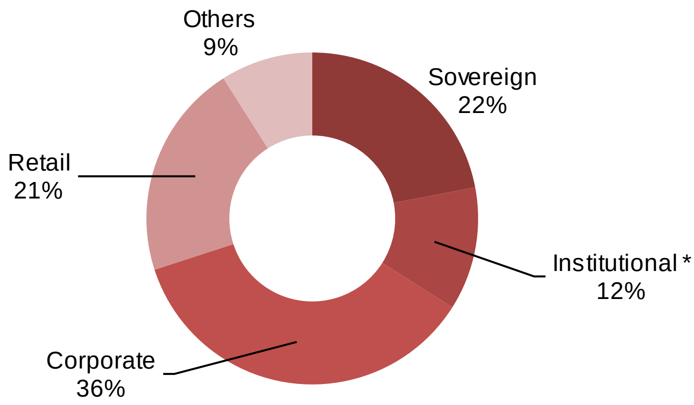
CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 30 JUNE 2019

On-and off-balance sheet exposures (EUR 939 billion in EAD)



CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 31 DECEMBER 2018

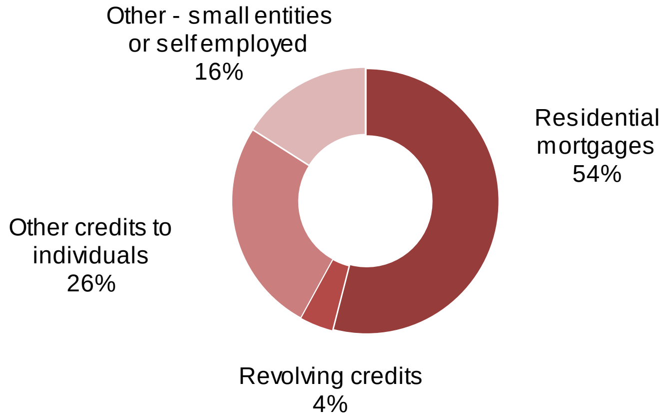
On-and off-balance sheet exposures (EUR 920 billion in EAD)



** Institutional: Basel classification bank and public sector portfolios.*

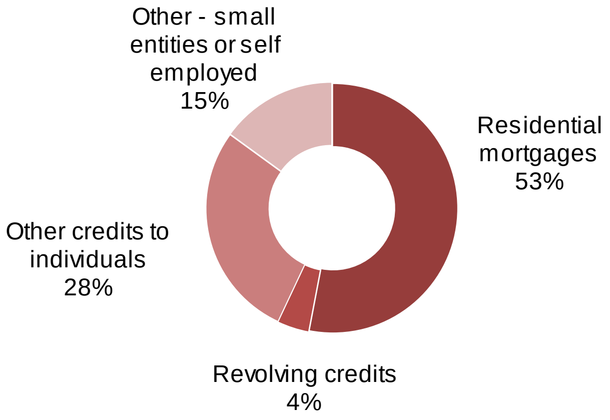
RETAIL CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 30 JUNE 2019

On-and off-balance sheet exposures (EUR 196 billion in EAD)

