

31.12.2019

CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

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1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET - ASSETS

(IN MILLIONS OF EUROS)		31.12.2019	31.12.2018
Cash, due from central banks		102,311	96,585
Financial assets at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	385,739	365,550
Hedging derivatives	Notes 3.2 and 3.4	16,837	11,899
Financial assets at fair value through other comprehensive income	Notes 3.3 and 3.4	53,256	50,026
Securities at amortised cost	Notes 3.5, 3.8 and 3.9	12,489	12,026
Due from banks at amortised cost	Notes 3.5, 3.8 and 3.9	56,366	60,588
Customer loans at amortised cost	Notes 3.5, 3.8 and 3.9	450,244	447,229
Revaluation differences on portfolios hedged against interest rate risk		401	338
Investments of insurance companies	Note 4.3	164,938	146,768
Tax assets	Note 6	5,779	5,819
Other assets	Note 4.4	68,045	67,446
Non-current assets held for sale	Note 2.4	4,507	13,502
Investments accounted for using the equity method		112	249
Tangible and intangible fixed assets ⁽¹⁾	Note 8.4	30,652	26,751
Goodwill	Note 2.2	4,627	4,652
Total		1,356,303	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

<i>(In millions of euros)</i>		31.12.2019	31.12.2018
Due to central banks		4,097	5,721
Financial liabilities at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	364,129	363,083
Hedging derivatives	Notes 3.2 and 3.4	10,212	5,993
Debt securities issued	Notes 3.6 and 3.9	125,168	116,339
Due to banks	Notes 3.6 and 3.9	107,929	94,706
Customer deposits	Notes 3.6 and 3.9	418,612	416,818
Revaluation differences on portfolios hedged against interest rate risk		6,671	5,257
Tax liabilities ⁽¹⁾	Note 6	1,409	1,157
Other liabilities ⁽²⁾	Note 4.4	85,062	76,629
Non-current liabilities held for sale	Note 2.4	1,333	10,454
Insurance contracts related liabilities	Note 4.3	144,259	129,543
Provisions	Note 8.3	4,387	4,605
Subordinated debts	Note 3.9	14,465	13,314
Total liabilities		1,287,733	1,243,619
Shareholders' equity			
Shareholders' equity, Group share			
Issued common stocks and capital reserves		21,969	20,746
Other equity instruments		9,133	9,110
Retained earnings *		29,558	28,085
Net income *		3,248	4,121
Sub-total		63,908	62,062
Unrealised or deferred gains and losses	Note 7.3	(381)	(1,036)
Sub-total equity, Group share		63,527	61,026
Non-controlling interests		5,043	4,783
Total equity		68,570	65,809
Total		1,356,303	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 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

<i>(In millions of euros)</i>		2019	2018
Interest and similar income	Note 3.7	23,712	22,678
Interest and similar expense	Note 3.7	(12,527)	(11,659)
Fee income	Note 4.1	9,068	9,124
Fee expense	Note 4.1	(3,811)	(3,600)
Net gains and losses on financial transactions		4,460	5,189
<i>o/w net gains and losses on financial instruments at fair value through profit or loss</i>	Note 3.1	4,343	5,119
<i>o/w net gains and losses on financial instruments at fair value through other comprehensive income</i>	Note 3.3	119	83
<i>o/w net gains and losses from the derecognition of financial assets at amortised cost</i>		(2)	(13)
Net income of insurance activities	Note 4.3	1,925	1,724
Income from other activities	Note 4.2	11,629	10,761
Expenses from other activities	Note 4.2	(9,785)	(9,012)
Net banking income		24,671	25,205
Personnel expenses	Note 5	(9,955)	(9,561)
Other operating expenses	Note 8.2	(6,285)	(7,366)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	Note 8.4	(1,487)	(1,004)
Gross operating income		6,944	7,274
Cost of risk	Note 3.8	(1,278)	(1,005)
Operating income		5,666	6,269
Net income from investments accounted for using the equity method		(129)	56
Net income/expense from other assets		(327)	(208)
Earnings before tax		5,210	6,117
Income tax [*]	Note 6	(1,264)	(1,304)
Consolidated net income[*]		3,946	4,813
Non-controlling interests		698	692
Net income, Group share[*]		3,248	4,121
Earnings per ordinary share	Note 7.2	3.05	4.24
Diluted earnings per ordinary share	Note 7.2	3.05	4.24

* 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

<i>(In millions of euros)</i>	2019	2018
Consolidated net income *	3,946	4,813
Unrealised or deferred gains and losses that will be reclassified subsequently into income	844	24
Translation differences	563	370
Revaluation of debt instruments at fair value through other comprehensive income	(28)	(233)
<i>Revaluation differences for the period</i>	48	(193)
<i>Reclassified into income</i>	(76)	(40)
Revaluation of available-for-sale financial assets ⁽¹⁾	188	(74)
<i>Revaluation differences for the period</i>	190	(54)
<i>Reclassified into income</i>	(2)	(20)
Revaluation of hedging derivatives	153	(120)
<i>Revaluation differences of the period</i>	195	(156)
<i>Reclassified into income</i>	(42)	36
Unrealised gains and losses of entities accounted for using the equity method	1	1
Related tax	(33)	80
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	(160)	411
Actuarial gains and losses on defined benefit plans	(32)	30
Revaluation of own credit risk of financial liabilities at fair value through profit or loss	(121)	529
Revaluation of equity instruments at fair value through other comprehensive income	(48)	1
Unrealised gains and losses of entities accounted for using the equity method	3	(3)
Related tax	38	(146)
Total unrealised or deferred gains and losses	684	435
Net income and unrealised or deferred gains and losses *	4,630	5,248
<i>o/w Group share *</i>	3,903	4,588
<i>o/w non-controlling interests</i>	727	660

* 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

<i>(In millions of euros)</i>	Shareholders' equity Group share							Total consolidated shareholders' equity
	Issued common stocks and capital reserves	Other equity instruments	Retained earnings	Net income, Group share	Unrealised or deferred gains and losses	Total	Non-controlling interests	
Shareholders' equity at 1 January 2018	20,861	8,566	30,504	-	(1,503)	58,428	4,523	62,951
Increase in common stock and issuance / redemption / remuneration of equity instruments *	-	544	(715)	-	-	(171)	(33)	(204)
Elimination of treasury stock	(174)	-	(12)	-	-	(186)	-	(186)
Equity component of share-based payment plans	59	-	-	-	-	59	-	59
2018 dividends paid (see Note 7.2)	-	-	(1,764)	-	-	(1,764)	(368)	(2,132)
Effect of changes of the consolidation scope	-	-	52	-	-	52	(5)	47
Sub-total of changes linked to relations with shareholders *	(115)	544	(2,439)	-	-	(2,010)	(406)	(2,416)
2018 Net income *	-	-	-	4,121	-	4,121	692	4,813
Change in unrealised or deferred gains and losses	-	-	-	-	467	467	(32)	435
Other changes	-	-	20	-	-	20	6	26
Sub-total	-	-	20	4,121	467	4,608	666	5,274
Shareholders' equity at 31 December 2018 *	20,746	9,110	28,085	4,121	(1,036)	61,026	4,783	65,809
Allocation to retained earnings	-	-	4,114	(4,121)	7	-	-	-
Shareholders' equity at 1 January 2019	20,746	9,110	32,199	-	(1,029)	61,026	4,783	65,809
Increase in common stock and issuance / redemption / remuneration of equity instruments (see Note 7.1)	1,011	23	(731)	-	-	303	(33)	270
Elimination of treasury stock (see Note 7.1)	152	-	(77)	-	-	75	-	75
Equity component of share-based payment plans	60	-	-	-	-	60	-	60
2019 dividends paid (see Note 7.2)	-	-	(1,770)	-	-	(1,770)	(379)	(2,149)
Effect of changes of the consolidation scope	-	-	(10)	-	-	(10)	(56)	(66)
Sub-total of changes linked to relations with shareholders	1,223	23	(2,588)	-	-	(1,342)	(468)	(1,810)
2019 Net income	-	-	-	3,248	-	3,248	698	3,946
Change in unrealised or deferred gains and losses	-	-	-	-	648	648	31	679
Other changes	-	-	(53)	-	-	(53)	(1)	(54)
Sub-total	-	-	(53)	3,248	648	3,843	728	4,571
Shareholders' equity at 31 December 2019	21,969	9,133	29,558	3,248	(381)	63,527	5,043	68,570

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

CASH FLOW STATEMENT

<i>(In millions of euros)</i>	2019	2018 **
Consolidated net income (I) *	3,946	4,813
Amortisation expense on tangible and intangible fixed assets (including operational leasing)	5,181	4,589
Depreciation and net allocation to provisions	(3,284)	2,343
Net income/loss from investments accounted for using the equity method	129	(53)
Change in deferred taxes	295	357
Net income from the sale of long-term assets and subsidiaries	(84)	(101)
Other changes *	1,295	(358)
Non-cash items included in net income and other adjustments excluding income on financial instruments at fair value through profit or loss (II)	3,532	6,777
Income on financial instruments at fair value through profit or loss	5,267	4,901
Interbank transactions	14,554	(1,921)
Customers transactions	5,429	(11,732)
Transactions related to other financial assets and liabilities	(36,748)	(1,598)
Transactions related to other non-financial assets and liabilities	14,424	(4,643)
Net increase/decrease in cash related to operating assets and liabilities (III)	2,926	(14,993)
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III)	10,404	(3,403)
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long term investments	234	(5,758)
Net cash inflow (outflow) related to tangible and intangible fixed assets	(7,210)	(7,621)
Net cash inflow (outflow) related to investment activities (B)	(6,976)	(13,379)
Cash flow from/to shareholders	(1,219)	(2,543)
Other net cash flow arising from financing activities	3,229	(471)
Net cash inflow (outflow) related to financing activities (C)	2,010	(3,014)
Effect of changes in foreign exchange rates on cash and cash equivalents (D)	1,386	2,179
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C) + (D)	6,824	(17,617)
Cash, due from central banks (assets)	96,585	114,404
Due to central banks (liabilities)	(5,721)	(5,604)
Current accounts with banks (see Notes 3.5 and 4.3)	24,667	22,159
Demand deposits and current accounts with banks (see Note 3.6)	(13,875)	(11,686)
Cash and cash equivalents at the start of the year	101,656	119,273
Cash, due from central banks (assets)	102,311	96,585
Due to central banks (liabilities)	(4,097)	(5,721)
Current accounts with banks (see Notes 3.5 and 4.3)	21,843	24,667
Demand deposits and current accounts with banks (see Note 3.6)	(11,577)	(13,875)
Cash and cash equivalents at the end of the year	108,480	101,656
Net inflow (outflow) in cash and cash equivalents	6,824	(17,617)

* The 2018 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 with the published consolidated financial statements for the year ended 31 December 2018 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

The consolidated financial statements were approved by the Board of Directors on 5 February 2020.

NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION



ACCOUNTING STANDARDS

In accordance with European Regulation 1606/2002 of 19 July 2002 on the application of International Accounting Standards, the Societe Generale Group (“the Group”) prepared its consolidated financial statements for the year ended 31 December 2019 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date.

These standards are available on the European Commission website at:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

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

In accordance with the transitional measures provided by IFRS 9, the Group has elected to recognise hedging transactions under IAS 39 as adopted by the European Union, including measures related to macro-fair value hedge accounting (IAS 39 “carve-out”).



FINANCIAL STATEMENTS PRESENTATION

As the IFRS accounting framework does not specify a standard model, the format of the primary financial statements used to present the data for financial year 2019 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 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 cycle)

Amendments to IAS 39, IFRS 7 and IFRS 9 in the context of the interest rate benchmark reform

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 the existing standard, 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 the IFRS 16 standard adopted by the European Union on 31 October 2017. The Group did not early apply the measures provided by IFRS 16 to previous reporting period. Consequently, the accounting principles applicable to leases and the disclosures presented in the notes have been amended as from 1 January 2019.

ACCOUNTING TREATMENTS PROVIDED BY IFRS 16 STANDARD

Leases recognition

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

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

The accounting treatments are detailed in the Note 8.4.

Scope

Regards Group's activities, these accounting treatments apply to building leases, computer equipment leases and a very small percentage of vehicle leases. The Group used the option not to apply 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 is calculated by discounting residual rental payments with the incremental borrowing rates in effect on that date of the lessees' entities (rates determined according to the requirements described on the Note 8.4), taking into account the residual maturity of the contracts. The corresponding rights-of-use 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 as of 1 January 2019 are considered short-term leases (leases of less than one year) and not booked, in accordance 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 by the accounting of a lease liability and a corresponding right-of-use asset for 2,050 million of euros.

The lease liability is booked under the heading *Other liabilities* and the rights-of-use are classified under the tangible fixed assets, except leases included in a group of assets and liabilities held for sale which are stated under specific headings in the consolidated financial statement.

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

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

Impacts on the balance sheet at 1 January 2019

<i>(In millions of euros)</i>	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 from:

- (a) An increase of 2,011 million euros of the *Tangible and intangible fixed assets* heading which breaks down into:
 - An increase of 2,118 million euros of tangible fixed assets due to:
 - The rights-of-use booking of 2,110 million euros linked to the accounting in the balance sheet of leases concerning the following underlying assets:
 - 2,012 million euros linked to building leases contracted for the lease of French and international commercial (branches in the retail banking networks) and office space;
 - 93 million euros relative to computer equipment leases (of which 83 million euros for the Data Centers);
 - 5 million euros concerning vehicle leases;
 - The reclassification for 107 million euros of the leaseholds linked to leases, previously booked under the intangible fixed assets and stated as a separate component of the right-of-use;
 - The reclassification for - 102 million euros, mainly composed of 99 million euros of deferred revenues related to rent-free periods, previously recognised under *Other liabilities*;
 - The reclassification from *Other assets* of prepaid expenses for 3 million euros concerning the prepaid rents.
 - A decrease of 107 million euros of intangible fixed assets relative to the reclassification of leaseholds.

- (b) An increase of 2,008 million euros of *Other liabilities* linked to the following movements:
- The recognition of a lease liability for 2,110 million euros;
 - The reclassification of the rent-free periods for 102 million euros, including 99 million euros of the deferred revenues related to rent-free periods.
- (c) The accounting of rights-of-use and lease liability for 42 million euros by entities whose assets and liabilities are classified as “Non-current assets held for sale” and “Non-current liabilities related to non-current assets held for sale”.

Reconciliation of amount of the future minimum operating lease payments reported at 31 December 2018 with the amount of the lease liability booked 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 statement of financial position at 1 January 2019 applying IFRS 16.

(In millions of euros)

Future minimum operating lease payments related to operating lease contracts at	
31 December 2018	2,388
Lease contracts not booked in the statement of financial position ⁽¹⁾	(38)
Non-discounted lease liability at 1 January 2019	2,350
Discount effect	(214)
<i>Discount rate</i> ⁽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 items;

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

(3) Lease liability booked at 1 January 2019 relative to leases whose minimum operating lease payments had been excluded because of materiality issue from the amount stated in the Notes as of 31 December 2018;

(4) This amount excludes the lease liability stated under « Other liabilities » (2,110 million euros) and under “Non-current liabilities held for sale” (42 million euros)

IFRS INTERPRETATIONS COMMITTEE (IFRS IC) DECISIONS ON 26 NOVEMBER 2019

In the first half of 2019, IFRS IC received a request regarding the determination of the enforceable period to be used for the accounting of leases. At its meeting on 26 November 2019, IFRS IC concluded that the principles and requirements of IFRS 16 provide an adequate basis to determine the lease term, while indicating that the assessment of the enforceability of the contract must take into account all the economic aspects of the contract and not only the contractual termination penalties. Consequently, IFRS IC decided not to add the matter to its work program and did not consider it necessary to solicit the IASB (International Accounting Standards Board) for an amendment to clarify the interpretation of IFRS 16 regarding the matter. The analysis of the potential consequences of this decision on the Group's financial statements is ongoing and will continue in the first half of 2020. As of 31 December 2019, the methods and assumptions used by the Group to determine the term of property leases, and in particular that of commercial leases in France, have not been modified from those implemented since the first application of IFRS 16.

IFRIC 23 “UNCERTAINTY OVER INCOME TAX TREATMENTS”

This interpretation provides clarifications about the measurement and 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, on the basis that they will control the treatment in question and 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 predictions 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 reclassification of the provisions for income tax adjustments in *Tax liabilities*.

ANNUAL IMPROVEMENTS (2015-2017)

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

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

The application of this amendment has resulted in a reclassification in the income statement (under the heading *Income tax*) of the tax savings related to the payment of coupons to holders of perpetual subordinated and deeply subordinated notes previously accounted in the retained earnings. This change in presentation is carried out retrospectively with a restatement of comparative data. The amount of tax savings amounted to 257 million euros at 31 December 2018 and 259 million euros at 31 December 2019.

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

AMENDMENTS TO IAS 39, IFRS 7 AND IFRS 9 IN THE CONTEXT OF THE INTEREST RATE BENCHMARK REFORM

In the context of the financial crisis, the inaccuracy and lack of integrity of interest rate benchmarks (EONIA, EURIBOR, LIBOR, etc.) made it necessary to reform their method of determination.

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

Within the European Union, regulation 2016/1011 (known as “BMR regulation”) was passed to implement the principles and recommendations of IOSCO and FSB by creating, as of 1 January 2018, a uniform legal framework regarding the provision of benchmarks. As part of the implementation of this regulation, the administrators of EONIA, EURIBOR and LIBOR were required to review and, if necessary, to modify the methodologies used for these indexes in order to make them compliant to the new BMR provisions.

Since 2 October 2019, €STER has come to replace EONIA; this latter will however be published until 31 December 2021 by anchoring on €STER (EONIA = €STER + 8.5 bps). The reform of the EURIBOR was started in December 2018 and this index was declared compliant with BMR regulation on 3 July 2019. The EURIBOR quotation should continue for at least 5 years. The new SOFR and SONIA benchmarks, intended to replace the LIBOR benchmarks, have been published since 2018, but the publication of the latter will continue at least until 2021.

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

Uncertainties about the timing and the precise methods of transition between the current benchmarks and the new benchmarks, as well as the modifications which could be made to the financial instruments referencing the current benchmarks, are likely to have consequences on accounting treatment related to the hedge accounting, and to the modification applied to these instruments (following the application of replacement contractual clauses - "Fallback" clauses - or following a renegotiation of the contract).

To limit these accounting consequences, the IASB published in September 2019 amendments to IAS 39, IFRS 9 and IFRS 7 to prevent uncertainties existing before the transition from jeopardising the hedge accounting applied for hedging interest rate risk. These amendments introduce reliefs related mainly to the compliance with the highly probable nature of the cash flows covered, the compliance with the identifiable nature of the risk covered, the carrying out of prospective and retrospective effectiveness tests. These reliefs will be applicable until the uncertainties referred to are removed, that is to say until the clauses of the financial instruments concerned are effectively modified.

These amendments were adopted by the European Union on 15 January 2020 and can be early-applied from 2019. The Group decided to early-apply the amendments in its 31 December 2019 financial statements and to use the reliefs provided for hedging relationships affected by the uncertainties at that date, including those linked to the EONIA, EURIBOR and LIBOR (USD, GBP, CHF, JPY) benchmarks. The hedging derivatives instruments to which these amendments have been applied are subject to specific disclosures in Note 3.2.

The IASB is currently studying the additional amendments that could be made to the accounting treatment of the contractual modifications that will be made to financial instruments as part of the IBOR reform (replacement of the interest rate benchmark, introduction of new fallback clauses). An exposure draft is expected to be issued at the end of the 2nd quarter 2020.

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

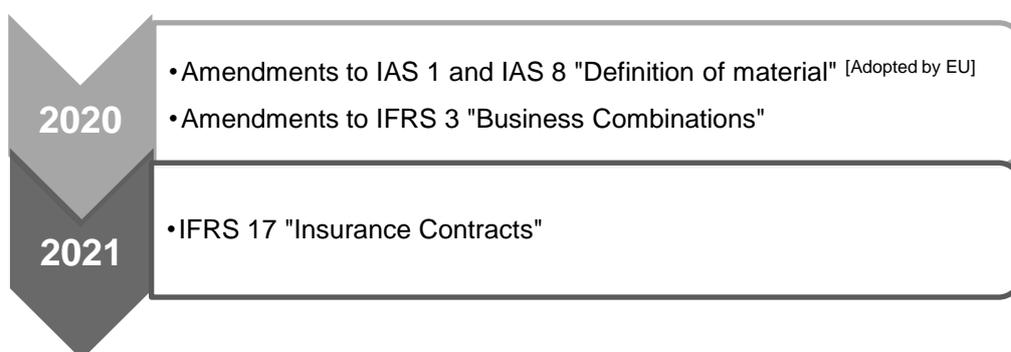
These amendments clarify how pension expenses are determined in the event of amendment, curtailment or settlement of defined benefit pension plans. In these cases, IAS 19 currently calls for the net cost of the defined benefit asset or liability to be remeasured.

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 publishes accounting standards and amendments, some of which have not been adopted by the European Union as at 31 December 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.

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



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

Adopted by the European Union on 29 November 2019

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

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.

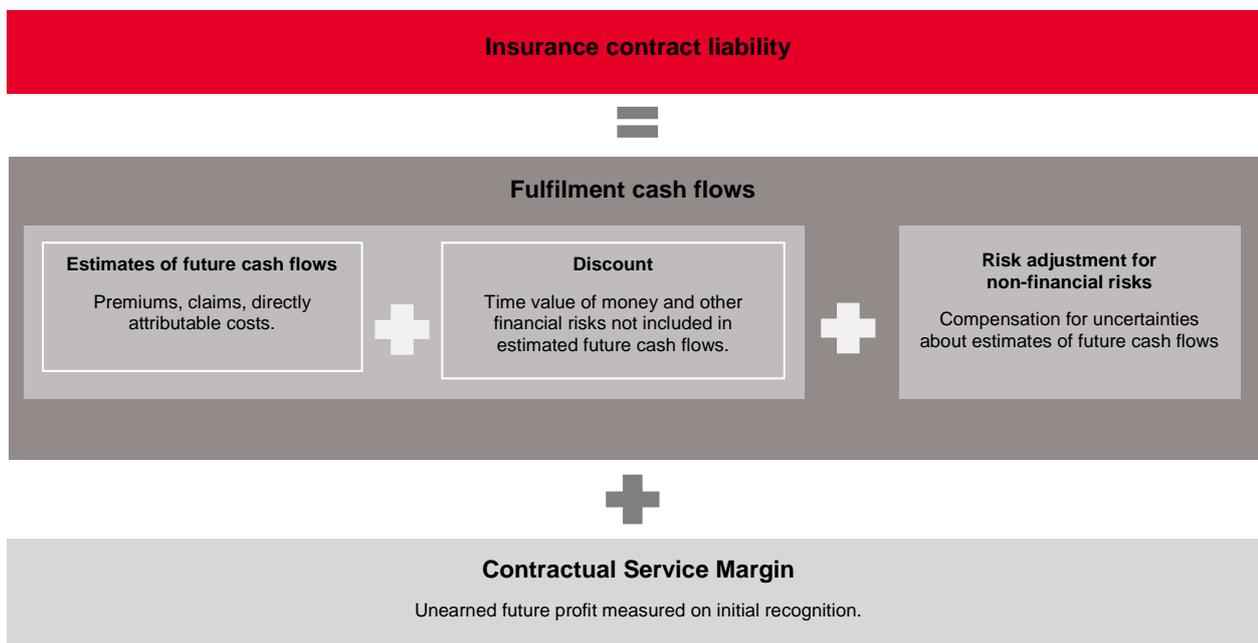
IFRS 17 “INSURANCE CONTRACTS”

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, the IASB issued an exposure draft including a number of amendments to IFRS 17 "Insurance contracts." These modifications aim to facilitate the implementation of the standard. In particular, it is proposed to defer the first application date by one year, postponing it to the annual periods beginning on 1 January 2022 with a mandatory comparative period. The Group will not exercise the option offered by IFRS 17 to apply the standard by anticipation. In addition, EFRAG, commenting IASB exposure draft, considers that it would be more realistic to postpone IFRS 17 first application by one more year to 1 January 2023.

During 2018, the Group determined a project framework for the implementation of the new standard in order to identify the stakes and impacts for the Insurance business unit. The project work continued during 2019.

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 or among other comprehensive income, on the valuation of assets and liabilities in the balance sheet, and on 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 their nature, valuations based on estimates include risks and uncertainties relating to their occurrence in the future. Consequently, actual future results may differ from these estimates and may then have a significant impact on the financial statements.

The use of estimates and judgment mainly concerns the following accounting topics:

- the fair value in the balance sheet of financial instruments not quoted in an active market which are classified as *Financial assets and liabilities at fair value through profit or loss*, *Hedging derivatives*, *Financial assets at fair value through other comprehensive income* or even *Investments of insurance companies* (described in Notes 3.1, 3.2, 3.3, 3.4 and 4.3) and fair value of instruments measured at amortised cost for which this information must be disclosed in the notes to the financial statements (see Note 3.9);
- the amount of impairment and provisions for credit risk related to financial assets measured at amortised cost, or at fair value through other comprehensive income, loan commitments granted and guarantee commitments granted measured with models or internal assumptions based on historical, current and prospective data (see Note 3.8). The uses 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;
- assumptions and amortisation conventions used to determine the maturities of financial assets and liabilities for the purpose of measuring and monitoring the structural interest rate risks and documenting the related macro fair value hedge accounting (see Note 3.2);
- the amount of impairment on goodwill (see Note 2.2);
- the provisions recognised under liabilities, underwriting reserves of insurance companies and deferred profit-sharing (see Notes 4.3, 5.2 and 8.3);
- the amount of tax assets and liabilities recognised in the balance sheet (see Note 6);
- the analysis of the contractual cash flow characteristics of financial assets (see Note 3);
- the assessment of control for determining the scope of consolidated entities, especially for structured entities (see Note 2).

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

On 23 June 2016, the United Kingdom European Union Membership referendum took place and the British people voted to leave the European Union (*Brexit*).

After having been postponed several times, the United Kingdom withdrawal agreement was approved by the British Parliament on 9 January 2020 and by the European Parliament on 29 January 2020, coming into effect the 31 January 2020. European Union law will stop applying to the United Kingdom starting 1 January 2021. During the 11-month transition period, the United Kingdom will keep its European Union member status.

The Group has taken all the necessary steps to guarantee service continuity to its customers starting 31 January 2020, and will be following the developments in the negotiations that will be held during the transition period. The Group has taken into account Brexit's short-, medium- and long-term consequences in the hypotheses and estimates retained in the preparation of the annual consolidated financial statements.

NOTE 2 - CONSOLIDATION



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The various activities of the Societe Generale group in France and abroad are carried out by Societe Generale – Parent company (which includes the Societe Generale foreign branches) and by all of the entities that it controls either directly or indirectly (subsidiaries and joint arrangements) or on which it exercises significant influence (associates). All of these entities make up the scope of the Group consolidation.

Consolidation uses a standardised accounting process to give an aggregated presentation of the accounts of Societe Generale – Parent company and its subsidiaries, joint arrangements and associates, presented as if they were a single entity.

To do so, the individual accounts of the entities that make up the Group are restated so that they are in accordance with IFRS, as adopted by the European Union, in order to present consistent information in the consolidated financial statements.

In addition, the accounting balances (assets, liabilities, income and expense) generated by transactions between Group entities are eliminated through the consolidation process so that the consolidated financial statements present only the transactions and results made with third parties outside of the Group.

ACCOUNTING PRINCIPLES

The consolidated financial statements of Societe Generale include the financial statements of the parent company and of the main French and foreign companies as well as foreign branches over which the Group exercises control, joint control or significant influence.

CONSOLIDATED ENTITIES

▪ Subsidiaries

Subsidiaries are the entities over which the Group has exclusive control. The Group controls an entity if and only if the following conditions are met:

- the Group has power over the entity (ability to direct its relevant activities, i.e. the activities that significantly affect the entity's returns), through the holding of voting rights or other rights; and
- the Group has exposure or rights to variable returns from its involvement with the entity; and
- the Group has the ability to use its power over the entity to affect the amount of the Group's returns.

Power

When determining voting rights for the purpose of establishing the Group's degree of control over an entity and the appropriate consolidation method, potential voting rights are taken into account where they can be freely exercised at the time the assessment is made or at the latest when decisions about the direction of the relevant activities need to be made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

When voting rights are not relevant to determine whether or not the Group controls an entity, the assessment of this control shall consider all the facts and circumstances, including the existence of one or more contractual arrangements. Power over an investee exists only if the investor has substantive rights that give it the current ability to direct relevant activities without barriers.

Some rights are designed to protect the interests of their holder (protective rights) without giving that party power over the investee to which those rights relate.

If several investors each have substantive rights that give them the unilateral ability to direct different relevant activities, the investor that has the current ability to direct the activities that most significantly affect the variable returns of the investee is presumed to have power over the investee.

Exposure to variable returns

Control exists only if the Group is significantly exposed to the variability of variable returns generated by its investment or its involvement in the entity. These returns, which could be dividends, interest, fees, etc., can be only positive, only negative or both positive and negative.

Link between power and returns

Power over the relevant activities does not give control to the Group if this power does not allow it to affect its returns from its involvement with the entity. If the Group has been delegated decision-making rights that it exercises on behalf and for the benefit of third parties (the principals), it is presumed to act as an agent for these principals, and therefore it does not control the entity when it exercises its decision-making power. In asset management activities, an analysis shall be performed in order to determine whether the asset manager is acting as agent or principal when managing the net assets of a fund; the fund is presumed to be controlled by the asset manager if the latter is considered as a principal.

Special case of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Such is the case, for example, when the relevant activities are directed by means of contractual arrangements.

A structured entity often presents certain characteristics such as a limited business activity, a specific and carefully defined purpose, or insufficient capital to fund its activities without the use of subordinated financing.

Structured entities may assume different legal forms: stock companies, partnerships, securitisation vehicles, mutual funds, unincorporated entities, etc.

When assessing the existence of control over a structured entity, all facts and circumstances shall be considered among which:

- the purpose and design of the entity;
- the structuring of the entity;
- risks to which the entity is exposed by way of its design and the Group's exposure to some or all of these risks;
- potential returns and benefits for the Group.

Unconsolidated structured entities are those that are not exclusively controlled by the Group.

▪ Joint arrangements

Through a joint arrangement (either a joint operation or a joint venture) the Group exercises joint control over an entity if decisions about the direction of its relevant activities require the unanimous consent of the parties that collectively control the entity. Assessing joint control requires an analysis of the rights and obligations of all the parties.

In the case of a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities.

In the case of a joint venture, the parties have rights to the net assets of the entity.

▪ **Associates**

Associates are companies over which the Group exercises significant influence and are accounted for using the equity method in the Group's consolidated financial statements. Significant influence is the power to participate in the financial and operating policies of an entity without exercising control. In particular, significant influence can result from Societe Generale being represented on the Board of Directors or Supervisory Board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Societe Generale. The Group is assumed to exercise significant influence over the financial and operating policies of an entity when it directly or indirectly holds at least 20% of the voting rights in this entity.

CONSOLIDATION RULES AND METHODS

The consolidated financial statements are built up from the financial statements of the entities that are included in the consolidation scope. Companies with a fiscal year ending more than three months before or after that of Societe Generale prepare pro-forma statements for a twelve-month period ended 31 December. All significant balances, profits and transactions between Group companies are eliminated.

The results of newly acquired subsidiaries are included in the consolidated financial statements from the date the acquisition became effective and results of subsidiaries disposed of during the fiscal year are included up to the date where the Group relinquished control.

▪ **Consolidation methods**

The subsidiaries, which may include structured entities over which the Group has exclusive control, are fully consolidated.

In the consolidated balance sheet, full consolidation consists in replacing the value of the subsidiary's equity securities held by the Group with each of the subsidiary's assets and liabilities, in addition to the goodwill recognised when the Group assumed control over the entity (see Note 2.2).

In the income statement and the statement of net income and unrealised or deferred gains and losses, the subsidiary's expense and income items are aggregated with those of the Group.

The share of non-controlling interests in the subsidiary is presented separately in the consolidated balance sheet and income statement. However, in consolidated structured entities that are controlled by the Group, the shares of said entities not held by the Group are recognised as *Debt* in the balance sheet.

In the case of a joint operation, the Group distinctly recognises in its consolidated financial statements its share in the assets and liabilities as well as its share in the related revenue and expense.

Associates and joint ventures are accounted for using the equity method in the consolidated financial statements of the Group. Under the equity method, on initial recognition the investment in an associate is recognised under *Investments accounted for using the equity method* at the cost of the Group's investment in the joint venture or associate, including goodwill and after the date of acquisition the carrying amount is increased or decreased to recognise the changes in the investor's share in the net asset value of the investee.

These investments are tested for impairment if there is objective evidence of impairment. If the recoverable amount of the investment (value in use or market value net of selling costs, whichever is higher) is lower than its carrying amount, an impairment loss is recorded on the balance sheet at the carrying amount of the investment. Impairment allowances and reversals are recorded under *Net income from investments accounted for using the equity method*.

The Group's share in the entity's net income and unrealised or deferred gains and losses is presented on separate lines in the consolidated income statement and the consolidated statement of net income and unrealised or deferred gains and losses. If the Group's share in the losses of an entity consolidated using the equity method becomes greater than or equal to its ownership interest in the company, the Group ceases to recognise its share in subsequent losses unless it is required to do so by legal or implied obligations, in which case it records a provision for said losses.

Capital gains and losses generated on disposal of companies accounted for using the equity method are recorded under *Net income/expense from other assets*

▪ **Translation of foreign entity financial statements**

The balance sheet items of consolidated companies reporting in foreign currencies are translated into euro at the official exchange rates prevailing at the closing date. Income statement items of these companies are translated into euros, at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are recognised under *Unrealised or deferred gains and losses – Translation differences*. Gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in changes in consolidated shareholders' equity under the same heading.

In accordance with the option allowed under IFRS 1, the Group allocated all differences arising on translation of foreign entity financial statements at 1 January 2004 to consolidated reserves. As a result, if any of these entities are sold, the proceeds from the sale will only include write-backs of those translation differences arising since 1 January 2004.

▪ **Changes in Group's ownership interest in a consolidated entity**

In the event of an increase in Group's ownership interest in a subsidiary over which it already exercises control, the differences between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired at this date is recorded under *Consolidation reserves, Group share*.

The costs related to these transactions are recognised directly in equity.

When the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is remeasured at fair value through profit or loss, at the same time the capital gain or loss is recorded under *Net income/expense from assets* in the consolidated income statement. The gains or losses on disposals include a share of goodwill previously allocated to the cash-generating units to which the subsidiary belongs. This share's determination is based on a normative capital allocated to the subsidiary that is sold and to the portion of cash-generating unit that is retained.

COMMITMENTS TO BUY OUT MINORITY SHAREHOLDERS IN FULLY CONSOLIDATED SUBSIDIARIES

In some fully consolidated Group subsidiaries, the Group has awarded minority shareholders commitments to buy out their stakes. For the Group, these buyout commitments are put option sales (put options without transfer of the risks and advantages associated with the ownership interest before the option's exercise). The exercise price for these options can be established using a formula agreed upon at the time of the acquisition of the shares in the subsidiary that takes into account its future performance. It can also be set as the fair value of these shares at the exercise date of the options

The commitments are recorded as follows:

- in accordance with IAS 32, the Group records a financial liability for the put options granted to minority shareholders of the subsidiaries over which it exercises control. This liability is initially recognised at the present value of the estimated exercise price of the put options under *Other Liabilities*;
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as the one applied to transactions in *Non-controlling interests*. As a result, the counterpart of this liability is a write-down in value of non-controlling interests underlying the options, with any balance deducted from *Retained earnings, Group share*;
- subsequent variations in this liability (linked to changes in the estimated exercise price of the options and the carrying value of *Non-controlling interests*) are recorded in full in *Retained earnings, Group share*;
- if the buy-out takes place, the liability is settled by the cash payment linked to the acquisition of non-controlling interests in the subsidiary. However if, when the commitment reaches its term, the buy-out has not occurred, the liability is written off against *Non-controlling interests* and *Retained earnings, Group share* for their respective portions;
- as long as the options have not been exercised, the results linked to *Non-controlling interests* with a put option are recorded under *Non-controlling interests* on the Group's consolidated income statement.

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 31 December 2019, compared with the scope applicable at the closing date of 31 December 2018, are as follows:

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 1.0 billion in Non-current liabilities held for sale (o/w EUR 1.0 billion in customer deposits).

LA BANQUE POSTALE FINANCEMENT

On 28 March 2019, the Group sold to La Banque Postale its investment in La Banque Postale Financement (35%) accounted for using the equity method.

BANKA SOCIETE GENERALE ALBANIA SH.A.

On 29 March 2019, the Group sold all its participation in Banka Societe Generale Albania SH.A., 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.

EURO BANK S.A.

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.

SOCIETE GENERALE BANKA MONTENEGRO A.D.

On 16 July 2019, the Group sold all its participation in SG Banka Montenegro A.D., its Montenegrin subsidiary, to OTP Bank. The sale reduced the Group's balance sheet by EUR 0.5 billion, mainly through a decrease of EUR 0.4 billion in customers loans and a decrease of EUR 0.4 billion in customer deposits, reported respectively under *Non-current assets held for sale* and *Non-current liabilities held for sale* at 31 December 2018.

MOBIASBANCA GROUPE SOCIETE GENERALE

On 25 July 2019, the Group sold all its participation in Mobiasbanca, its Moldavian subsidiary, to OTP Bank. The sale reduced the Group's balance sheet by EUR 0.5 billion, mainly through a decrease of EUR 0.3 billion in customers loans and a decrease of EUR 0.5 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 BANKA SRBIJA A.D. BEOGRAD

On 24 September 2019, the Group sold all its participation in SG Banka Srbija A.D Beograd, its Serbian subsidiary, to OTP Bank. The sale reduced the Group's balance sheet by EUR 2.7 billion, mainly through a decrease of EUR 2 billion in customer loans and a decrease of EUR 1.6 billion in customer deposits, reported respectively under *Non-current assets held for sale* and *Non-current liabilities held for sale* at 31 December 2018.

OHRIDSKA BANKA A.D. SKOPJE

On 4 November 2019, the Group sold all its participation in SG Banka Ohridska Banka A.D. Skopje, its Macedonian subsidiary, to Steiermärkische Sparkasse. The sale reduced the Group's balance sheet by EUR 0.6 billion, mainly through a decrease of EUR 0.5 billion in customer loans and a decrease of EUR 0.5 billion of customer deposits, reported respectively under *Non-current assets held for sale* and *Non-current liabilities held for sale* at 31 December 2018.

PEMA GMBH

On 2 December 2019, the Group sold all its participation in PEMA GmbH, a rental company with truck and trailer service, to TIP Trailer Services. This transfer resulted in the reduction in *Tangible and intangible fixed assets* for EUR 0.6 billion and a decrease in *Customer deposits* for EUR 0.5 billion compared to 31 December 2018.

SKB GROUP

On 13 December 2019, the Group sold the entity SKB Banka D.D. Ljubljana (Slovenia) and its subsidiaries Leasing D.O.O and SKB Leasing Select D.O.O. to OTP Bank. The sale reduced the Group's balance sheet by EUR 3 billion, mainly through a decrease of EUR 2.4 billion in customer loans and a decrease of EUR 2.5 billion of customer deposits, compared to 31 December 2018.

The result of these disposals recorded in *Net income/expense from other assets* amounts to EUR -277 million for the 2019 financial year.

NOTE 2.2 - GOODWILL

 <p>MAKING IT SIMPLE</p>	<p>When the Group acquires a company, it integrates in its consolidated balance sheet all of the new subsidiary's assets and liabilities at fair value, as if they had been individually acquired.</p> <p>But the acquisition price of a company is generally higher than the net revalued amount of its assets and liabilities. The excess value, called goodwill, can represent part of the company's intangible capital (reputation, quality of its personnel, market shares, etc.) which contributes to its overall value, or the value of the future synergies that the Group hopes to develop by integrating the new subsidiary in its existing activities.</p> <p>In the consolidated balance sheet, the goodwill is recognised as an intangible asset, the useful life of which is presumed to be unlimited; it is not amortised and therefore does not generate any recurring expense in the Group's future results.</p> <p>However, every year, the Group assesses whether the value of its goodwill has not depreciated. If it has, an irreversible expense is immediately recognised in the Group results, which indicates that the profitability of the intangible capital of the acquired entity is inferior to initial expectations, or that the anticipated synergies have not been fulfilled.</p>
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ACCOUNTING PRINCIPLES

The Group uses the acquisition method to recognise its business combinations.

At the acquisition date, all assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities that are identifiable under the provisions of IFRS 3 "Business Combinations" are measured individually at their fair value regardless of their purpose. The analyses and professional appraisals required for this initial valuation must be carried out within 12 months as from the acquisition date, as must any corrections to the value based on new information related to facts and circumstances existing at the acquisition date. At the same time, non-controlling interests are valued according to their share of the fair value of the identifiable assets and liabilities of the acquired entity. However, for each business combination, the Group may also choose to measure non-controlling interests initially at their fair value, in which case a fraction of goodwill is allocated.

The acquisition cost is calculated as the total fair value, at the date of acquisition, of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired entity. The costs directly linked to business combinations are recognised in the income statement for the period except those related to the issuance of equity instruments.

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is only potential. It is recognised under equity or debt in the balance sheet depending on the settlement alternatives.