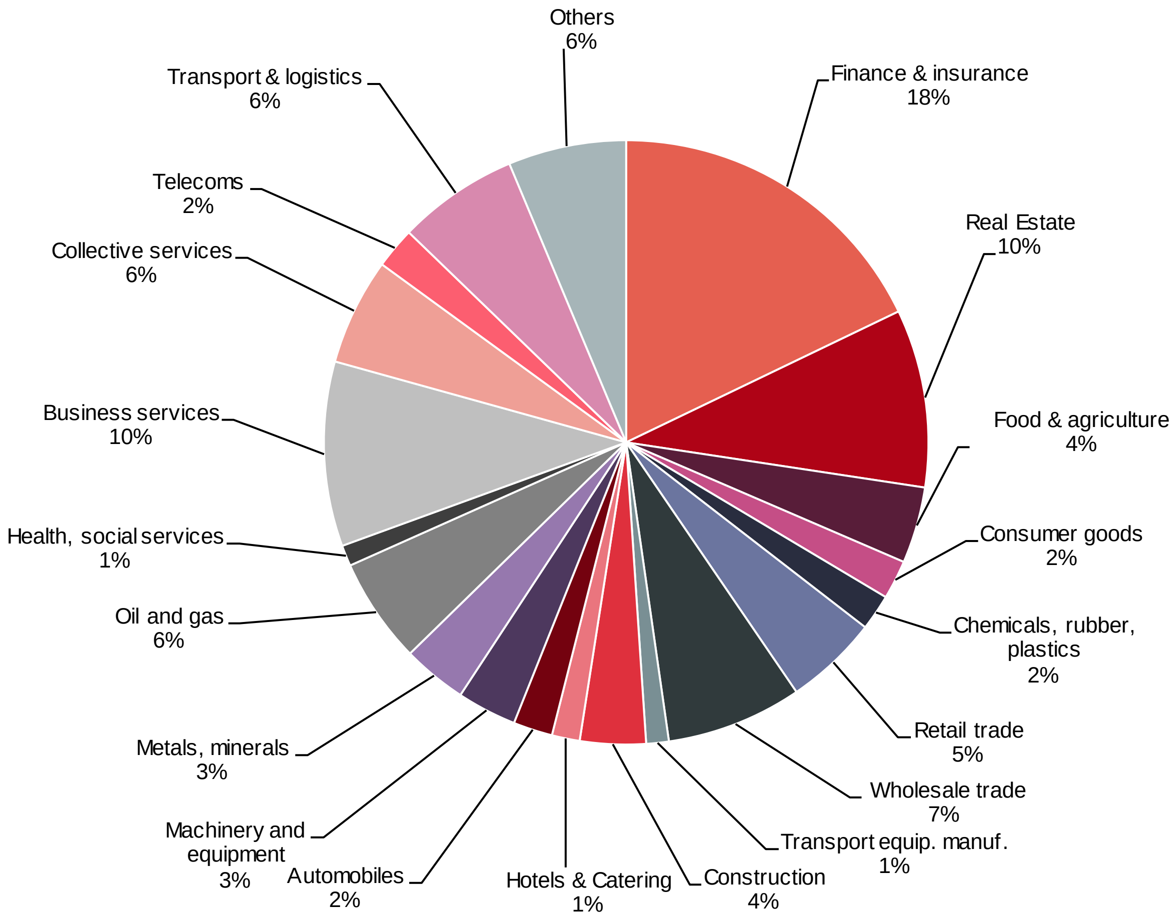


RETAIL CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 31 DECEMBER 2018

On-and off-balance sheet exposures (EUR 189 billion in EAD)



SECTOR BREAKDOWN OF GROUP CORPORATE EXPOSURE (BASEL PORTFOLIO) AT 30 JUNE 2019



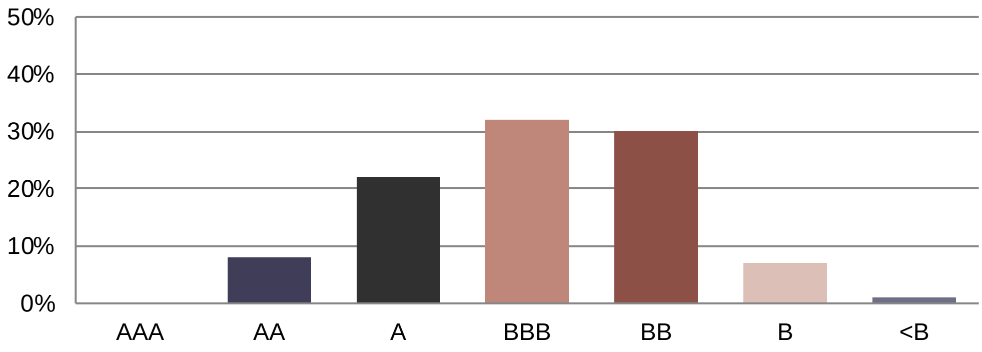
EAD of the Corporate portfolio is presented in accordance with the Basel rules (large corporates, including insurance companies, funds and hedge funds, SMEs, specialist financing, factoring businesses), based on the obligor's characteristics, before taking into account the substitution effect (credit risk scope: debtor, issuer and replacement risk).

At 30 June 2019, the Corporate portfolio amounted to EUR 353 billion (on- and off-balance sheet exposures measured in EAD). Only the Finance and Insurance sector accounts for more than 10% of the portfolio. The Group's exposure to its ten largest Corporate counterparties accounts for 5% of this portfolio.

CORPORATE AND BANK COUNTERPARTY EXPOSURE

Breakdown of risk by internal rating for corporate clients at 30 June 2019

As % of EAD



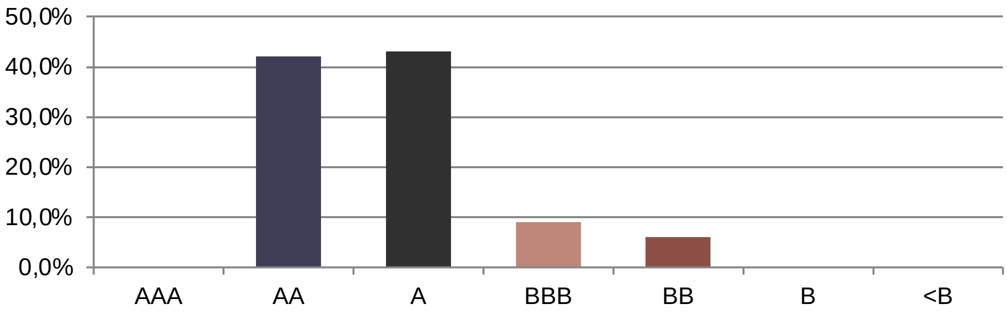
The scope includes performing loans recorded under the IRB method (excluding prudential classification criteria, by weight, of specialised financing) for the entire Corporate client portfolio, all divisions combined, and represents EAD of EUR 274 billion (out of total EAD for the Basel Corporate client portfolio of EUR 316 billion, standard method included).