If recognised as debt, any subsequent adjustment is recorded under income for financial liabilities in accordance with IFRS 9 and within the scope of the appropriate standards for other debts. For equity instruments, these subsequent adjustments are not recognised. Any excess of the price paid over the assessed fair value of the proportion of net assets acquired is recorded on the asset side of the consolidated balance sheet under *Goodwill*. Any deficit is immediately recognised in the income statement. On the date of acquisition of an entity, any stake in this entity already held by the Group is remeasured at fair value through profit or loss. In the case of a step acquisition, goodwill is therefore determined by referring to the fair value on the acquisition date.

At the acquisition date, each item of goodwill is allocated to one or more cash-generating units expected to derive benefits from the acquisition. When the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units, goodwill previously allocated to modified units is reallocated to the units affected (new or existing). This reallocation is generally performed using a relative approach based on the normative capital requirements of each cash-generating unit affected.

Goodwill is reviewed regularly by the Group and tested for impairment whenever there is any indication that its value may have diminished, and at least once a year. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating unit(s).

If the recoverable amount of the cash-generating unit(s) is less than its (their) carrying amount, an irreversible impairment is recorded in the consolidated income statement for the period under *Value adjustments on goodwill*.

At 31 December 2019, goodwill is split into the following 11 Cash-Generating Units (CGUs):

Pillars	Activities
French Retail Banking	
Societe Generale Network	Societe Generale's retail banking network, Boursorama online banking activities, consumer and equipment financing in France
Crédit du Nord	Retail banking network of Crédit du Nord and its 7 regional banks
International Retail Banking and Financial Services	
Europe	Retail banking and consumer finance services in Europe, notably in Germany (Hanseatic Bank, BDK), Italy (Fiditalia), France (CGL), Czech Republic (KB, Essox), Romania (BRD)
Russia	Integrated banking group including Rosbank and its subsidiary Rusfinance
Africa, Mediterranean Basin and Overseas	Retail banking and consumer finance in Africa, the Mediterranean Basin and Overseas, including in Morocco (SGMA), Algeria (SGA), Tunisia (UIB), Cameroon (SGBC), Côte d'Ivoire (SGBCI) and Senegal (SGBS)
Insurance	Life and non-life insurance activities in France and abroad (including Sogecap, Sogessur, Oradéa Vie and Antarius)
Equipment and Vendor Finance	Financing of sales and professional equipment by Societe Generale Equipment Finance
Auto Leasing Financial Services	Operational vehicle leasing and fleet management services (ALD Automotive)
Global Banking and Investor Solutions	
Global Markets and Investor Services	Market solutions for businesses, financial institutions, the public sector, family offices and a full range of securities services, clearing services, execution, prime brokerage and custody
Financing and Advisory	Advisory and financing services for businesses, financial institutions, the public sector and transaction and payment management services
Asset and Wealth Management	Asset and Wealth Management Solutions in France and abroad

The table below shows the changes in the net values of goodwill:

<i>(In millions of euros)</i>	Net book value at 31.12.2018	Acquisitions and other increases	Disposals and other decreases ⁽¹⁾	Net book value at 31.12.2019
French Retail Banking	797	-	-	797
Societe Generale Network	286	-	-	286
Crédit du Nord	511	-	-	511
International Retail Banking & Financial Services	2,885	43	(199)	2,729
Europe	1,450	-	(89)	1,361
Russia	-	-	-	-
Africa, Mediterranean Basin and Overseas	231	-	(3)	228
Insurance	335	-	-	335
Equipment and Vendor Finance	335	-	(107)	228
Auto Leasing Financial Services	534	43	-	577
Global Banking and Investor Solutions	970	132	(1)	1,101
Global Markets and Investor Services	501	83	-	584
Financing and Advisory	57	-	-	57
Asset and Wealth Management	412	49	(1)	460
Total	4,652	175	(200)	4,627

(1) The other decreases include the reclassification of the entities held for sale's goodwill to Non-current assets held for sale (see Note 2.4).

ACQUISITION OF COMMERZBANK « EQUITY MARKETS AND COMMODITIES » BUSINESS

Following the agreement signed on 8 November 2018, the Group is committed to acquiring the 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 staff integration and the transfers of trading books at 31 December, the Group already took control of the "Exotic, Vanilla and Funds" (EVF) business and the asset management activities leading to the recognition of a EUR 83 million goodwill for the EVF business (included in the "Global Markets and Investor Services" CGU) and a EUR 49 million goodwill 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 or loss* in the consolidated balance sheet (see Note 3.1).

ANNUAL IMPAIRMENT TEST

The Group performed an annual impairment test at 31 December 2019 for each CGU to which goodwill had been allocated. A CGU is defined as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from the Group's other assets or groups of assets. Impairment tests consist into assessing the recoverable value of each CGU and comparing it with its carrying value. An irreversible impairment loss is recorded in the income statement if the carrying value of a CGU, including goodwill, exceeds its recoverable value. This loss is booked to the impairment of goodwill.

The recoverable amount of a cash-generating unit is calculated using the most appropriate method, generally the discounted cash flow (DCF) method applied to the entire cash-generating unit. The cash flows used in this calculation are income available for distribution generated by all the entities included in the cash-generating unit, taking into account the Group targeted equity allocated to each CGU.

The cash flows were determined this year on a five-year period, with the prospective four-year budgets (from 2020 to 2023) extrapolated over the year 2024, this one corresponding to a "normative" year used to calculate the terminal value:

- allocated equity at 31 December 2019 amounted to 11% of risk-weighted assets, excepted for Crédit du Nord, whose allocated equity amounted to 10.5%, in accordance with the entity's management guidelines;
- the discount rate is calculated using a risk-free rate grossed up by a risk premium based on the CGU's underlying activities. This risk premium, specific to each activity, is calculated from a series of equity risk premiums published by SG Cross Asset Research and from its specific estimated volatility (beta). Where appropriate, the risk-free rate is also grossed up by a sovereign risk premium, representing the difference between the risk-free rate available in the area of monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term treasury bonds issued (mainly US dollar area or Euro area), in proportion with risk-weighted assets for CGUs covering several countries;
- the growth rates used to calculate the terminal value is determined using forecasts on long-term economic growth and sustainable inflation. These rates are estimated using two main sources, namely the International Monetary Fund and the economic analyses produced by SG Cross Asset Research which provide 2024 forecasts.

No goodwill impairment was recognised as at 31 December 2019 as a result of the annual CGU impairment test.

The table below presents discount rates and long-term growth rates specific for the CGUs of the Group's three core businesses:

Assumptions at 31 December 2019	Discount rate	Long-term growth rate
French Retail Banking		
Societe Generale Network and Crédit du Nord	7.7%	2%
International Retail Banking and Financial Services		
Retail Banking and Consumer Finance	10.1% to 14.5%	2% to 3%
Insurance	9.0%	2.5%
Equipment and Vendor Finance and Auto Leasing Financial Services	9.2%	2%
Global Banking and Investor Solutions		
Global Markets and Investor Services	12.3%	2%
Financing and Advisory	10.0%	2%
Asset and Wealth Management	9.7%	2%

Budget projections are based on the following main business line and macroeconomic assumptions:

French Retail Banking

- | | |
|---|---|
| Societe Generale Network and Crédit du Nord | <ul style="list-style-type: none"> ■ In a challenging environment (regulatory constraints, low inflation, historically low rates), ongoing efforts to shift operations and relationship banking at Societe Generale and Crédit du Nord towards a digital model ■ Confirmation of Boursorama's customer acquisition plan |
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International Retail Banking & Financial Services

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|--------|---|
| Europe | <ul style="list-style-type: none"> ■ Continued adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations ■ Strict discipline applied to operating expenses and normalisation of cost of risk |
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- | | |
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| Russia | <ul style="list-style-type: none"> ■ Continued recovery of activities in Russia in stabilising economic conditions ■ Strict discipline applied to operating expenses and cost of risk |
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|--|---|
| Africa, Mediterranean Basin and Overseas | <ul style="list-style-type: none"> ■ Continued development of Societe Generale's sales network and expansion of services through the mobile banking offer ■ Continued focus on operating efficiency |
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- | | |
|-----------|---|
| Insurance | <ul style="list-style-type: none"> ■ Reinforcement of integrated bank insurance model and continued dynamic growth in France and abroad in synergy with the retail banking network, Private Banking and financial services to businesses |
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- | | |
|------------------------------|---|
| Equipment and Vendor Finance | <ul style="list-style-type: none"> ■ Consolidation of leadership in these corporate financing businesses ■ Consolidation of profitability by continuing to focus on activities with the best risk/reward ■ Strict discipline applied to operating expenses |
|------------------------------|---|
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- | | |
|---------------------------------|---|
| Auto Leasing Financial Services | <ul style="list-style-type: none"> ■ Reinforcement of leadership of ALD relative to solutions of mobility and continued growth for strategic partners and for long-time leasing to retail customers ■ Continued focus on operating efficiency |
|---------------------------------|---|
-

Global Banking and Investor Solutions

- | | |
|--------------------------------------|---|
| Global Markets and Investor Services | <ul style="list-style-type: none"> ■ Adaptation of market activities to a competitive environment, coupled with further business and regulatory investments. ■ Consolidation of market-leading franchises (equities) particularly through the integration of Commerzbank Equity Markets and Commodities activities ■ Continued of optimisation measures and investments in information systems |
|--------------------------------------|---|
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- | | |
|------------------------|---|
| Financing and Advisory | <ul style="list-style-type: none"> ■ Continuation of origination momentum of financing activities ■ Consolidation of market-leading franchises (commodity and structured financing) ■ Management of cost of risk despite challenging economic conditions |
|------------------------|---|
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- | | |
|-----------------------------|--|
| Asset and Wealth Management | <ul style="list-style-type: none"> ■ Consolidation of commercial and operational efficiency in Wealth Management in a constrained environment and continued development of synergies with retail bank network ■ Integration of Commerzbank Asset Management activities |
|-----------------------------|--|
-

Sensitivity tests are carried out to measure the impact on each CGU's recoverable value of the variation in certain assumptions.

At 31 December 2019, in light of the risks associated with business activity in the current environment (market volatility, regulatory uncertainties), sensitivities to variations in the discount rate, long-term growth were measured.

According to the results of these tests:

- an increase of 50 basis points applied to all discount rates for the CGUs disclosed in the table above would lead to a decrease of 25.3% in recoverable value and would not generate any additional impairment;
- similarly, a decrease of 50 basis points in long-term growth rates would lead to a decrease of 8.1% in recoverable value and would not generate any additional impairment.

NOTE 2.3 - UNCONSOLIDATED STRUCTURED ENTITIES

The information provided hereafter concerns entities structured but not controlled by the Group. This information is grouped by main type of similar entities, such as Financing activities, Asset management and Others (including Securitisation and Issuing vehicles).

Asset financing includes lease finance partnerships and similar vehicles that provide aircraft, rail, shipping or real estate finance facilities.

Asset management includes mutual funds managed by the Group's asset management subsidiaries.

Securitisation includes securitisation funds or similar vehicles issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches.

The Group's interests in unconsolidated entities that have been structured by third parties are classified among financial instruments in the consolidated balance sheet according to their nature.

1. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group's interests in an unconsolidated structured entity refer to contractual and non-contractual involvements that expose the Group to the variability of returns from the performance of this structured entity.

Such interests can be evidenced by:

- the holding of equity or debt instruments (regardless of their rank of subordination);
- other funding (loans, cash facilities, loan commitments, liquidity facilities...);
- credit enhancement (guarantees, subordinated instruments, credit derivatives...);
- issuance of guarantees (guarantee commitments);
- derivatives that absorb all or part of the risk of variability of the structured entity's returns, except Credit Default Swap (CDS) and options purchased by the Group;
- contracts remunerated by fees indexed to the structured entity's performance;
- tax consolidation agreements.

	Asset financing		Asset management		Others	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<i>(In millions of euros)</i>						
Total balance sheet of the entity ⁽¹⁾	7,436	7,900	135,564	121,154	31,038	27,464
Net carrying amount of Group interests in unconsolidated structured entities						
Assets	2,011	3,232	13,139	5,596	8,950	10,645
Financial assets at fair value through profit or loss	446	384	12,652	4,964	3,801	5,509
Financial assets at fair value through other comprehensive income	-	-	-	-	55	56
Financial assets at amortised cost	1,553	2,843	361	462	5,094	5,080
Others	12	5	126	170		-
Liabilities	1,851	1,533	12,241	4,701	4,261	5,680
Financial liabilities at fair value through profit or loss	218	198	8,927	3,122	3,438	4,845
Due to banks and customer deposits	1,621	1,313	1,625	1,487	823	830
Others	12	22	1,689	92		5

(1) For Asset management, NAV (Net Asset Value) of funds.

In 2019, the Group did not provide any financial support to these entities outside of any binding contractual arrangement and, as of 31 December 2019, does not intend to provide such support.

The maximum exposure to loss related to interests in unconsolidated structured entities is measured as:

	Asset financing		Asset management		Others	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<i>(In millions of euros)</i>						
Amortised cost or fair value ⁽¹⁾ (according to the measurement of the financial instrument) of non-derivative financial assets entered into with the structured entity	3,029	2,910	5,097	5,227	2,333	2,450
Fair value ⁽¹⁾ of derivative financial assets recognised in the balance sheet	327	248	9,885	1,268	2,885	4,309
Notional amount of CDS sold (maximum amount to be paid)	-	-	-	-	-	-
Notional amount of loan or guarantee commitments granted	534	387	978	1,355	1,848	1,198
Maximum exposure to loss	3,890	3,545	15,960	7,850	7,066	7,957

The amount of maximum exposure to loss can be mitigated by:

- the notional amount of guarantee commitments received;
- the fair value⁽¹⁾ of collateral received;
- the carrying amount of surety deposits received.

These mitigating amounts must be capped in case of legal or contractual limitation of their realisable or recoverable amounts. They amounted to EUR 2,009 million and mainly concern Asset financing.

(1) Fair value at closing date. This fair value can change during subsequent financial years.

2. INFORMATION ON UNCONSOLIDATED STRUCTURED ENTITIES SPONSORED BY THE GROUP

The Group may have no ownership interest in a structured entity, but still be considered as a sponsor of this structured entity if it acts or has acted as:

- a structurer;
- an originator for potential investors;
- an asset manager;
- an implicit or explicit guarantor of the entity's performance (in particular via capital or return guarantees granted to mutual fund unit holders).

A structured entity is also considered to be sponsored by the Group if its name includes the name of the Group or the name of one of its subsidiaries.

Conversely, entities that are structured by the Group according to specific needs expressed by one or more customers or investors are considered to be sponsored by said customers or investors.

At 31 December 2019, the total amount of the balance sheet of these unconsolidated structured entities, sponsored by the Group, and in which the Group does not have any interest, was EUR 2,570 million (including EUR 252 million for Other structures).

In 2019, no significant revenue has been recognised for these structured entities.

NOTE 2.4 - NON-CURRENT ASSETS HELD FOR SALE AND RELATED DEBT

ACCOUNTING PRINCIPLES

A non-current asset or group of assets and liabilities is deemed to be “held for sale” if its carrying value will primarily be recovered through a sale and not through its continuing use. For this classification to apply, the asset or group of assets and liabilities must then be immediately available-for-sale in its present condition and it must be highly probable that the sale will occur within twelve months.

For this to be the case, the Group must be committed to a plan to sell the asset (or disposal group if assets and liabilities) and have begun actively searching for a buyer. Furthermore, the asset or group of assets and liabilities must be measured at a price that is reasonable in relation to its current fair value.

Assets and liabilities into this category are classified as *Non-current assets held for sale* and *Non-current liabilities held for sale*, with no netting.

If the fair value less selling costs of non-current assets and groups of assets and liabilities held for sale is less than their net carrying value, an impairment is then recognised in profit or loss. Moreover, *Non-current assets held for sale* are no longer amortised or depreciated.

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Assets	4,507	13,502
Fixed assets and Goodwill	5	262
Financial assets	4,464	11,245
<i>Financial assets at fair value through profit or loss</i>	26	111
<i>Hedging derivatives</i>	10	-
<i>Financial assets at fair value through other comprehensive income</i>	-	1,429
<i>Securities at amortised cost</i>	-	59
<i>Due from banks at amortised cost</i>	68	324
<i>Customer loans at amortised cost</i>	4,360	9,322
Other assets	38	1,995
Liabilities	1,333	10,454
Provisions	14	22
Financial liabilities	1,211	10,309
<i>Financial liabilities at fair value through profit or loss</i>	-	2
<i>Hedging derivatives</i>	9	-
<i>Debt securities issued</i>	-	116
<i>Due to banks</i>	786	596
<i>Customer deposits</i>	416	9,595
<i>Subordinated debts</i>	-	-
Other liabilities	108	123

As at 31 December 2019, the *Non-current assets held for sale* and *Non-current liabilities held for sale* items mainly encompass the assets and liabilities of the retail banking SG de Banque aux Antilles, the assets and liabilities of the equipment finance and factoring company SG Finans AS, and the assets and liabilities related to the South African securities services activity (SG Johannesburg).

The changes of the *Non-current assets held for sale* and *Non-current liabilities held for sale* items compared to 31 December 2018 mainly come from:

- the sale of entities detailed in the Note 2.1;
- the reclassification of assets and liabilities of the entities SG de Banque aux Antilles and SG Finans AS.

Some *Non-current assets held for sale* (mostly goodwill and fixed assets) are measured at the lowest between accounting value and fair value less disposal costs. It 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 31 December 2019 amounts to EUR -109 million under *Net income/expense from other assets*.

NOTE 3 - FINANCIAL INSTRUMENTS



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The financial instruments represent the contractual rights or obligations to receive or to pay cash or other financial assets. The Group's banking activities generally take the form of financial instruments covering a broad spectrum of assets and liabilities, such as loans, investment portfolios (equity, bonds, etc.), deposits, regulated savings accounts, debt securities issued and derivative instruments (swaps, options, forward contracts, credit derivatives, etc.).

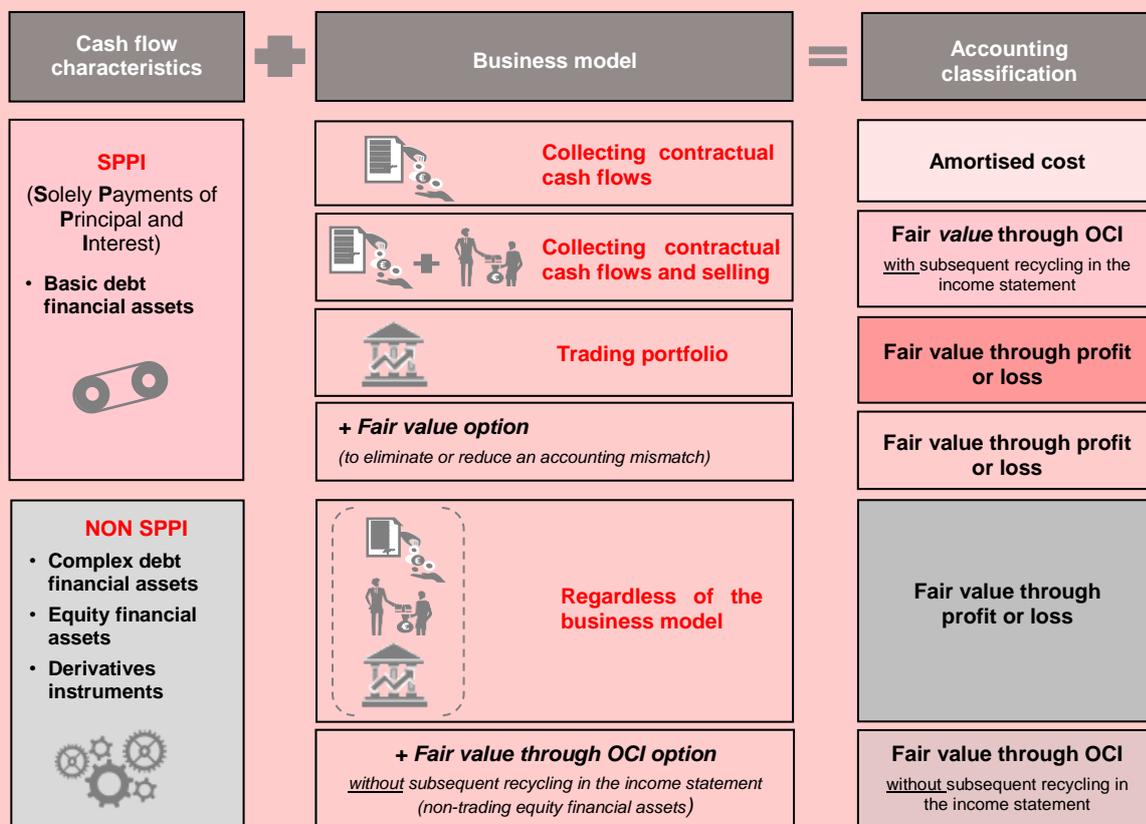
In the financial statements, the classification and valuation of financial assets and liabilities depend on their contractual characteristics and the way the entity manages those financial instruments.

However, this distinction is not applicable to derivative instruments, which are always measured at fair value in the balance sheet, no matter what their purpose is (market activities or hedging transactions).

ACCOUNTING PRINCIPLES

CLASSIFICATION OF FINANCIAL ASSETS

At initial recognition, financial instruments are classified in the Group balance sheet in one of three categories (amortised cost, fair value through profit or loss, and fair value through other comprehensive income) that determine their accounting treatment and subsequent measurement method. Classification is based on their contractual cash flow characteristics and the entity's business model for managing the assets.



The accounting principles for classifying financial assets require the entity to analyse the contractual cash flows generated by the financial instruments and to analyse the business model for managing the financial instruments.

Analysis of contractual cash flow characteristics

The aim of the analysis of contractual cash flow characteristics is to limit the option of recognising revenues from financial assets using the effective interest method exclusively to instruments whose characteristics are similar to those of a basic lending arrangement, meaning their associated cash flows are highly predictable. All other financial instruments that do not share these characteristics are measured at fair value through profit or loss, regardless of the business model used to manage them.

Contractual inflows that represent Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding are consistent with a basic lending arrangement.

In a basic lending arrangement, interest predominantly consists of a consideration for the time value of money and for credit risk. Interest may also include a consideration for liquidity risk, administrative costs, and a commercial profit margin. Negative interest is not inconsistent with this definition.

All financial assets that are not basic will be mandatorily measured at fair value through profit or loss, regardless of the business model for managing them.

Derivatives qualifying as hedging instruments for accounting purposes are recorded on a separate line in the balance sheet (see Note 3.2).

The Group can make the irrevocable decision, on a security-by-security basis, to classify and measure an investment in an equity instrument (shares and other equity securities) that is not held for trading purposes at fair value through other comprehensive income. Subsequently, the profit or loss accumulated in other comprehensive income will never be reclassified to profit or loss (only dividends from those investments will be recognised as income).

Analysis of the business model

The business model represents how the financial instruments are managed in order to generate cash flows and income.

The Group uses several business models in the course of exercising its different business lines. Business models are assessed on how groups of financial instruments are managed together to achieve a particular business objective. The business model is not assessed on an instrument-by-instrument basis, but at a portfolio level, considering relevant evidence such as:

- how the performance of the portfolio is evaluated and reported to the Group's management;
- how risks related to financial instruments within that business model are managed;
- how managers of the business are compensated;
- sales of assets realised or expected (value, frequency, purpose).

To determine the classification and measurement of financial assets, three different business models shall be distinguished:

- a business model whose objective is to collect contractual cash flows ("Collect" business model);
- a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("Collect and Sell" business model);
- a separate business model for other financial assets, especially those that are held for trading purposes, where collecting contractual cash flows is only incidental.

Fair value option

SPPI financial assets that are not held for trading purposes can be designated, at initial recognition, at fair value through profit or loss if such designation eliminates or significantly reduces discrepancies in the accounting treatment of related financial assets and liabilities (accounting mismatch).

CLASSIFICATION OF FINANCIAL LIABILITIES

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

- *Financial liabilities at fair value through profit or loss*: these are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Group upon initial recognition to be measured at fair value through profit or loss using the fair value option;
- *Debts*: these include the other non-derivative financial liabilities and are measured at amortised cost.

Derivative financial assets and liabilities qualifying as hedging instruments are presented on separate lines of the balance sheet (see Note 3.2).

RECLASSIFICATION OF FINANCIAL ASSETS

Reclassification of financial assets are only required in the exceptional event that the Group changes the business model used to manage these assets.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation methods used by the Group to establish the fair value of financial instruments are detailed in Note 3.4.

INITIAL RECOGNITION

Financial assets are recognised on the balance sheet:

- at the settlement/delivery date for securities;
- at the trade date for derivatives;
- at the disbursement date for loans.

For instruments measured at fair value, changes in fair value between the trade date and the settlement-delivery date are recorded in net income statement or in other comprehensive income, depending on the accounting classification of the financial assets in question. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Group.

When initially recognised, financial assets and liabilities are measured at fair value including transaction costs directly attributable to their acquisition or issuance, except for financial instruments recognised at fair value through profit or loss, for which these costs are booked directly to the income statement.

If the initial fair value is based on observable market data, any difference between the fair value and the transaction price, i.e. the sales margin, is immediately recognised in the income statement. However, if valuation inputs are not observable or if the valuation models are not recognised by the market, the recognition of the sales margin is then generally deferred in the income statement. For some instruments, due to their complexity, this margin is recognised at their maturity or upon disposal in the event of early sale. When valuation inputs become observable, any portion of the sales margin that has not yet been recorded is recognised in the income statement at that time (see Note 3.4.7).

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to ownership of the asset.

The Group also derecognises financial assets over which it has retained the contractual rights to the associated cash flows but is contractually obligated to pass these same cash flows through to a third party ("*pass-through agreement*") and for which it has transferred substantially all the risks and rewards.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Group derecognises it and, where necessary, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the asset's transfer. If the Group has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in that asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for an amount equal to the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity and for the value of any servicing asset or servicing liability. Indemnities billed to borrowers following the prepayment of their loan are recorded in the income statement on the prepayment date among *Interest and similar income*.

The Group derecognises all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

A financial liability may also be derecognised in the event of a substantial amendment to its contractual conditions or where an exchange is made with the lender for an instrument whose contractual conditions are substantially different.

ANALYSIS OF CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS

The Group has established procedures for determining if financial assets pass the SPPI test at initial recognition (loans granting, acquisition of securities, etc.).

All contractual terms shall be analysed, particularly those that could change the timing or amount of contractual cash flows. A contractual term that permits the borrower or the lender to prepay or to return the debt instrument to the issuer before maturity remains consistent with SPPI cash flows, provided the prepayment amount primarily represents the principal remaining due and accrued but unpaid contractual interest, which may include a reasonable compensation. The fact that such compensation can be either positive or negative is not inconsistent with the SPPI nature of cash flows.

The prepayment compensation is considered as reasonable especially when:

- the amount is calculated as a percentage of the outstanding amount of the loan and is capped by regulations (in France, for example, compensation for the prepayment of mortgage loans by individuals is legally capped at an amount equal to six months of interest or 3% of the principal outstanding), or is limited by competitive market practices;
- the amount is equal to the difference between contractual interest that should have been received until the maturity of the loan and the interest that would be obtained by the reinvestment of the prepaid amount at a rate that reflects the relevant benchmark interest rate.

Some loans are prepayable at their current fair value, while others can be prepayable at an amount that includes the fair value cost to terminate an associated hedging swap. It is possible to consider such prepayment amounts as SPPI provided that they reflect the effect of changes in the relevant benchmark interest rate.

	<p>Basic financial assets (SPPI) are debt instruments which mainly include:</p> <ul style="list-style-type: none"> ■ fixed-rate loans, ■ variable-rate loans that can include caps or floors, ■ fixed or variable-rate debt securities (government or corporate bonds, other negotiable debt securities), ■ securities purchased under resale agreements (reverse repos), ■ guarantee deposits paid, ■ trade receivables.
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Contractual terms that would introduce exposure to risks or volatility in the contractual cash flows, unrelated to a basic lending arrangement (such as exposure to changes in equity prices or stock indexes for instance, or leverage features), could not be considered as being SPPI, except if their effect on the contractual cash flows remains minimum.

	<p>Non-basic financial assets (non-SPPI) mainly include:</p> <ul style="list-style-type: none"> ■ derivative instruments, ■ shares and other equity instruments held by the entity, ■ equity instruments issued by <i>mutual funds</i>, ■ debt financial assets that can be converted or redeemed into a fixed number of shares (convertible bonds, equity-linked securities, etc.).
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When the time value component of interest can be modified according to the contractual term of the instrument, it may be necessary to compare the contractual cash flow with the cash flow that would arise from a *benchmark* instrument. For instance, that is the case when an interest rate is periodically reset, but the frequency of that reset does not match the tenor of the interest rate (such as an interest rate reset every month to a one-year rate), or when the interest rate is periodically reset to an average of short- and long-term interest rates.

If the difference between the undiscounted contractual cash flows and the undiscounted benchmark cash flows is or may become significant, then the instrument is not considered basic.

Depending on the contractual terms, the comparison with benchmark cash flow may be performed through a qualitative assessment; but in other cases, a quantitative test is required. The difference between contractual and benchmark cash flows has to be considered in each reporting period and cumulatively over the life of the instrument. When performing this benchmark test, the entity considers factors that could affect future undiscounted contractual cash flows: using the yield curve at the date of the initial assessment is not enough, and the entity also has to consider whether the curve could change over the life of the instrument according to reasonably possible scenarios.

Within the Group, the financial instruments concerned by a benchmark test include, for instance, variable-rate housing loans for which interest rates are reset every year based on the twelve-month Euribor average observed over the two months previous to the reset. Another example is loans granted to real estate professionals for which interest is revised quarterly based on the one-month Euribor average observed over the three months previous to the reset. Following the benchmark analysis performed by the Group, it has been concluded that these loans are basic.

Furthermore, a specific analysis of contractual cash flow is required when financial assets are instruments issued by a securitisation vehicle or a similar entity that prioritises payments to holders using multiple contractually-linked instruments that create concentrations of credit risk (tranches). When assessing whether contractual cash flows are SPPI or not, the entity must analyse the contractual terms, as well as the credit risk of each tranche and the exposure to credit risk in the underlying pool of financial instruments. To that end, the entity must apply a “*look-through approach*” to identify the underlying instruments that are creating the cash flows.

The data presented in Note 3 exclude the financial instruments of insurance subsidiaries; the data for insurance subsidiaries are presented in Note 4.3.
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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

<i>(In millions of euros)</i>	31.12.2019		31.12.2018	
	Assets	Liabilities	Assets	Liabilities
Trading portfolio ⁽¹⁾	358,033	281,246	338,312	285,478
Financial assets measured mandatorily at fair value through profit or loss	24,977		24,057	
Financial instruments measured using fair value option through profit or loss	2,729	82,883	3,181	77,605
Total	385,739	364,129	365,550	363,083
<i>o/w securities purchased/sold under resale/repurchase agreements</i>	111,818	97,895	129,628	98,874

(1) At 31 December 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

ACCOUNTING PRINCIPLES

The trading book contains financial assets and liabilities held or accrued for the purpose of capital markets activities.

This portfolio also includes, among other trading assets, physical commodities that are held by the Group as part of its market-maker activity on commodity derivative instruments.

By default, derivative financial instruments are classified into the trading portfolio, unless they qualify as hedging instruments (see Note 3.2).

The financial instruments recorded in the trading portfolio are measured at fair value at the closing date and recognised in the balance sheet under *Financial assets or liabilities at fair value through profit or loss*. Changes in their fair value and revenues associated to those instruments are recorded in the income statement as *Net gains and losses on financial instruments at fair value through profit or loss*.

TRADING ACTIVITIES

Financial assets held for trading are:

- acquired with the intention of selling them in the short term; or
- held for market-making purposes; or
- acquired for the purposes of the specialised management of a trading portfolio, including derivative financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

	<p>Global market activities</p> <p>The trading business model is applied by Global Banking and Investor Solutions to manage its global market activities.</p> <p>It is also applied for managing syndicated loan commitments and loans that are not intended to be kept by the Group and that have been identified since their origination as to be sold in the short term (within 6 to 12 months) on the secondary market, as well as for loans originated by the Group through originate-to-distribute activities and that are expected to be sold shortly.</p>
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Financial assets held in run-off portfolios are also monitored based on their fair value. Although those portfolios are not related to market activities, those assets are presented amongst trading portfolio and are measured at fair value through profit or loss.

Trading portfolio includes all the financial assets held for trading purpose regardless of the characteristics of their contractual cash flows. Only non-SPPI financial assets that are not held for trading are classified amongst Financial assets measured mandatorily at fair value through profit or loss (see section 2 below).

ASSETS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Bonds and other debt securities	26,080	29,732
Shares and other equity securities	77,966	49,297
Loans, receivables and securities purchased under resale agreements	117,956	135,861
Trading derivatives ⁽¹⁾	135,849	122,983
Other trading assets	182	439
Total	358,033	338,312
<i>o/w securities lent</i>	13,681	12,411

(1) See Note 3.2 Financial derivatives.

LIABILITIES

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Amounts payable on borrowed securities	38,950	51,264
Bonds and other debt instruments sold short	3,518	6,231
Shares and other equity instruments sold short	1,466	1,248
Borrowings and securities sold under repurchase agreements	97,820	98,299
Trading derivatives ⁽¹⁾	138,120	126,946
Other trading liabilities	1,372	1,490
Total	281,246	285,478

(1) See Note 3.2 Financial derivatives.

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

ACCOUNTING PRINCIPLES

Financial assets measured mandatorily at fair value through profit or loss include:

- loans, bonds and bond equivalents that are not held for trading purposes and do not pass the SPPI test (non-basic or non-SPPI instruments).
- shares and share equivalents that are not classified in any other sub-category: trading book at fair value through profit or loss, instruments designated by the Group at fair value through other comprehensive income without subsequent reclassification to profit or loss.

These assets are recorded at fair value in the balance sheet under *Financial assets at fair value through profit or loss* and changes in the fair value of these instruments (excluding interest income) are recorded in the income statement under *Net gains or losses on financial instruments at fair value through profit or loss*.

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

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Bonds and other debt securities	177	158
Shares and other equity securities	2,492	1,996
Loans, receivables and securities purchased under resale agreements	22,308	21,903
Total	24,977	24,057

BREAKDOWN OF LOANS AND RECEIVABLES AND SECURITIES PURCHASED UNDER RESALE AGREEMENTS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Short-term loans	2,029	2,354
Equipment loans	18,152	15,796
Other loans	2,127	3,753
Total	22,308	21,903

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 are mainly:

- 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 them as basic loans (SPPI).

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

ACCOUNTING PRINCIPLES

In addition to financial assets and liabilities held for trading, and financial assets measured mandatorily at fair value through profit or loss, the same headings in the financial statements include non-derivative financial assets and liabilities that the Group has designated at fair value through profit or loss. Changes in the fair value of these instruments (including interest) are recorded in the income statement under *Net gains or losses on financial instruments at fair value through profit or loss*, except the share related to the Group's own credit risk on financial liabilities which is booked under *Unrealised or deferred gains and losses*.

Furthermore, in case of derecognition of a financial liability at fair value through profit or loss using the fair value option before its contractual maturity, gains and losses, if any, related to the Group's own credit risk are booked under *Unrealised or deferred gains and losses* and then reclassified under *Retained earnings* at the beginning of the subsequent financial year.

For financial assets, this option may only be used to eliminate or significantly reduce accounting mismatches that would otherwise arise from applying different accounting treatments to certain related financial assets and liabilities.

For financial liabilities, this option may only be used in the following cases:

- to eliminate or reduce discrepancies in the accounting treatment of certain related financial assets and liabilities;
- when it applies to a hybrid financial instrument with one or more embedded derivatives, which should be recognised separately;
- when a group of financial assets and/or liabilities is managed together and its performance is measured at fair value.

The Group thus recognises structured bonds issued by Societe Generale Corporate and Investment Banking at fair value through profit or loss. These issuances are purely commercial and the associated risks are hedged on the market using financial instruments managed in trading portfolios. By using the fair value option, the Group can ensure consistency between the accounting treatment of these bonds and that of the derivatives hedging the associated market risks, which have to be carried at fair value.

ASSETS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Bonds and other debt securities	1,458	1,310
Loans, receivables and securities purchased under resale agreements	145	819
Separate assets for employee benefits plans	1,126	1,052
Total	2,729	3,181

LIABILITIES

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

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.

Changes in fair value attributable to own credit risk generated a loss of EUR -121 million at 31 December 2019. Up to this date, the total gains and losses attributable to own credit risk amounted to EUR -317 million booked in equity (see Note 7.3).

At 31 December 2019, the difference between the fair value of financial liabilities measured using the fair value option through profit or loss (EUR 82,883 million versus EUR 77,605 million at 31 December 2018) and their amount redeemable at maturity (EUR 83,249 million versus EUR 78,080 million at 31 December 2018) stood at EUR -366 million (EUR -475 million at 31 December 2018).

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

<i>(In millions of euros)</i>	2019	2018
Net gain/loss on trading portfolio (excluding derivatives)	5,754	(6,091)
Net gain/loss on financial instruments at fair value through profit or loss ⁽¹⁾	3,661	941
Net gain/loss on financial instruments measured using fair value option	(15,028)	4,277
Net gain/loss on derivative instruments	9,712	6,263
Net gain/loss on hedging instruments ⁽²⁾	100	35
<i>Net gain/loss on fair value hedging derivatives</i>	<i>1,155</i>	<i>(947)</i>
<i>Revaluation of hedged items attributable to hedged risks ⁽³⁾</i>	<i>(1,055)</i>	<i>982</i>
Net gain/loss on foreign exchange transactions	144	(306)
Total	4,343	5,119
<i>o/w gains on financial instruments at fair value through other comprehensive income</i>	<i>84</i>	<i>103</i>

(1) This item includes realised and unrealised gains and losses on debt and equity instruments, with the exception of the income component of debt instruments representative of an interest rate, which is recorded under net interest margin (see Note 3.7).

(2) This item includes only the net gain/loss on hedging transactions related to financial instruments. For the hedging transactions related to non-financial assets and liabilities, the net gain/loss on hedging transactions is included under the profit and loss account of the hedged item.

(3) This item includes the revaluation of fair value hedged items, including the change in revaluation differences in portfolios hedged against interest rate risk.

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

NOTE 3.2 - FINANCIAL DERIVATIVES



MAKING
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Derivative instruments are financial instruments for which the value changes according to that of an underlying item and can be accompanied by a leverage effect. The items underlying these instruments are various (interest rates, exchange rates, equity, indexes, commodities, credit rating...), as are their forms (forward contracts, swaps, calls and puts...).

The Group may use these derivative instruments for their market activities to provide to its customers solutions to meet their risk management or revenue optimisation needs. In that case, they are accounted for as trading derivatives.

The Group may also use derivative instruments to manage and hedge its own risks. In which case, they are qualified as hedging derivatives. Hedging transactions can concern individual items or transactions (micro-hedging relationships) or portfolios of financial assets and liabilities that can generate a structural interest-rate risk (macro-hedging relationships).

Contrary to other financial instruments, derivative instruments are always measured at fair value in the balance sheet, regardless their purpose (market activities or hedging transactions). The fair value adjustments of trading derivatives are directly recognised in the income statement. However, the accounting method used on hedging transactions aims to neutralise in the income statement the effects of the revaluation of hedging derivatives, as long as the hedge is effective.

ACCOUNTING PRINCIPLES

Derivatives are financial instruments meeting the following three criteria:

- their value changes in response to the change in a specified interest rate, foreign exchange rate, share price, index of prices, commodity price, credit rating, etc.;
- they require little to no initial investment;
- they are settled at a future date.

All financial derivatives are recognised at fair value in the balance sheet as financial assets or financial liabilities. They are considered to be trading derivatives by default, unless they are designated as hedging instruments for accounting purposes.

SPECIAL CASE - FINANCIAL DERIVATIVES HAVING SOCIETE GENERALE SHARES AS THEIR UNDERLYING INSTRUMENT

Financial derivatives having Societe Generale shares as their underlying instrument or shares in Group subsidiaries and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Societe Generale shares (other than derivatives) are equity instruments. These instruments, and any related premiums paid or received, are recognised directly in equity, and any changes in the fair value of these derivatives are not recorded. For sales of put options on Societe Generale shares and forward on Societe Generale shares, a debt is recognised for the value of the notional with a contra entry in equity.

Other financial derivatives having Societe Generale shares as their underlying instrument are recorded in the balance sheet at fair value in the same manner as derivatives with other underlying instruments.

EMBEDDED DERIVATIVES

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host instrument.

Where the host contract is a financial asset, the entire hybrid contract is measured at fair value through profit or loss because its contractual cash flows do not pass the SPPI test.

Where the host contract is a financial liability and is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract if:

- at acquisition, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; and
- it would meet the definition of a derivative.

Once separated, the derivative is recognised at fair value in the balance sheet *under Financial assets or Financial liabilities at fair value through profit or loss* under the aforementioned conditions. The host contract is classified as a financial liability and measured in accordance with its accounting category.

1. TRADING DERIVATIVES

ACCOUNTING PRINCIPLES

Trading derivatives are recorded in the balance sheet under *Financial assets or liabilities at fair value through profit or loss*. Changes in fair value are recorded in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss*.