The breakdown by rating of the Group's Corporate exposure demonstrates the sound quality of the portfolio. It is based on an internal counterparty rating system, presented above as its Standard & Poor's equivalent.

At 30 June 2019, the majority of the portfolio (63% of Corporate clients) had an investment grade rating, i.e. counterparties with an S&P-equivalent internal rating higher than BBB-. Transactions with non-investment grade counterparties were very often backed by guarantees and collateral in order to mitigate the risk incurred.

Breakdown of risk by internal rating for banking clients at 30 June 2019

As % of EAD



The scope includes performing loans recorded under the IRB method for the entire Bank client portfolio, all divisions combined, and represents EAD of EUR 68 billion (out of total EAD for the Basel Bank client portfolio of EUR 122 billion, standard method included).

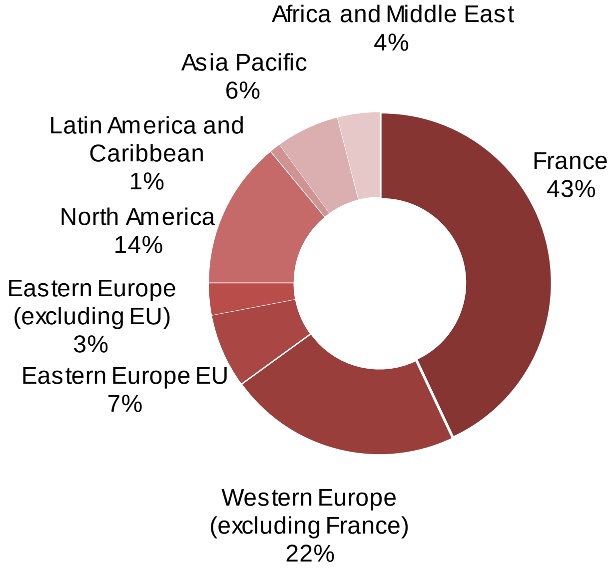
The breakdown by rating of the Societe Generale Group's bank counterparty exposure demonstrates the sound quality of the portfolio.

It is based on an internal counterparty rating system, presented above as its Standard & Poor's equivalent.

At 30 June 2019, exposure on banking clients was concentrated in investment grade counterparties (93.7% of exposure), as well as in developed countries (90.3%).

GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK EXPOSURE AT 30 JUNE 2019 (ALL CLIENT TYPES INCLUDED)

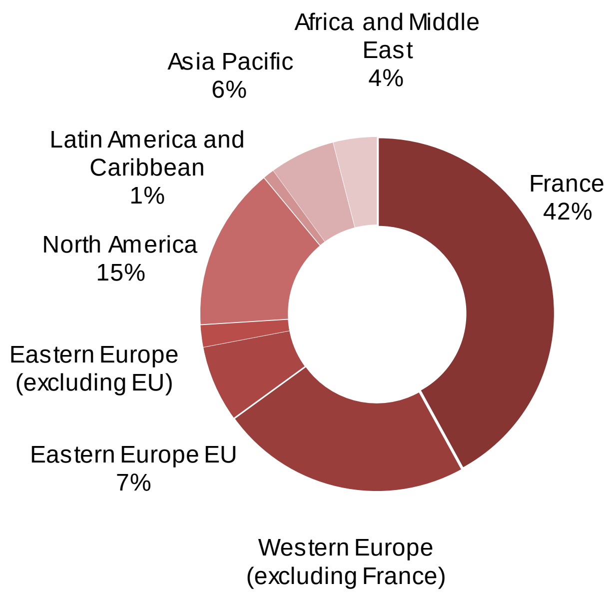
On-and off-balance sheet exposures (EUR 939 billion in EAD)



At 30 June 2019, 89 % of the Group's on- and off-balance sheet exposure was concentrated in the major industrialised countries (1). Almost half of the overall amount of outstanding loans was to French customers (28% exposure to non-retail portfolio and 15% to retail portfolio).

GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK EXPOSURE AT 31 DECEMBER 2018 (ALL CLIENT TYPES INCLUDED)

On-and off-balance sheet exposures (EUR 920 billion in EAD)



(1) *As defined by the IMF in its World Economic Outlook document of October 2017.*