Changes in the fair value of financial derivatives involving counterparties which subsequently went into default are recorded under *Net gains and losses on financial instruments at fair value through profit or loss* until the termination date of these instruments. At this termination date, receivables and debts on these counterparties are recognised at fair value in the balance sheet. Any further impairment of these receivables is recognised under *Cost of risk* in the income statement.

BREAKDOWN OF FAIR VALUE OF TRADING DERIVATIVES

<i>(In millions of euros)</i>	31.12.2019		31.12.2018	
	Assets	Liabilities	Assets	Liabilities
Interest rate instruments	91,146	88,501	74,253	73,835
Foreign exchange instruments	18,036	18,354	19,246	19,466
Equities & index Instruments	22,318	26,141	21,450	23,675
Commodities Instruments	1,860	2,201	5,708	6,081
Credit derivatives	2,415	2,037	2,224	2,704
Other forward financial instruments	74	886	102	1,185
Total	135,849	138,120	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.

BREAKDOWN OF TRADING DERIVATIVES COMMITMENTS (NOTIONAL AMOUNTS)

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Interest rate instruments	11,988,127	11,489,020
Firm instruments	9,959,001	9,476,579
<i>Swaps</i>	8,324,621	7,868,534
<i>FRAs</i>	1,634,380	1,608,045
Options	2,029,126	2,012,441
Foreign exchange instruments	3,192,776	3,823,369
Firm instruments	2,475,393	2,661,823
Options	717,383	1,161,546
Equity and index instruments	1,124,549	1,086,822
Firm instruments	186,691	154,988
Options	937,858	931,834
Commodities instruments	96,900	190,706
Firm instruments	83,509	139,558
Options	13,391	51,148
Credit derivatives	246,006	293,463
Other forward financial instruments	38,428	38,423
Total	16,686,786	16,921,803

2. HEDGING DERIVATIVES

According to the transitional provisions of IFRS 9, the Group made the choice to maintain the IAS 39 provisions related to hedge accounting. Consequently, equity instruments do not qualify for hedge accounting regardless of their accounting category.

ACCOUNTING PRINCIPLES

In order to be hedged against certain market risks, the Group sets up hedging derivatives. From an accounting standpoint, the Group designates the hedging transaction as a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation, depending on the risk and on the instruments that are hedged.

To designate an instrument as a hedging derivative, the Group must document the hedging relationship in detail, from the inception of the hedge. This documentation specifies the asset, liability, or future transaction hedged, the risk to be hedged and the associated risk management strategy, the type of financial derivative used and the valuation method that will be used to measure its effectiveness.

A derivative designated as a hedging instrument must be highly effective in offsetting the change in fair value or cash flows arising from the hedged risk. This effectiveness is verified when changes in the fair value or cash flows of the hedged instrument are almost entirely offset by changes in the fair value or cash flows of the hedging instrument, with the expected ratio between the two changes ranging from 80% to 125%. Effectiveness shall be assessed both when the hedge is first set up and throughout its life. Effectiveness is measured each quarter prospectively (expected effectiveness over the future periods) and retrospectively (effectiveness measured on past periods). Where the effectiveness falls outside the range specified above, hedge accounting is discontinued.

Hedging derivatives are recognised in the balance sheet under *Hedging derivatives*.

FAIR VALUE HEDGES

The purpose of these hedges is to protect the Group against an adverse fluctuation in the fair value of an instrument which could affect profit or loss if the instrument were derecognised from the balance sheet.

Changes in the fair value of the hedging derivative are recorded in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss*; for interest rate derivatives, however, accrued interest income and expenses on the derivative are recorded in the income statement under *Interest income and expense – Hedging derivatives* at the same time as accrued interest income and expenses related to the hedged item.

In the balance sheet, the carrying value of the hedged item is adjusted for gains and losses attributable to the hedged risk, which are reported in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss*. To the extent that the hedge is highly effective, changes in the fair value of the hedged item and changes in the fair value of the hedging derivative are accurately offset through profit or loss, the difference corresponding to an ineffectiveness gain or loss.

Prospective effectiveness is assessed via a sensitivity analysis based on probable market trends or via a regression analysis of the statistical relationship (correlation) between certain components of the hedged item and the hedging instrument. Retrospective effectiveness is assessed by comparing any changes in the fair value of the hedging instrument with any changes in the fair value of the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is terminated or sold, hedge accounting is discontinued prospectively. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value attributable to the hedged risk and the cumulative adjustments previously recognised under hedge accounting are amortised over its remaining life. Hedge accounting is also discontinued if the hedged item is sold prior to maturity or early-redeemed, the valuation adjustments are then immediately recognised in the income statement.

CASH FLOW HEDGES

The purpose of interest rate cash flow hedges is to protect against changes in future cash flows associated with a financial instrument on the balance sheet (loans, securities or floating-rate notes) or with a highly probable future transaction (future fixed rates, future prices, etc.). The purpose of these hedges is to protect the Group against adverse fluctuations in the future cash-flows of an instrument or transaction that could affect profit or loss.

The effective portion of changes in the fair value of hedging derivatives is booked to *Unrealised or deferred gains and losses*, while the ineffective portion is recognised in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss*. For interest rate derivatives, accrued interest income and expenses on the derivative are recorded in the income statement under *Interest income and expense – Hedging derivatives* at the same time as accrued interest income and expenses related to the hedged item.

The effectiveness of the hedge is assessed using the hypothetical derivative method, which consists in i) creating a hypothetical derivative bearing exactly the same characteristics as the instrument being hedged (in notional terms, in terms of the date on which the rates are reset, in terms of the rates themselves, etc.), but which moves in the opposite direction and whose fair value is nil when the hedge is set up, then ii) comparing the expected changes in the fair value of the hypothetical derivative with those of the hedging instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge.

Amounts directly recognised in equity in respect of the revaluation of cash flow hedging derivatives are subsequently reclassified to *Interest income and expense* in the income statement at the same time as the cash flows being hedged.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, hedge accounting is discontinued prospectively. Amounts previously recognised directly in equity are reclassified under *Interest income and expense* in the income statement over the periods during which interest income is affected by cash flows arising from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the hedged forecast transaction ceases to be highly probable, unrealised gains and losses recognised in equity are immediately reclassified in the income statement.

HEDGING OF A NET INVESTMENT IN A FOREIGN OPERATION

The purpose of a hedge of a net investment in a foreign company is to protect against exchange rate risk.

The hedged item is an investment in a country whose currency differs from the Group's functional currency. The hedge therefore serves to protect the net position of a foreign subsidiary or branch against an exchange rate risk linked to the entity's functional currency.

The effective portion of the changes in the fair value of a hedging derivative designated for accounting purposes as a hedge of a net investment is recognised in equity under *Unrealised or deferred gains and losses*, while the ineffective portion is recognised in the income statement.

PORTFOLIO HEDGES (MACRO-HEDGE)

In this type of hedge, interest rate derivatives are used to globally hedge the structural interest rate risk resulting mainly from Retail Banking activities.

When accounting for these transactions, Group entities apply either the fair value hedge or the cash flow hedge principles.

Group entities, documenting a macro fair value hedge of assets and liabilities portfolios at fix rate, apply the IAS 39 “carve-out” standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of effectiveness tests required by IAS 39 as adopted by the European Union.

The accounting treatment of financial derivatives designated as macro fair value hedges is similar to that of other fair value hedging instruments. Changes in the fair value of the portfolio of macro-hedged instruments are reported on a separate line in the balance sheet under *Revaluation differences on portfolios hedged against interest rate risk* through profit or loss.

Group entities, documenting a macro cash flow hedge apply the same accounting principles as those presented above for cash flow hedge. Thus, macro-hedged assets or liabilities portfolios are not measured at fair value for the hedged risk.

In the case of macro cash flow hedge, hedged portfolios include assets or liabilities at variable rate.

BREAKDOWN OF FAIR VALUE OF HEDGING DERIVATIVES

(In millions of euros)	31.12.2019		31.12.2018	
	Assets	Liabilities	Assets	Liabilities
Fair value hedge	16,617	9,981	11,666	5,767
Interest rate instruments	16,616	9,981	11,650	5,765
Foreign exchange instruments	1	-	16	2
Equity and index instruments	-	-	-	-
Cash flow hedge	181	124	105	204
Interest rate instruments	169	65	27	140
Foreign exchange instruments	10	46	78	38
Equity and index Instruments	2	13	-	26
Net investment hedge	39	107	128	22
Foreign exchange instruments	39	107	128	22
Total	16,837	10,212	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

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Debt instruments	53,012	49,736
<i>Bonds and other debt securities</i>	52,991	49,696
<i>Loans and receivables and securities purchased under resale agreements</i>	21	40
Shares and other equity securities	244	290
Total	53,256	50,026
<i>o/w securities lent</i>	146	483

1. DEBT INSTRUMENTS

ACCOUNTING PRINCIPLES

Debt instruments (loans and receivables, bonds and bond equivalents) are classified as *Financial assets at fair value through other comprehensive income* where their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a Collect and Sell business model.

Accrued or earned income on debt instruments is recorded in profit or loss based on the effective interest rate, under *Interest and similar income*.

At the reporting date, these instruments are measured at fair value and changes in fair value excluding income, are recorded within equity under *Unrealised or deferred gains and losses*, except for foreign exchange differences on money market instruments denominated in local currencies, which are recorded in profit or loss. Furthermore, as these financial assets are subject to impairment for credit risk, changes in expected credit losses are recorded in profit or loss under *Cost of risk* with a corresponding entry to *Unrealised or deferred gains and losses*. The applicable impairment rules are described in Note 3.8.

BUSINESS MODEL “HOLD TO COLLECT AND SELL”

The objective of this business model is to realise cash flows by both collecting contractual payments and selling financial assets. In this type of business model, the sales of financial assets are not incidental or exceptional, but they are integral to achieving the business’ objectives.



Cash management

Within the Group, except for the insurance activities, the “hold to collect and sell” business model is mainly applied by cash management activities for managing HQLA securities (High Quality Liquid Assets) included in the liquidity reserve. Only a few subsidiaries apply a “hold to collect” business model for managing their HQLA securities.

CHANGES IN THE CARRYING AMOUNT OF THE DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

<i>(In millions of euros)</i>	2019
Balance on 1 January	49,736
Acquisitions/disbursements	49,764
Disposals/redemptions	(47,324)
Change in scope and others	(782)
Changes in fair value during the period	906
Change in related receivables	(4)
Translation differences	716
Balance on 31 December	53,012

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

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Unrealised gains	391	416
Unrealised losses	(186)	(183)
Total	205	233

2. EQUITY INSTRUMENTS

ACCOUNTING PRINCIPLES

Equity instruments (shares and share equivalents), that are not held for trading purpose, can be initially designated by the Group to be measured at fair value through other comprehensive income. This option, made instrument by instrument, is irrevocable.

These equity instruments are then measured at fair value and changes in fair value, are recognised under *Unrealised or deferred gains and losses* with no subsequent reclassification to profit or loss. If the instruments are sold, the realised gains and losses are reclassified to *Retained earnings* at the opening of the next financial year. Only dividend income, if it is considered as a return on investment, are recorded in the income statement under *Net gains or losses on financial assets at fair value through other comprehensive income*.

The Group choose only in 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

<i>(In millions of euros)</i>	2019	2018
Realised gains and losses on sale of debt instruments	78	39
Dividends incomes on financial assets at fair value through other comprehensive income	41	44
Total	119	83

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



MAKING
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The financial assets and liabilities recognised in the Group balance sheet are measured either at fair value or at amortised cost. In the latter case, the fair value of the instruments is disclosed in the notes (see Note 3.9).

If an instrument is quoted on an active market, its fair value is equal to its market price.

But many financial instruments are not listed (for example, most customer loans and deposits, interbank debts and claims, etc.), or are only negotiable on illiquid markets or over-the-counter markets (which is the case for many derivative instruments).

In such situations, the fair value of the instruments is calculated using measurement techniques or valuation models. Market parameters are included in these models and must be observable; otherwise they are determined based on internal estimates. The models and parameters used are subject to independent validations and internal controls.

ACCOUNTING PRINCIPLES

DEFINITION OF FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the absence of observable prices for identical assets or liabilities, the fair value of financial instruments is determined using another measurement technique that maximises the use of observable market input based on assumptions that market operators would use to set the price of the instrument in question.

FAIR VALUE HIERARCHY

For information purposes, in the notes to the consolidated financial statements, the fair value of financial instruments is classified using a fair value hierarchy that reflects the observability level of the inputs used. The fair value hierarchy is composed of the following levels:

Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 1 instruments carried at fair value on the balance sheet include in particular shares listed in an active market, government or corporate bonds priced directly by external brokers/dealers, derivatives traded on organised markets (futures, options), and units of funds (including UCITS) whose net asset value is available on the balance sheet date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and if they reflect actual and regular market transactions on an arm's length basis.

Determining whether a market is inactive requires the use of indicators such as a sharp decline in trading volume and the level of activity in the market, a sharp disparity in prices over time and among the various above-mentioned market participants, or the fact that the latest transactions conducted on an arm's length basis did not take place recently enough.

Where a financial instrument is traded in several markets to which the Group has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question.

Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price.

Level 2 (L2): instruments valued using inputs other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

These are instruments measured using a financial model based on observable market inputs. Prices published by an external source derived from the valuation of similar instruments are considered as data derived from prices.

Level 2 instruments include in particular non derivative financial instruments carried at fair value on the balance sheet that are not directly quoted or do not have a quoted price on a sufficiently active market (e.g. corporate bonds, repos transactions, mortgage-backed securities, units of funds), and firm derivatives and options traded over-the-counter: interest rate swaps, caps, floors, swaptions, equity options, index options, foreign exchange options, commodity options and credit derivatives. The maturities of these instruments are linked to ranges of terms commonly traded in the market, and the instruments themselves can be simple or offer a more complex remuneration profile (e.g. barrier options, products with multiple underlying instruments), with said complexity remaining limited however. The valuation techniques used in this category are based on common methods shared by the main market participants.

This category also includes the fair value of loans and receivables at amortised cost granted to counterparties whose credit risk is quoted via Credit Default Swap (see Note 3.9).

Level 3 (L3): instruments valued using inputs that are not based on observable market data (referred to as unobservable inputs).

Level 3 instruments carried at fair value on the balance sheet are valued based on financial models with unobservable market inputs or observable inputs that are not quoted on active markets. For the Group, those instruments match with the instruments for which the sales margin is not immediately recognised in profit or loss (see Note 3.4.7).

Accordingly, Level 3 financial instruments include derivatives and repo transactions with longer maturities than those usually traded and/or with specifically-tailored return profiles, structured debts including embedded derivatives valued based on a method using unobservable inputs or long-term equity investments valued based on a corporate valuation method, which is the case for unlisted companies or companies listed on an insufficiently liquid market.

The main L3 complex derivatives are:

- Equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e.g. extrapolation from observable data, historical analysis). Hybrid equity instruments (i.e. having at least one non-equity underlying instrument) are also classified as L3 insofar as correlations between the different underlyings are generally unobservable;
- Interest rate derivatives: long-term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, or between interest rates and exchange rates, for example for quanto products (in which the instrument is settled in a currency different from the currency of the underlying); they are liable to be classified as L3 because the valuation inputs are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (e.g. exchange rate correlations are deemed unobservable for the USD/JPY);

- Credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation (“N to default” products in which the buyer of the hedge is compensated as of the Nth default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility;
- Commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (i.e. options on commodity swaps or instruments based on baskets of underlyings).

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

<i>(In millions of euros)</i>	31.12.2019				31.12.2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio	89,037	129,130	4,017	222,184	69,429	144,430	1,470	215,329
Bonds and other debt securities	22,645	2,976	459	26,080	26,059	3,403	270	29,732
Shares and other equity securities	66,392	11,465	109	77,966	43,370	5,926	1	49,297
Loans, receivables and securities purchased under resale agreements	-	114,507	3,449	117,956	-	134,662	1,199	135,861
Other trading assets	-	182	-	182	-	439	-	439
Trading derivatives	191	132,572	3,086	135,849	23	119,460	3,500	122,983
Interest rate instruments	6	88,868	2,272	91,146	8	71,628	2,617	74,253
Foreign exchange instruments	182	17,717	137	18,036	8	19,038	200	19,246
Equity and index instruments	-	21,938	380	22,318	-	21,211	239	21,450
Commodity instruments	-	1,784	76	1,860	-	5,666	42	5,708
Credit derivatives	-	2,195	220	2,415	-	1,826	398	2,224
Other forward financial instruments	3	70	1	74	7	91	4	102
Financial assets measured mandatorily at fair value through profit or loss	350	21,746	2,881	24,977	117	21,091	2,849	24,057
Bonds and other debt securities	11	44	122	177	12	36	110	158
Shares and other equity securities	339	185	1,968	2,492	105	194	1,697	1,996
Loans, receivables and securities purchased under resale agreements	-	21,517	791	22,308	-	20,861	1,042	21,903
Financial assets measured using fair value option through profit or loss	1,296	1,320	113	2,729	1,126	1,702	353	3,181
Bonds and other debt securities	1,296	162	-	1,458	1,126	184	-	1,310
Loans, receivables and securities purchased under resale agreements	-	32	113	145	-	466	353	819
Other financial assets	-	-	-	-	-	-	-	-
Separate assets for employee benefit plans	-	1,126	-	1,126	-	1,052	-	1,052
Hedging derivatives	-	16,837	-	16,837	-	11,899	-	11,899
Interest rate instruments	-	16,785	-	16,785	-	11,677	-	11,677
Foreign exchange instruments	-	50	-	50	-	222	-	222
Equity and index instruments	-	2	-	2	-	-	-	-
Financial assets measured at fair value through other comprehensive income	51,730	1,282	244	53,256	48,738	998	290	50,026
Bonds and other debt securities	51,730	1,261	-	52,991	48,738	958	-	49,696
Shares and other equity securities	-	-	244	244	-	-	290	290
Loans and receivables	-	21	-	21	-	40	-	40
Total	142,604	302,887	10,341	455,832	119,433	299,580	8,462	427,475

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

<i>(In millions of euros)</i>	31.12.2019				31.12.2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio	5,001	136,800	1,325	143,126	7,787	149,776	969	158,532
Amounts payable on borrowed securities	71	38,743	136	38,950	308	50,956	-	51,264
Bonds and other debt instruments sold short	3,464	54	-	3,518	6,231	-	-	6,231
Shares and other equity instruments sold short	1,466	-	-	1,466	1,248	-	-	1,248
Borrowings and securities sold under repurchase agreements	-	96,631	1,189	97,820	-	97,330	969	98,299
Other trading liabilities	-	1,372	-	1,372	-	1,490	-	1,490
Trading derivatives	216	132,371	5,533	138,120	81	123,075	3,790	126,946
Interest rate instruments	31	85,177	3,293	88,501	6	70,986	2,843	73,835
Foreign exchange instruments	175	18,064	115	18,354	5	19,346	115	19,466
Equity and index instruments	-	24,529	1,612	26,141	-	23,103	572	23,675
Commodity instruments	-	2,131	70	2,201	-	6,041	40	6,081
Credit derivatives	-	1,594	443	2,037	-	2,484	220	2,704
Other forward financial instruments	10	876	-	886	70	1,115	-	1,185
Financial liabilities measured using fair value option through profit or loss	-	38,160	44,723	82,883	265	39,408	37,932	77,605
Hedging derivatives	-	10,212	-	10,212	-	5,993	-	5,993
Interest rate instruments	-	10,045	-	10,045	-	5,905	-	5,905
Foreign exchange instruments	-	154	-	154	-	62	-	62
Equity and index instruments	-	13	-	13	-	26	-	26
Total	5,217	317,543	51,581	374,341	8,133	318,252	42,691	369,076

3. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AT FAIR VALUE

<i>(In millions of euros)</i>	Balance at 31.12.2018	Acquisitions	Disposal/ redemp- tions	Transfer to Level 2	Transfer from Level 2	Gains and losses	Translation differences	Change in scope and others	Balance at 31.12.2019
Trading portfolio	1,470	4,355	(1,147)	(1,328)	165	483	19	-	4,017
Bonds and other debt securities	270	1,156	(976)	(42)	-	40	11	-	459
Shares and other equity securities	1	54	(1)	-	55	-	-	-	109
Loans, receivables and securities purchased under resale agreements	1,199	3,145	(170)	(1,286)	110	443	8	-	3,449
Other trading assets	-	-	-	-	-	-	-	-	-
Trading derivatives	3,500	209	(101)	(370)	303	(475)	20	-	3,086
Interest rate instruments	2,617	35	(22)	(343)	294	(317)	8	-	2,272
Foreign exchange instruments	200	7	(1)	(3)	1	(67)	-	-	137
Equity and index instruments	239	161	(78)	(22)	5	64	11	-	380
Commodity instruments	42	6	-	-	-	28	-	-	76
Credit derivatives	398	-	-	(2)	3	(180)	1	-	220
Other forward financial instruments	4	-	-	-	-	(3)	-	-	1
Financial assets measured mandatorily at fair value through profit or loss	2,849	297	(106)	(705)	8	530	19	(11)	2,881
Bonds and other debt securities	110	17	(12)	-	-	7	-	-	122
Shares and other equity securities	1,697	258	(94)	(22)	8	124	8	(11)	1,968
Loans, receivables and securities purchased under resale agreements	1,042	22	-	(683)	-	399	11	-	791
Financial assets measured using fair value option through profit or loss	353	-	(50)	-	-	(191)	1	-	113
Bonds and other debt securities	-	-	-	-	-	-	-	-	-
Loans, receivables and securities purchased under resale agreements *	353	-	(50)	-	-	(191)	1	-	113
Other financial assets	-	-	-	-	-	-	-	-	-
Separate assets for employee benefit plans	-	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-	-
Financial assets measured at fair value option through other comprehensive income	290	3	-	-	-	(49)	-	-	244
Debt instruments	-	-	-	-	-	-	-	-	-
Equity instruments	290	3	-	-	-	(49)	-	-	244
Loans and receivables	-	-	-	-	-	-	-	-	-
Total	8,462	4,864	(1,404)	(2,403)	476	298	59	(11)	10,341

FINANCIAL LIABILITIES AT FAIR VALUE

<i>(In millions of euros)</i>	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 31.12.2019
Trading portfolio	969	1,119	(6)	(10)	105	(854)	2	-	1,325
Debt securities issued	-	-	-	-	-	-	-	-	-
Amounts payable on borrowed securities	-	31	-	-	105	(2)	2	-	136
Bonds and other debt instruments sold short	-	-	-	-	-	-	-	-	-
Shares and other equity instruments sold short	-	-	-	-	-	-	-	-	-
Borrowings and securities sold under repurchase agreements	969	1,088	(6)	(10)	-	(852)	-	-	1,189
Other trading liabilities	-	-	-	-	-	-	-	-	-
									-
Trading derivatives	3,790	896	(74)	(549)	47	1,168	156	99	5,533
Interest rate instruments	2,843	31	-	(474)	1	648	145	99	3,293
Foreign exchange instruments	115	6	-	-	-	(5)	(1)	-	115
Equity and index instruments	572	856	(74)	(75)	4	318	11	-	1,612
Commodity instruments	40	3	-	-	-	27	-	-	70
Credit derivatives	220	-	-	-	42	180	1	-	443
Other forward financial instruments	-	-	-	-	-	-	-	-	-
									-
Financial liabilities measured using fair value option through profit or loss	37,932	18,855	(15,510)	(1,659)	218	4,414	552	(79)	44,723
									-
Hedging derivatives	-	-	-	-	-	-	-	-	-
									-
Total	42,691	20,870	(15,590)	(2,218)	370	4,728	710	20	51,581

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 in 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 existing 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.

Cash instruments and derivatives ⁽¹⁾	Value in balance sheet		Main products	Valuation techniques used	Significant unobservable inputs	Range of inputs min & max
	Assets	Liabilities				
Equities/funds	844	32,586	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	3.8%; 90.5%
					Equity dividends	0%; 21.3%
					Correlations	-80.0%; 97.8%
					Hedge fund volatilities	8.5%; 20%
					Mutual fund volatilities	1.7%; 42.2%
Rates and Forex	7,344	18,483	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	-47.3%; 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%
Credit	220	442	Inflation instruments and derivatives	Inflation pricing models	Correlations	50.5%; 88.9%
			Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	0%; 100%
			Other credit derivatives	Credit default models	Recovery rate variance for single name underlyings	0%; 100%
					Time to default correlations	0%; 100%
					Quanto correlations	-50%; 40%
Commodities	76	70	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	9.88%; 96.4%
Long term equity investments	1,857	-	Securities held for strategic purposes	Net Book Value / Recent transactions	Non applicable	-
TOTAL	10,341	51,581				

(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 31 December 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

	31.12.2019		31.12.2018	
	Negative impact	Positive impact	Negative impact	Positive impact
<i>(In millions of euros)</i>				
Shares and other equity instruments and derivatives	(9)	79	(13)	96
Equity volatilities	0	19	0	19
Dividends	(1)	13	(3)	9
Correlations	(8)	43	(9)	62
Hedge Fund volatility	0	0	0	0
Mutual Fund volatility	0	4	(1)	6
Rates or Forex instruments and derivatives	(6)	43	(6)	58
Correlations between exchange rates and/or interest rates	(4)	41	(4)	55
Forex volatilities	(1)	2	(1)	2
Constant prepayment rates	0	0	0	0
Inflation / inflation correlations	(1)	0	(1)	1
Credit instruments and derivatives	(3)	13	(4)	14
Time to default correlations	(3)	7	(2)	4
Recovery rate variance for single name underlyings	0	0	0	0
Quanto correlations	0	5	(2)	10
Credit spreads	0	1	0	0
Commodity derivatives	0	1	0	1
Commodities correlations	0	1	0	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.

<i>(In millions of euros)</i>	2019	2018
Deferred margin at 1 January	1,237	1,281
Deferred margin on new transactions during the period	693	744
Margin recorded in the income statement during the period	(779)	(788)
<i>o/w amortisation</i>	(473)	(479)
<i>o/w switch to observable inputs</i>	(16)	(45)
<i>o/w disposed, expired or terminated</i>	(290)	(264)
Deferred margin at 31 December	1,151	1,237

NOTE 3.5 - LOANS, RECEIVABLES AND SECURITIES AT AMORTISED COST

OVERVIEW OF FINANCIAL ASSETS AT AMORTISED COST

<i>(In millions of euros)</i>	31.12.2019		31.12.2018	
	Carrying amount	<i>o/w impairment</i>	Carrying amount	<i>o/w impairment</i>
Due from banks	56,366	(24)	60,588	(32)
Customer loans	450,244	(10,727)	447,229	(11,435)
Securities	12,489	(10)	12,026	(10)
Total	519,099	(10,761)	519,843	(11,477)

ACCOUNTING PRINCIPLES

Loans, receivables and debt securities are measured at amortised cost where their contractual cash flows are consistent with basic lending arrangements (SPPI) and they are managed under a "Hold to Collect" business model.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, and their accrued or earned income are recorded in the income statement under *Interest and similar income*. Furthermore, as these financial assets are subject to impairment for credit risk, changes in expected credit losses are recorded in profit or loss under *Cost of risk* with a corresponding impairment of the amortised cost on the asset side of the balance sheet. The applicable impairment rules are described in Note 3.8. When a loan or a receivable is classified in Stage 3 for impairment (doubtful outstanding), subsequent accrued interest incremented to the carrying amount of the financial asset before impairment is limited to interest recognised in profit or loss. The amount of such interest is then calculated by applying the effective interest rate to the net carrying amount of the financial asset (cf. Note 3.7).

Loans granted by the Group may be subject to renegotiations for commercial reasons, where the borrowing customer is not experiencing financial difficulties or insolvency. Such efforts are undertaken for customers for which the Group agrees to renegotiate their debt in the interest of preserving or developing a business relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest. Except in specific cases where the modification due to the renegotiation would not be considered significant, renegotiated loans are derecognised at the renegotiation date, and the new loans contractualised under the renegotiated terms and conditions replace the previous loans in the balance sheet at this same date. The new loans are subject to the SPPI test to determine how they are classified in the balance sheet. If a loan qualifies as basic instrument (SPPI), renegotiation fees received are included in the effective interest rate of the new instrument.

Customer loans at amortised cost include lease receivables where they are classified as finance leases. Leases granted by the Group are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Otherwise, they are classified as operating leases (see Note 4.2).

These finance lease receivables represent the Group's net investment in the lease, calculated as the present value of the minimum payments to be received from the lessee, plus any unguaranteed residual value, discounted at the interest rate implicit in the lease. In the event of a subsequent reduction in the estimated unguaranteed residual value used to calculate the lessor's investment in the finance lease, the present value of this reduction is recognised as a loss under *Expenses from other activities* in the income statement and as a reduction of finance lease receivables on the asset side of the balance sheet.

BUSINESS MODEL “HOLD TO COLLECT”

Under this model, financial assets are managed to obtain cash flows by collecting contractual payments over the life of the instrument.

To achieve the objective of this business model, it is not necessary for the entity to hold all the instruments until maturity. Selling assets remains consistent with a business model whose objective is to collect contractual cash flows in the following cases:

- the financial asset is sold following an increase in the asset’s credit risk; or
- the sale of the financial asset occurs close to its maturity and the proceeds from the sale are similar to the amount to be collected from the remaining contractual cash flows.

Other sales can be consistent with the objective of collecting contractual cash flows, as well, provided they are infrequent (even if significant in value) or insignificant in value, both individually and in aggregate terms (even if frequent). Such other sales include sales made to manage credit concentration risk (without an increase in the asset’s credit risk). The Group has set up procedures for reporting and analysing all significant projected sales of financial assets held for collecting contractual cash flows, as well as a periodic review of sales that have occurred.

	Financing activities
	Within the Group, the “hold to collect” business model is mainly applied by financing activities managed by French Retail Banking, International Retail Banking and Financial Services and by Global Banking and Investor Solutions, except for the part of syndicated loans that is expected to be sold.

1. DUE FROM BANKS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Current accounts	20,717	23,958
Deposits and loans	17,269	18,453
Securities purchased under resale agreements	18,168	18,000
Subordinated and participating loans	88	91
Related receivables	118	99
Due from banks before impairments ⁽¹⁾	56,360	60,601
Credit loss impairment	(24)	(32)
Revaluation of hedged items	30	19
Total	56,366	60,588

(1) At 31 December 2019, the amount due from banks classified as Level 3 impairment (credit impaired) was EUR 38 million compared to EUR 51 million at 31 December 2018. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the net carrying amount of the financial asset (see Note 3.7).

2. CUSTOMER LOANS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Overdrafts	19,181	21,230
Other customer loans	388,167	375,982
Lease financing agreements	30,761	32,345
Securities purchased under resale agreements	19,541	26,078
Related receivables	2,937	2,692
Customer loans before impairments ⁽¹⁾	460,587	458,327
Credit loss impairment	(10,727)	(11,435)
Revaluation of hedged items	384	337
Total	450,244	447,229

(1) At 31 December 2019, the amount due from customers classified as Level 3 impairment (credit impaired) was EUR 15,976 million compared to EUR 17,818 million at 31 December 2018. The accrued interests included in this amount are limited to interests recognised in net income by applying the effective interest rate to the carrying amount to the net carrying amount of the financial asset (see Note 3.7).

BREAKDOWN OF OTHER CUSTOMER LOANS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Trade notes	9,700	10,056
Short-term loans	123,452	118,978
Export loans	11,582	11,485
Equipment loans	58,683	57,253
Housing loans	136,333	126,160
Loans secured by notes and securities	98	92
Other loans	48,319	51,958
Total	388,167	375,982

ADDITIONAL INFORMATION ON LEASE FINANCING AND SIMILAR AGREEMENTS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Gross investments	33,517	34,562
<i>less than one year</i>	8,490	8,243
1-5 years	19,105	20,847
<i>more than five years</i>	5,922	5,472
Present value of minimum payments receivable	29,110	30,233
<i>less than one year</i>	7,889	7,576
1-5 years	17,096	18,291
<i>more than five years</i>	4,125	4,366
Unearned financial income	2,754	2,217
Unguaranteed residual values receivable by the lessor	1,652	2,112

3. SECURITIES

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Government securities	6,005	5,826
Negotiable certificates, bonds and other debt securities	6,390	6,106
Related receivables	85	79
Securities before impairments	12,480	12,011
Impairment	(10)	(10)
Revaluation of hedged items	19	25
Total	12,489	12,026

NOTE 3.6 - DEBTS

ACCOUNTING PRINCIPLES

Debts include non-derivative financial liabilities that are not measured at fair value through profit or loss.

They are recognised in the balance sheet according to the type of instrument and counterparty, under *Due to banks*, *Customer deposits*, *Debt securities issued* or *Subordinated debt*.

Subordinated debts are all dated or undated borrowings, whether or not in the form of debt securities, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Debts are initially recognised at cost, this valuation being the fair value of the amount borrowed net of transaction fees. These liabilities are measured at reporting date at amortised cost using the effective interest rate method. As a result, issue or redemption premiums on bonds are amortised over the lifetime of the instruments concerned. Accrued or paid expenses are recorded in profit or loss under *Interest and similar expense*.

The Group's obligations arising from mortgage savings accounts and plans are recorded under *Customer deposits – Regulated savings accounts*. A provision may be recorded in respect of such mortgage savings instruments (see Note 8.3).

1. DUE TO BANKS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Demand deposits and current accounts	11,577	13,875
Overnight deposits and borrowings and others	3,680	2,248
Term deposits ⁽¹⁾	82,893	72,965
Related payables	186	130
Revaluation of hedged items	308	129
Securities sold under repurchase agreements	9,285	5,359
Total	107,929	94,706

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

2. CUSTOMER DEPOSITS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Regulated savings accounts	96,642	93,230
<i>Demand</i>	70,610	68,082
<i>Term</i>	26,032	25,148
Other demand deposits ⁽¹⁾	229,756	222,642
Other term deposits ⁽¹⁾	82,817	82,932
Related payables	441	387
Revaluation of hedged items	196	219
Total customer deposits	409,852	399,410
Securities sold to customers under repurchase agreements	8,760	17,408
Total	418,612	416,818

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

BREAKDOWN OF OTHER DEMAND DEPOSITS BY CUSTOMER TYPE

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Professionals and corporates	111,079	98,459
Individual customers	76,135	72,372
Financial customers	29,093	38,413
Others ⁽¹⁾	13,449	13,398
Total	229,756	222,642

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

3. DEBT SECURITIES ISSUED

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Term savings certificates	510	474
Bond borrowings	23,847	24,381
Interbank certificates and negotiable debt instruments	99,107	89,913
Related payables	776	804
Revaluation of hedged items	928	767
Total	125,168	116,339
<i>o/w floating-rate securities</i>	49,343	39,121

NOTE 3.7 - INTEREST INCOME AND EXPENSE



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Interest is compensation for a financial service, consisting in a lender making a certain amount of cash available to a borrower for an agreed period of time. Such compensated financing arrangements can be loans, deposits or securities (bonds, negotiable debt securities...).

This compensation is a consideration for the time value of money, and additionally for credit risk, liquidity risk and administrative costs, all borne by the lender for the duration of the financing agreement. The interest can also include a margin used by the lending bank to remunerate equity instruments (such as ordinary shares) that are required by prudential regulation to be issued in relation to the amount of financing granted, so as to guarantee its own solvency.

Interest is recognised as expense or income over the life of the financing service granted or received, proportionally to the principal amount outstanding.

ACCOUNTING PRINCIPLES

Interest income and expense are recorded in the income statement under *Interest and similar income* and *Interest and similar expense* for all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income) and for all financial instruments mandatorily measured at fair value through profit and loss and interest rate risk hedging derivatives for the portion of income or expenses representative of the effective interest rate. Negative interest incomes on financial assets are recorded under *Interest and similar expense*; negative interest expenses on financial liabilities are recorded under *Interest and similar income*.

The effective interest rate is taken to be the rate used to net discount future cash inflows and outflows over the expected life of the instrument in order to establish the net book value of the financial asset or liability. The calculation of this rate considers the future cash flows estimated on the basis of the contractual provisions of the financial instrument without taking account of possible future credit losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is recognised in profit or loss by applying the effective interest rate to the net carrying amount of the financial asset with an offsetting entry equal to the outstanding financial asset before impairment.

Moreover, except for those related to employee benefits, provisions recognised as balance sheet liabilities generate interest expenses that are calculated using the same risk-free interest rate as that used to discount the expected outflow of resources.

<i>(In millions of euros)</i>	2019			2018		
	Income	Expense	Net	Income	Expense	Net
Financial instruments at amortised cost	14,907	(7,850)	7,057	14,030	(7,021)	7,009
<i>Central banks</i>	427	(181)	246	575	(151)	424
<i>Bonds and other debt securities</i>	318	(2,096)	(1,778)	257	(1,931)	(1,674)
<i>Due from/to banks</i>	1,010	(1,632)	(622)	1,077	(1,354)	(277)
<i>Customer loans and deposits</i>	12,053	(3,123)	8,930	11,435	(2,889)	8,546
<i>Subordinated debt</i>	-	(516)	(516)	-	(542)	(542)
<i>Securities lending/borrowing</i>	10	(6)	4	7	(5)	2
<i>Repo transactions</i>	1,089	(296)	793	679	(149)	530
Hedging derivatives	6,433	(4,632)	1,801	6,358	(4,638)	1,720
Financial instruments at fair value through other comprehensive income	752	(1)	751	622	-	622
Lease agreements ⁽¹⁾	1,178	(44)	1,134	1,126	-	1,126
<i>Real estate lease agreements</i>	189	(43)	146	194	-	194
<i>Non-real estate lease agreements</i>	989	(1)	988	932	-	932
Subtotal interest income/expense on financial instruments using the effective interest method	23,270	(12,527)	10,743	22,136	(11,659)	10,477
Financial instruments mandatorily at fair value through profit or loss	442	-	442	542	-	542
Total Interest income and expense	23,712	(12,527)	11,185	22,678	(11,659)	11,019
<i>o/w interest income from impaired financial assets</i>	280	-	280	357	-	357

(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). Given that income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole.

BREAKDOWN OF INCOME OF CUSTOMER LOANS AT AMORTISED COST

<i>(In millions of euros)</i>	2019	2018
Trade notes	511	479
Other customer loans	10,361	9,773
<i>Short-term loans</i>	4,572	4,153
<i>Export loans</i>	375	321
<i>Equipment loans</i>	1,529	1,396
<i>Housing loans</i>	2,985	3,182
<i>Other customer loans</i>	900	721
Overdrafts	909	835
Doubtful outstandings (stage 3)	272	348
Total	12,053	11,435

NOTE 3.8 - IMPAIRMENT AND PROVISIONS



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Some financial assets (loans, debt securities) involve credit risk which exposes the Group to a potential loss if the counterparty or the securities issuer were to be unable to respect their financial commitments. To bear this risk, a portion of the contractual interest received by the bank on those assets, called credit margin, compensates it.

This potential loss, or expected credit loss, is recognised in profit or loss without waiting the occurrence of a default event on a specific counterparty.

For loans, receivables and debt securities measured at amortised cost or fair value through other comprehensive income, the expected credit loss, as assessed by the Group, is recognised in profit or loss together with interest income. On balance sheet, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairment are written-back in case of a subsequent decrease of credit risk.

Potential losses recognised in profit or loss represent initially the credit losses expected by the Group over the year to come. Subsequently, the amount is increased by the expected loss at maturity of the instrument in case of significant increase of risk. The losses are then reassessed if the counterparty or issuer of the security is in default.

For financial assets measured at fair value through profit or loss (including instruments hold by global markets activities), their fair value includes already the expected credit loss, as assessed by the market participant, on the residual lifetime of the instrument.

ACCOUNTING PRINCIPLES

RECOGNITION OF EXPECTED CREDIT LOSSES

Debt instruments classified as financial assets at amortised cost or as financial assets at fair value through other comprehensive income, operating lease receivables, customer receivables and income to be received included amongst *Other assets*, as well as loan commitments granted and guarantee commitments issued, are systematically subject to impairment or provisions for expected credit losses. These impairments and provisions are recognised as the loans are granted, the commitments undertaken, or the debt securities purchased, without waiting for the occurrence of an objective evidence of impairment.

To determine the amount of impairment or provision to be recorded at each reporting date, these exposures are split among three categories based on the increase in credit risk observed since initial recognition. An impairment or provision shall be recognised for the exposures in each category as follows:

Observed deterioration of credit risk since initial recognition of the financial asset

Credit risk category	Stage 1 Performing assets	Stage 2 Under-performing or downgraded assets	Stage 3 Credit-impaired or defaulted assets
Transfer criteria	Initial recognition of the instrument in stage 1 ⇒ <i>Maintained if the credit risk has not increased significantly</i>	Credit risk on the instrument has increased significantly since initial recognition/ 30 days past due	Evidence that the instrument is become credit-impaired / 90 days past due
Measurement of credit risk	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Interest income recognition basis	Gross carrying amount of the asset before impairment	Gross carrying amount of the asset before impairment	Net carrying amount of the asset after impairment

EXPOSURES CLASSIFIED IN STAGE 1

At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are purchased or originated credit-impaired instruments.

EXPOSURES CLASSIFIED IN STAGE 2

To identify Stage 2 exposures, the significant increase in credit risk is assessed by the Group using all available past and forward-looking data (behavioral scores, loan to value indicators, macroeconomic forecast scenarios, etc.). This assessment of changes in credit risk takes into account the three following criteria:

- **The counterparty's credit rating**

The Group analyses changes in the counterparty's credit rating, as well as any changes in its operating sector, in macroeconomic conditions and in the behaviours of the counterparty that may, above and beyond the review of the credit rating, be a sign of deteriorating credit risk.

If, after a review, a counterparty is deemed "sensitive" (notion of watch list), all existing contracts between the Group and this counterparty are transferred into Stage 2 (to the extent that this approach does not lead to a distortion compared with an analysis of the change in credit risk since initial recognition on each financial instrument) and the related impairment and provisions are increased up to the lifetime expected credit losses. Once a counterparty has been placed on a watch list, all new transactions originated with that counterparty are recorded in Stage 1.

- **The magnitude of the change in a counterparty's credit rating**

This magnitude is assessed from contract to contract, from the date of their initial recognition to the balance sheet date.

To determine whether a deterioration or improvement in the credit rating between the date of initial recognition and the balance sheet date is significant enough to prompt a change in the impairment Stage, thresholds are set once a year by the Risk Division. These transfer thresholds between Stage 1 and Stage 2 are determined for each homogeneous portfolio of contracts (notion of risk segment based on the customer typology and the credit quality) and are calculated based on their specific probability-of-default curves (thus, the threshold is different depending on whether it is a Sovereign portfolio or a Large Corporates portfolio, for instance). These thresholds may be expressed as an absolute or relative increase in the probability of default.

From 2019 the thresholds are differentiated based on the lifetime probability-of-default curves for the Group's main portfolios. The transition from one-year probability-of-default curves to lifetime probability-of-default curves is ongoing for the remaining portfolios, assuming that there is no distortion with respect to any comparison made with the lifetime probability-of-default curves.

▪ **The existence of payments more than 30 days past due**

There is a (rebuttable) presumption of a significant deterioration in credit risk when a payment on an asset is more than 30 days past due.

Once any one of these three criteria is met, the instrument is transferred from Stage 1 to Stage 2, and the related impairments or provisions are adjusted accordingly.

The first two criteria are symmetrical: a sufficient improvement in the credit rating, or removal from the watch list of sensitive counterparties, results in a return to Stage 1, without any probation period in Stage 2.

For exposures to counterparties for which a credit rating is not available (retail customers and a limited portion of the "small- and medium- sized companies" segment), the transfer into Stage 2 is based on:

- the Basel behavioral score or the existence of payments more than 30 days past due for retail customers;
- the classification into watch list and the existence of payments more than 30 days past due for small- and medium- sized companies.

EXPOSURES CLASSIFIED IN STAGE 3

To identify Stage 3 exposures (doubtful exposures), the Group determines whether there is an objective evidence of impairment (default events):

- payments more than 90 days past due (with the exception of restructured loans during the two-year probation period which are retransferred into Stage 3 as of payments more than 30 days past due), whether or not a collection procedure is instigated. To assess this criteria, the Group does not apply any threshold, except if such threshold is requested by local authority. In addition, only missed payments related to business litigations, specific contractual features or IT failures cannot lead to a transfer into Stage 3.

- identification of other criterias that evidence, even in the absence of missed payments, that this is unlikely that the counterparty could meet all its financial obligations:

- a significant deterioration in the counterparty's financial situation creates a strong probability that it will not be able to meet all of its commitments and thus represents a risk of loss for the Group;

- concessions are granted to the clauses of the loan agreement, in light of the borrower's financial difficulties, that would not have been granted in other circumstances (restructured loans);

- the existence of probable credit risk or litigious proceedings (ad hoc mandate, bankruptcy, court-ordered settlement or compulsory liquidation or other similar proceedings in local jurisdictions).

The Group applies the impairment contagion principle to all of the defaulting counterparty's exposures. When a debtor belongs to a group, the impairment contagion principle may also be applied to all of the group's exposures.

In the case of a return in Stage 2, the exposures are kept in Stage 2 during a probation period before assessing whether they could be transferred in Stage 1. This probation period in Stage 2 is from six months to two years according to the nature of the risk portfolio to which the exposures belong.

MEASUREMENT OF DEPRECIATION AND PROVISION

Stage 1 exposures are impaired for the amount of credit losses that the Group expects to incur within 12 months (12-month expected credit losses), based on past data and the current situation. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring within the next 12 months.

Stage 2 and 3 exposures are impaired for the amount of credit losses that the Group expects to incur over the life of the exposures (lifetime expected credit losses), taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors through to maturity. Accordingly, the amount of impairment is the difference between the gross carrying amount of the asset and the present value of future cash flows deemed to be recoverable, taking into account the impact of collateral called up or liable to be called up and the probability of a default event occurring through to the instrument's maturity.

Financial guarantees are taken into account in the estimation of the recoverable cash flows when they are integral part of the contractual characteristics of the related loans and they are not recognised separately.

If the financial guarantees don't meet these criterias and as a consequence their effects cannot be taken into account in the calculation of impairment (example: financial guarantee aimed at compensating the first losses suffered on a given portfolio of loans), a separate asset is recorded in the balance sheet under *Other Assets*. The book value of this asset is representative of the expected credit losses, recorded in the balance sheet within the impairment of assets, for which the Group is almost certain to receive a compensation. Changes in the carrying amount of this asset are recorded in the income statement under *Cost of risk*.

Irrespective of the Stage in which the exposures are classified, cash flows are discounted using the initial effective interest rate of the financial asset. The amount of impairment is included in the net carrying amount of the credit impaired financial asset. Impairment allocations/reversals are recorded in profit or loss under *Cost of risk*.

For operating leases and trade receivables, the Group uses the "simplified" approach, under which impairments are calculated as lifetime expected credit losses since their initial recognition, regardless of any subsequent changes in the counterparty's credit risk. The assessment of depreciation is mainly based on historical data on default rates and incurred losses in the event of default. Adjustments to take into account forward-looking information on economic conditions and macro-economic factors are determined by an expert. The impairment is calculated using historical data related to default rates and losses on default. Adjustments made to take into account prospective data related to macro-economic forecasts are determined by an expert.

RESTRUCTURED LOANS

Loans issued or acquired by the Group may be restructured due to financial difficulties. This takes the shape of a contractual modification of the initial terms of the loan (e.g. lower interest rates, rescheduled loan payments, partial debt forgiveness, or additional collateral). This adjustment of the contractual terms is strictly linked to the borrower's financial difficulties and/or insolvency (whether they have already become insolvent or are certain to do so if the loan is not restructured).

Where they still pass the SPPI test, restructured loans are still recognised in the balance sheet and their amortised cost before credit risk allowance is adjusted for a discount representing the restructuring loss. This discount is equal to the difference between the present value of the new contractual cash flows resulting from the restructuring of the loan and the amortised cost before credit risk allowance less any partial debt forgiveness; it is booked to *Cost of risk* in the income statement. As a result, the amount of interest income subsequently recognised into income is still computed using the initial effective interest rate of the loan and based on the net carrying amount of the asset after impairment during at least the first year following the restructuring.

Post-restructuring, these financial assets are systematically classified in Stage 3 for impairment (credit-impaired exposures), as the borrowers are deemed to be in default. Stage 3 classification is maintained for at least one year, or longer if the Group is uncertain that the borrowers will be able to meet their commitments. Once the loan is no longer classified in Stage 3, the assessment of the significant increase of credit risk will be performed by comparing the characteristics of the instrument at the closing date and the characteristics at the initial recognition date of the loan before restructuring, applying the transfer rules to Stage 1 and 2 previously mentioned in this note with specific conditions during the probation period (during the first two-years following the restructuring loans are retransferred into Stage 3 as of payments more than 30 days past due).

The criteria to return to Stage 1 for the restructured loans are similar to those of all the other exposures, after a probation period in Stage 3 of a minimum of one year.

Where they no longer pass the SPPI test, restructured loans are derecognised and replaced by new loans recognised according to the restructured terms and conditions. These new loans are then classified as Financial assets measured mandatorily at fair value through profit or loss.

Restructured loans do not include loans and receivables subject to commercial renegotiations that are loans to customers for which the Group has agreed to renegotiate the debt with the aim of maintaining or developing a commercial relationship, in accordance with the credit approval procedures in force and without relinquishing any principal or accrued interest.

ESTIMATION OF EXPECTED CREDIT LOSSES

The methodology for calculating Stage 1 and 2 expected credit losses is based on the Basel framework, which served as the basis for determining the methods for setting calculation inputs (probability of default and loss given default for exposures under the A-IRB and F-IRB approaches, and the provisioning rate for exposures under the standardised method). Group portfolios have been segmented to ensure that they are consistent in terms of risk characteristics and to ensure better correlation with global and local macroeconomic variables. This segmentation factors in all specific characteristics associated with the Group's activities. This new segmentation is consistent or equivalent to the segmentation defined in the Basel framework in order to ensure the uniqueness of past data on defaults and losses.

The Group's portfolios have been segmented to ensure consistency in risk characteristics and a better correlation with both global and local macro-economic variables. This segmentation allows to deal with all the specifics of the Group. This segmentation is consistent or similar to that defined in the Basel framework in order to guarantee the uniqueness of default and credit loss.

The variables and segmentations are described in the table below:

Scope		Macro-economic variables
Retail	France	French growth rate French inflation rate French unemployment rate 10Y Yield France
	Romania	Romanian growth rate Exchange rate EUR/RON Romanian unemployment rate
	Italy	Italian unemployment rate
Non Retail	Financial institutions	Spread EURIBOR - EONIA swap 3 months US growth rate
	Very large enterprises	Brasilian growth rate Indian growth rate Chinese growth rate Russian growth rate Japanese growth rate US growth rate Euro zone growth rate
	Middle-market companies France	Profit margins of companies France French growth rate
	Local communities	French growth rate
	SMEs France	Profit margins of French companies French growth rate
	SMEs (excluding France)	Romanian growth rate Romanian unemployment rate Euro zone growth rate Norwegian growth rate Swedish growth rate

The expected credit losses are calculated using the probabilised average of three macro-economic scenarios, established by Group economists for all entities of the Group (base scenarios and current stress

scenarios, plus an optimistic scenario). The base and stress scenarios correspond to those used by the Group in its budget plan and its stress test.

The probabilities used are based on past observations, spanning a 25-year period, of differences in outcome between the base scenario and the actual scenario (positive and negative differences) which corresponds at 31 December 2018 to: 74% for the central scenario, 14% for the stress scenario and 12% for the stress scenario. The method is quarterly updated according to the base scenario evolution and annually updated according to the observations evolution. The method is supplemented with a sector adjustment that increases or decreases expected credit loss in an effort to better anticipate defaults or recoveries in certain cyclical sectors. These sector adjustments are quarterly reviewed and updated. These adjustments concern cyclical economic sectors which have had default peaks in the past and whose Group exposure exceeds a threshold determined and reviewed every year by Risk Department.

Lastly, on an ancillary basis, loss allowances based on expert opinion that increase or decrease expected credit loss have been retained to factor in future risks which cannot be modelled (mainly legislative or regulatory changes). These inputs are quarterly updated.

NEW DEFINITION OF DEFAULT

The European Banking Authority (EBA) published Guidelines on the application of the default definition under Article 178 of Regulation (EU) N° 575/2013, applicable from 1 January 2021, and the European Central Bank (ECB) published Regulation (EU) 2018/1845 in relation to the threshold for assessing the materiality of credit obligations past due, applicable on 31 December 2020 at the latest. Both the Guidelines and the ECB Regulation will harmonise the definition of default across the European Union, thus contributing to improve consistency and comparability of capital requirements.

In particular, they clarify all aspects related to the application of the definition of default including the conditions for the return to non-defaulted status (introduction of a probation period), specific conditions for default identification of restructured loans, and setting materiality thresholds (including an absolute and a relative component) for credit obligations that are past due.

Starting 1 April 2020, the Group will apply these provisions for default credit identification, whereas internal parameters for expected credit losses computation will be adjusted on 1 January 2021.

Following the Group's preliminary analysis, these clarifications are still consistent with criteria applied to identify Stage 3 exposures (doubtful exposures) according to IFRS 9 provisions regarding expected credit risks. The Group does not deem the future changes to default definition induced by these new regulatory provisions to have any material impact on the Group's consolidated financial statements.

OVERVIEW OF IMPAIRMENT AND PROVISIONS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Impairment of financial assets at fair value through other comprehensive income	9	11
Impairment of financial assets at amortised cost	10,976	11,673
<i>Loans and receivables at amortised cost</i>	10,761	11,477
<i>Other assets at amortised cost ⁽¹⁾</i>	215	196
Total impairment of financial assets	10,985	11,684
Provisions on financing commitments	244	252
Provisions on guarantee commitments	396	386
Total credit risk provisions	640	638

(1) o/w EUR 145 million of impairment on operating lease receivables as at 31 December 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

<i>(In millions of euros)</i>	Amount at 31.12.2018	Allocations	Write- backs available	Net impairment losses	Write- backs used	Currency and scope effects	Amount at 31.12.2019
Financial assets at fair value through other comprehensive income							
Impairment on performing outstandings (Stage 1)	3	1	(3)	(2)		-	1
Impairment on under-performing outstandings (Stage 2)	-	-	-	-		-	-
Impairment on doubtful outstandings (Stage 3)	8	-	-	-	-	-	8
Total	11	1	(3)	(2)	-	-	9
Financial assets measured at amortised cost							
Impairment on performing outstandings (Stage 1)	887	581	(552)	29		(14)	902
Impairment on under-performing outstandings (Stage 2)	1,038	885	(873)	12		(8)	1,042
Impairment on doubtful outstandings (Stage 3)	9,748	4,286	(3,123)	1,163	(1,858)	(21)	9,032
Total	11,673	5,752	(4,548)	1,204	(1,858)	(43)	10,976
o/w lease financing and similar agreements	767	266	(181)	85	(64)	(46)	742
<i>Impairment on performing outstandings (Stage 1)</i>	83	38	(23)	15		(8)	90
<i>Impairment on under-performing outstandings (Stage 2)</i>	98	48	(49)	(1)		(6)	91
<i>Impairment on doubtful outstandings (Stage 3)</i>	586	180	(109)	71	(64)	(32)	561

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

<i>(In millions of euros)</i>	Amount at 31.12.2018	Production & Acquisition	Dereco- gnition ⁽¹⁾	Transfer between stages of impairment	Other variations	Amount at 31.12.2019
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	288	(228)	(156)	111	902
Impairment on under-performing outstandings (Stage 2)	1,038	204	(213)	164	(151)	1,042
Impairment on doubtful outstandings (Stage 3)	9,748	179	(1,982)	658	429	9,032
Total	11,673	671	(2,423)	666	389	10,976
<i>o/w lease financing and similar agreements</i>	767	44	(8)	24	(85)	742
<i>Impairment on performing outstandings (Stage 1)</i>	83	25	(13)	(9)	4	90
<i>Impairment on under-performing outstandings (Stage 2)</i>	98	10	(17)	14	(14)	91
<i>Impairment on doubtful outstandings (Stage 3)</i>	586	9	22	19	(75)	561

(1) Including repayments, disposals and debt waivers.

2. CREDIT RISK PROVISIONS

BREAKDOWN OF PROVISIONS ON FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

<i>(In millions of euros)</i>	Amount at 31.12.2018	Allocations	Write- backs available	Net impair- ment losses	Currency and scope effects	Amount at 31.12.2019
Financing commitments						
Provisions on performing outstandings (Stage 1)	98	78	(74)	4	-	102
Provisions on under-performing outstandings (Stage 2)	119	81	(95)	(14)	-	105
Provisions on doubtful outstandings (Stage 3)	35	96	(133)	(37)	39	37
Total	252	255	(302)	(47)	39	244
Guarantee commitments						
Provisions on performing outstandings (Stage 1)	47	24	(37)	(13)	-	34
Provisions on under-performing outstandings (Stage 2)	68	53	(61)	(8)	20	80
Provisions on doubtful outstandings (Stage 3)	271	181	(125)	56	(45)	282
Total	386	258	(223)	35	(25)	396

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

<i>(In millions of euros)</i>	Amount at 31.12.2018	Production & Acquisition	Dereco- gnition ⁽¹⁾	Transfer between stages of impairment	Other variations	Amount at 31.12.2019
Financing commitments						
Provisions on performing outstandings (Stage1)	98	40	(43)	(9)	16	102
Provisions on under-performing outstandings (Stage 2)	119	18	(32)	35	(35)	105
Provisions on doubtful outstandings (Stage 3)	35	13	(42)	10	21	37
Total	252	71	(117)	36	2	244
Guarantee commitments						
Provisions on performing outstandings (Stage1)	47	13	(12)	(4)	(10)	34
Provisions on under-performing outstandings (Stage 2)	68	4	(16)	(2)	26	80
Provisions on doubtful outstandings (Stage 3)	271	21	(54)	64	(20)	282
Total	386	38	(82)	58	(4)	396

(1) Including repayments, disposals and debt waivers.

3. COST OF RISK

ACCOUNTING PRINCIPLES

Cost of risk only includes net reversals of impairments and loss allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

The Group proceed to a write off by recognising a loss on the bad loan and a reversal of impairment in *Cost of risk* when a debt is forgiven or when there are no longer any hopes of future recovery. The lack of future hopes of recovery is documented when a certificate issued as proof that the debt is uncollectible is delivered by the relevant authority or when strong circumstantial evidences are identified (years in default, provisions at 100%, lack of recent recoveries, specificities of the case).

However, a write-off in accounting terms does not imply debt forgiveness in the legal sense as recovery actions on cash due by the counterparty are pursued particularly in case of return to better fortune. In case of recoveries on an exposure previously written-off, such recoveries are recognised as *Amounts recovered on irrecouvrables loans* on the year of collection.

<i>(In millions of euros)</i>	2019	2018
Net allocation to impairment losses	(1,202)	(970)
<i>on financial assets at fair value through other comprehensive income</i>	2	-
<i>on financial assets at amortised cost</i>	(1,204)	(970)
Net allocations to provisions	12	59
<i>on financing commitments</i>	47	82
<i>on guarantee commitments</i>	(35)	(23)
Losses not covered on irrecoverable loans	(292)	(263)
Amounts recovered on irrecoverable loans	184	169
Income from guarantee not taken into account for the calculation of impairment ⁽¹⁾	20	
Total	(1,278)	(1,005)

(1) *The income from the guarantees not taken into account for the calculation of impairment corresponds for the year 2019 to the financial guarantees received by the Group in the context of credit risk transfer operations to entities external to the Group. These operations concerned two diversified portfolios of structured loans of EUR 4 billion and USD 3.4 billion granted by Wholesale Banking and two portfolios of capital loans of EUR 2.1 billion and EUR 1.4 billion granted by Retail Banking in France.*

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

ACCOUNTING PRINCIPLES

DEFINITION OF FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the absence of observable prices for identical assets or liabilities, the fair value of financial instruments is determined using another measurement technique that maximises the use of observable market inputs based on assumptions that market operators would use to set the price of the instrument in question.

For financial instruments that are not recognised at fair value on the balance sheet, the figures disclosed in this note and broken down according to the fair value hierarchy as described in Note 3.4, should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

The fair value of financial instruments includes accrued interest if applicable.

1. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	31.12.2019				
<i>(In millions of euros)</i>	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due from banks	56,366	56,370	-	41,233	15,137
Customer loans	450,244	451,398	-	179,364	272,034
Debt securities	12,489	12,705	4,156	7,095	1,454
Total	519,099	520,473	4,156	227,692	288,625

	31.12.2018				
<i>(In millions of euros)</i>	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due from banks	60,588	60,674	-	43,844	16,830
Customer loans	447,229	451,366	-	187,421	263,945
Debt securities	12,026	12,113	4,007	7,312	794
Total	519,843	524,153	4,007	238,577	281,569

2. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	31.12.2019				
<i>(In millions of euros)</i>	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due to banks	107,929	107,976	356	104,028	3,592
Customer deposits	418,612	418,705	-	408,597	10,108
Debt securities issued	125,168	125,686	20,856	104,462	368
Subordinated debt	14,465	14,467	-	14,467	-
Total	666,174	666,834	21,212	631,554	14,068

	31.12.2018				
<i>(In millions of euros)</i>	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due to banks	94,706	94,564	244	90,037	4,283
Customer deposits	416,818	417,019	-	406,699	10,320
Debt securities issued	116,339	116,336	22,028	93,564	744
Subordinated debt	13,314	13,316	-	13,316	-
Total	641,177	641,235	22,272	603,616	15,347

3. VALUATION METHODS OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

LOANS, RECEIVABLES AND LEASE FINANCING AGREEMENTS

The fair value of loans, receivables and lease financing transactions for large corporates and banks is calculated, in the absence of an actively traded market for these loans, by discounting expected cash flows to present value based on the market rates (the benchmark maturity yield published by the Banque de France and the zero-coupon yield) prevailing on the balance sheet date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

The fair value of loans, receivables and lease financing transactions for retail banking customers, essentially comprised of individuals and small or medium-sized companies, is determined, in the absence of an actively traded market for these loans, by discounting the associated expected cash flows to present value at the market rates prevailing on the balance sheet date for similar types of loans and similar maturities.

For all floating-rate loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity of less than or equal to one year, fair value is taken to be the same as book value net of impairment, assuming there has been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

DEBTS

The fair value of debts, in the absence of an actively traded market for these liabilities, is taken to be the same as the value of future cash flows discounted to present value at the market rates prevailing on the balance sheet date. When the debt is a listed instrument, its fair value is its market value.

When the debt is a listed instrument, its fair value is its market value.

For floating-rate deposits, demand deposits and borrowings with an initial maturity of less than or equal to one year, fair value is taken to be the same as book value. Similarly, the individual fair value of demand deposit accounts is equal to their book value.

SECURITIES

Provided that the security is an instrument traded on an active market, its fair value is equal to the market price.

If no active market exists, the fair value of the securities is calculated by discounting estimated future net cash flows from the asset at the market rate on the balance sheet date. For variable-rate securities and fixed-rate securities with an agreed duration of up to one year, the fair value is assumed to be the carrying amount minus impairments provided there have been no significant fluctuations in credit spreads involving the counterparties concerned since they were recorded on the balance sheet.

NOTE 3.10 - COMMITMENTS AND ASSETS PLEDGED AND RECEIVED AS SECURITIES

ACCOUNTING PRINCIPLES

LOAN COMMITMENTS

Loan commitments that are not considered as financial derivatives or that are not measured at fair value through profit or loss for trading purpose are initially recognised at fair value. Thereafter, they are provisioned as necessary in accordance with the accounting principles for impairment and provisions (see Note 3.8).

GUARANTEE COMMITMENTS

When considered as non-derivative financial instruments, financial guarantees issued by the Group are initially recognised in the balance sheet at fair value. Thereafter, they are measured at either the amount of the obligation or the amount initially recognised (whichever is higher) less, when appropriate, the cumulative amortisation of a guarantee commission. Where there is objective evidence of impairment, a provision for financial guarantees given is recognised on the liabilities side of the balance sheet (see Note 3.8).

SECURITIES COMMITMENTS

Securities bought and sold, which are booked to *Financial assets at fair value through profit or loss*, *Financial assets at fair value through other comprehensive income* and *Financial assets at amortised cost* are recognised on the balance sheet at the settlement-delivery date. Between the trade date and the settlement-delivery date, securities receivable or deliverable are not recognised on the balance sheet. Changes in the fair value of securities measured at fair value through profit or loss and securities measured at fair value through other comprehensive income between the trade date and the settlement-delivery date are booked to profit or loss or equity, depending on the accounting classification of the securities in question.

1. COMMITMENTS

COMMITMENTS GRANTED

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Loan commitments		
To banks	50,589	19,174
To customers	184,305	199,663
<i>Issuance facilities</i>	83	-
<i>Confirmed credit lines</i>	166,168	181,015
<i>Others</i>	18,054	18,648
Guarantee commitments		
On behalf of banks	10,572	5,020
On behalf of customers ⁽¹⁾	42,248	57,251
Securities commitments		
Securities to be delivered	31,121	38,066

(1) Including capital and performance guarantees given to the holders of UCITS managed by entities of the Group.

COMMITMENTS RECEIVED

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Loan commitments		
From banks	84,990	62,447
Guarantee commitments		
From banks	110,395	104,845
Other commitments ⁽¹⁾	124,319	136,702
Securities commitments		
Securities to be received	30,874	41,857

(1) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 73,133 million at 31 December 2019 versus EUR 72,768 million at 31 December 2018.

2. FINANCIAL ASSETS PLEDGED AND RECEIVED AS SECURITY

FINANCIAL ASSETS PLEDGED

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Book value of assets pledged as security for liabilities ⁽¹⁾	391,820	348,262
Book value of assets pledged as security for transactions in financial instruments ⁽²⁾	56,891	55,957
Book value of assets pledged as security for off-balance sheet commitments	2,195	2,117
Total	450,906	406,336

(1) Assets pledged as security for liabilities mainly include loans given as guarantees for liabilities (guarantees notably provided to the central banks).

(2) Assets pledged as security for transactions in financial instruments mainly include security deposits.

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Fair value of securities purchased under resale agreements	111,818	129,628

The Group generally purchases securities under resale agreements under normal market terms and conditions. It may re-use the securities received under resale agreement by selling them outright, selling them under repurchase agreements or pledging them as security, provided that it returns these or equivalent securities to the counterparty to the resale agreement at its term.

Securities purchased under resale agreements are not recognised on the balance sheet. Their fair value, as shown above, includes securities sold or pledged as collateral.

NOTE 3.11 - TRANSFERRED FINANCIAL ASSETS

ACCOUNTING PRINCIPLES

Transferred financial assets that are not derecognised include securities lending transactions and repurchase agreements as well as certain loans transferred to consolidated securitisation vehicles.

The tables below show securities lending and repurchase agreements that only concern securities recognised on the asset side of the balance sheet.

Securities involved in a repurchase agreement or securities lending transaction are held in their original position on the asset side of the Group's balance sheet. For repurchase agreements, the obligation to return the amounts deposited is recorded under *Liabilities* on the liabilities side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial liabilities at fair value through profit or loss*.

Securities involved in a reverse repurchase agreement or securities borrowing transaction are not recorded in the Group's balance sheet. For securities received under a reverse repurchase agreement, the right to recover the amounts delivered by the Group is recorded under *Customer Loans and receivables* or *Due from banks* on the asset side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial assets at fair value through profit or loss*. In the event the borrowed securities are subsequently sold, a debt representing the return of these securities to their lender is recorded on the liabilities side of the Group's balance sheet, under *Financial liabilities at fair value through profit or loss*.

Securities lending and securities borrowing transactions that are fully matched by cash are assimilated to repurchase and reverse repurchase agreements and are recorded and recognised as such in the balance sheet.

With securities lending and repurchase agreements, the Group remains exposed to issuer default (credit risk) and to increases or decreases of securities value (market risk). The underlying securities cannot simultaneously be used as collateral in other transactions.

1. TRANSFERRED FINANCIAL ASSETS NOT DERECOGNISED

REPURCHASE AGREEMENTS

	31.12.2019		31.12.2018	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
<i>(In millions of euros)</i>				
Securities at fair value through profit or loss	23,691	20,486	19,515	15,371
Securities at fair value through other comprehensive income	13,057	10,476	11,903	9,743
Total	36,748	30,962	31,418	25,114

SECURITIES LENDING

<i>(In millions of euros)</i>	31.12.2019		31.12.2018	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Securities at fair value through profit or loss	13,297	54	11,347	51
Securities at fair value through other comprehensive income	132	-	368	-
Total	13,429	54	11,715	51

SECURITISATION ASSETS FOR WHICH THE COUNTERPARTIES TO THE ASSOCIATED LIABILITIES HAVE RECOURSE ONLY TO THE TRANSFERRED ASSETS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Customers loans		
Carrying amount of transferred assets	1,629	1,249
Carrying amount of associated liabilities	1,545	1,086
Fair value of transferred assets (A)	1,639	1,253
Fair value of associated liabilities (B)	1,555	1,090
Net position (A)-(B)	84	163

The Group remains exposed to the majority of the risks and rewards associated with these receivables; furthermore, these receivables may not be used as collateral or sold outright as part of another transaction.

2. TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED

At 31 December 2019, the Group carried out no material transactions resulting in the partial or full derecognition of financial assets leaving the Group with a continuing involvement in said assets.

NOTE 3.12 - OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

ACCOUNTING PRINCIPLES

A financial asset and a financial liability are offset and the net amount presented on the balance sheet when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties. In this respect, the Group recognises in its balance sheet the net amount of derivative financial instruments traded with certain clearing houses where they achieve net settlement through a daily cash margining process, or where their gross settlement system has features that eliminate or result in insignificant credit and liquidity risk, and that process receivables and payables in a single settlement process or cycle.

The following tables present the amounts of financial assets and financial liabilities set off on the Group's consolidated balance sheet. The gross outstanding amounts of these financial assets and financial liabilities are matched with the consolidated outstanding amounts presented in the balance sheet (net balance sheet amounts), after indicating the amounts set off on the balance sheet for these various instruments (amounts offset) and aggregating them with the outstanding amounts of other financial assets and financial liabilities not subject to a Master Netting Agreement or similar agreement (amounts of assets and liabilities not eligible for offsetting).

These tables also indicate the amounts which may be offset, as they are subject to a Master Netting Agreement or similar agreement, but whose characteristics make them ineligible for offsetting in the consolidated financial statements under IFRS. This information is provided in comparison with the accounting treatment applied under US GAAP. This affects in particular financial instruments that may only be offset in the event of the default, insolvency or bankruptcy of one of the counterparties, as well as instruments pledged by cash or securities collateral. These mainly include over-the-counter interest rate options, interest rate swaps and securities purchased/sold under resale/repurchase agreements.

Net positions resulting from these various offsettings are not intended to represent the Group's actual exposure to counterparty risk through these financial instruments, insofar as counterparty risk management uses other risk mitigation strategies in addition to netting and collateral agreements.

1. AT 31 DECEMBER 2019

ASSETS

<i>(In millions of euros)</i>	Amount of assets not subject to offsetting	Impact of offsetting on the balance sheet		Net amount presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements ⁽¹⁾			Net amount
		Gross amount	Amount offset		Financial instruments recognised in the balance	Cash collateral received	Financial instruments received as collateral	
Derivative financial instruments (see Notes 3.1 and 3.2)	28,345	210,193	(85,852)	152,686	(100,225)	(16,360)	-	36,101
Securities lent (see Notes 3.1 and 3.3)	8,275	5,552	-	13,827	(2,171)	(5)	(487)	11,164
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	44,054	196,583	(91,110)	149,527	(14,459)	(112)	(40,544)	94,412
Guarantee deposits pledged (see Note 4.4)	32,118	16,512	-	48,630	-	(16,512)	-	32,118
Other assets not subject to offsetting	991,633	-	-	991,633	-	-	-	991,633
Total	1,104,425	428,840	(176,962)	1,356,303	(116,855)	(32,989)	(41,031)	1,165,428

LIABILITIES

<i>(In millions of euros)</i>	Amount of liabilities not subject to offsetting	Impact of offsetting on the balance sheet		Net amount presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements ⁽¹⁾			Net amount
		Gross amount	Amount offset		Financial instruments recognised in the balance	Cash collateral pledged	Financial instruments pledged as collateral	
Derivative financial instruments (see Notes 3.1 and 3.2)	27,848	206,337	(85,852)	148,333	(100,225)	(16,512)	-	31,596
Amount payable on borrowed securities (see Note 3.1)	28,000	10,950	-	38,950	(2,171)	-	-	36,779
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	55,793	151,257	(91,110)	115,940	(14,459)	-	(35,880)	65,601
Guarantee deposits received (see Note 4.4)	32,844	16,477	-	49,321	-	(16,477)	-	32,844
Other liabilities not subject to offsetting	935,189	-	-	935,189	-	-	-	935,189
Total	1,079,674	385,021	(176,962)	1,287,733	(116,855)	(32,989)	(35,880)	1,102,009

(1) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

2. AT 31 DECEMBER 2018

ASSETS

	Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements ⁽¹⁾				Net amount
	Amount of assets not subject to offsetting	Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral received	Financial instruments received as collateral	
<i>(In millions of euros)</i>								
Derivative financial instruments (see Notes 3.1 and 3.2)	25,601	166,618	(57,337)	134,882	(81,559)	(13,720)	(31)	39,572
Securities lent (see Notes 3.1 and 3.3)	9,367	3,527	-	12,894	(1,745)	(2)	(732)	10,415
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	46,526	224,992	(97,812)	173,706	(21,581)	(304)	(51,925)	99,896
Guarantee deposits pledged (see Note 4.4)	33,099	13,595	-	46,694	-	(13,595)	-	33,099
Other assets not subject to offsetting	941,252	-	-	941,252	-	-	-	941,252
Total assets	1,055,845	408,732	(155,149)	1,309,428	(104,885)	(27,621)	(52,688)	1,124,234

LIABILITIES

	Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements ⁽¹⁾				Net amount
	Amount of liabilities not subject to offsetting	Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments pledged as collateral	
<i>(In millions of euros)</i>								
Derivative financial instruments (see Notes 3.1 and 3.2)	27,918	162,357	(57,337)	132,938	(81,559)	(13,595)	-	37,784
Amount payable on borrowed securities (see Note 3.1)	33,731	17,533	-	51,264	(1,745)	-	-	49,519
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	45,391	174,062	(97,812)	121,641	(21,581)	-	(22,956)	77,104
Guarantee deposits received (See Note 4.4)	29,417	14,026	-	43,443	-	(14,026)	-	29,417
Other liabilities not subject to offsetting	894,333	-	-	894,333	-	-	-	894,333
Total liabilities	1,030,790	367,978	(155,149)	1,243,619	(104,885)	(27,621)	(22,956)	1,088,157

(1) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

NOTE 3.13 - CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES

<i>(In millions of euros)</i>	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2019
Due to central banks	4,097	-	-	-	4,097
Financial liabilities at fair value through profit or loss	249,776	28,702	37,998	47,653	364,129
Due to banks	69,156	20,306	17,267	1,200	107,929
Customer deposits	372,573	20,385	16,319	9,335	418,612
Debt securities issued	28,142	24,948	56,099	15,979	125,168
Subordinated debt	5	2	2,746	11,712	14,465
Other liabilities	74,712	2,479	5,264	2,607	85,062
Total liabilities	798,461	96,822	135,693	88,486	1,119,462
Loan commitment granted	104,243	24,848	88,188	17,615	234,894
Guarantee commitments granted	25,906	8,772	10,101	8,041	52,820
Total commitments granted	130,149	33,620	98,289	25,656	287,714

The flows presented in this note are based on contractual maturities. However, for certain elements of the balance sheet, assumptions could be applied.

When there is no contractual terms, as well as for trading financial instruments (e.g.: derivatives), maturities are presented in the first column (up to 3 months).

The guarantee commitments given are scheduled on the basis of the best possible estimate of disposal; if not available, they are presented in the first column (up to 3 months).

NOTE 4 - OTHER ACTIVITIES

NOTE 4.1 - FEE INCOME AND EXPENSE

ACCOUNTING PRINCIPLES

Fee income and Fee expense combine fees on services rendered and received, as well as fees on commitments, that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under *Interest and similar income* and *Interest and similar expense* (see Note 3.7).

Transactions with customers include the fees from retail customers from the Group retail banking activities (in particular credit card fees, account management fees or application fees outside the effective interest rate).

Sundry services provided include the fees from customers from the other Group activities (in particular, interchange fees, funds management fees or fees on insurance products sold within the network).

The Group recognises fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- fees for ongoing services, such as some payment services, custody fees, or digital service subscriptions are recognised as income over the life of the service;
- fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties on payment incidents are recognised as income when the service is provided.

The amount equivalent to the remuneration for the service provided is composed of fixed and variable contractual compensation whether they are paid in kind or in cash, less any payments due to customers (for example, in case of promotional offers). The variable compensation (for example, discounts based on the provided services volume over a period of time or fees payable subject to the achievement of a performance target, etc.) are included in the amount equivalent to the remuneration for the service provided if and only if this compensation is highly probable not to be subsequently reduced significantly.

The possible mismatch between the payment date of the service provided and the date of execution of the service gives assets and liabilities depending on the type of contract and mismatch which are recognised under *Other Assets* and *Other Liabilities* (see Note 4.4):

- customer contracts generate trade receivables, accrued income or prepaid income;
- supplier contracts generate trade payables, accrued expenses or prepaid expenses.

In syndication deals, the effective interest rate for the share of the issuance retained on the Group's balance sheet is comparable to that applied to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees for services rendered is then recorded under *Fee income* at the end of the syndication period. Arrangement fees are recorded as income when the placement is legally complete.

<i>(In millions of euros)</i>	2019			2018		
	Income	Expense	Net	Income	Expense	Net
Transactions with banks	157	(149)	8	148	(182)	(34)
Transactions with customers	3,072	-	3,072	3,187	-	3,187
Financial instruments operations	2,261	(2,351)	(90)	2,308	(2,334)	(26)
Securities transactions	523	(1,019)	(496)	539	(1,030)	(491)
Primary market transactions	126	-	126	136	-	136
Foreign exchange transactions and financial derivatives	1,612	(1,332)	280	1,633	(1,304)	329
Loan and guarantee commitments	772	(213)	559	711	(78)	633
Various services	2,806	(1,098)	1,708	2,770	(1,006)	1,764
Asset management fees	610	-	610	634	-	634
Means of payment fees	914	-	914	847	-	847
Insurance product fees	241	-	241	228	-	228
Underwriting fees of UCITS	80	-	80	85	-	85
Other fees	961	(1,098)	(137)	976	(1,006)	(30)
Total	9,068	(3,811)	5,257	9,124	(3,600)	5,524

NOTE 4.2 - INCOME AND EXPENSE FROM OTHER ACTIVITIES

ACCOUNTING PRINCIPLES

LEASING ACTIVITIES

Leases granted by the Group which do not transfer to the lessee virtually all the risks and benefits associated with ownership of the leased asset are classified as operating leases.

Assets held under operating leases, including investment property, are recorded on the balance sheet under *Tangible and intangible fixed assets* at their acquisition cost, less depreciation and impairment (see Note 8.4).

Leased assets are depreciated, excluding residual value, over the life of the lease. Lease payments are recognised as income according to the straight-line method over the term of the lease. Meanwhile, the purpose of the accounting treatment of income invoiced in respect of maintenance services related to operating lease activities is to reflect a constant margin between this income and the expenses incurred in providing the service over the term of the service agreement.

Income and expenses, and capital gains or losses on investment properties and leased assets, are recorded under *Income and expenses from other activities* on the *Real estate leasing* and *Equipment leasing* lines, as well as income and expense on maintenance services related to operating lease activities.

These lines also include losses incurred in the event of a decline in the unguaranteed residual value of finance-lease transactions, and capital gains or losses on disposal related to unleased assets once the lease finance agreements are terminated.

Leases granted by the Group entities may include maintenance service for the leased equipment. In this case, the portion of rentals corresponding to this maintenance service is spread over the duration of the service (generally the lease contract duration) and, when necessary, considers the progress of the service provided when it is not linear.

REAL ESTATE DEVELOPMENT ACTIVITIES

As the sale of real estate off plan (housing, office property, retail areas, etc.) is an ongoing service, the margin of this activity is progressively recognised over the construction programme's duration until the delivery date to the customer. It is recognised under income when this margin is positive and under expenses when this margin is negative.

The margin recognised at each closing period reflects the programme's estimated margin forecast and its stage of completion at the end of the period which depends on the progress in terms of marketing and the project.

<i>(In millions of euros)</i>	2019			2018		
	Income	Expense	Net	Income	Expense	Net
Real estate development	96	-	96	76	(2)	74
Real estate leasing	48	(34)	14	34	(40)	(6)
Equipment leasing ⁽¹⁾	10,889	(7,758)	3,131	10,102	(7,156)	2,946
Other activities	596	(1,993)	(1,397)	549	(1,814)	(1,265)
Total	11,629	(9,785)	1,844	10,761	(9,012)	1,749

(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



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Insurance activities (life insurance, personal protection and non-life insurance) add to the range of products included in the banking services offered to Group customers.

These activities are carried out by dedicated subsidiaries, subject to regulations specific to the insurance sector.

The rules for measuring and accounting for risks associated with insurance contracts are specific to the Insurance sector as well as the presentation of income and expenses on the Group's insurance activities that are disclosed in this note and which are classified on the basis of their function.

DEFERRED APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES

The amendments to IFRS 4 (Applying IFRS 9, "Financial Instruments", with IFRS 4, "Insurance Contracts") allow entities having insurance as their primary activity to delay the application of IFRS 9 until 1 January 2021, meaning they may continue applying the current standard, IAS 39. The European Regulation 2017/1988 also extended the deferral option to allow financial conglomerates falling within the scope of Directive 2002/87/EC to elect that all their entities operating in the insurance sector within the meaning of that Directive will defer the effective date of IFRS 9 until 1 January 2021.

The Group has elected that all its insurance subsidiaries will defer the effective date of IFRS 9 and will continue to apply IAS 39 as adopted by the European Union. The Group has made the necessary arrangements to forbid all transfers of financial instruments between its insurance sector and any other sector in the Group that would lead to a derecognition of the instrument by the seller, except for transfers of financial instruments measured at fair value through profit or loss by both sectors involved in such transfers.

Insurance activities are presented on separate lines in the consolidated financial statements for clarification purposes: *Investments of insurance activities* under balance sheet assets, *Insurance contracts related liabilities* under balance sheet liabilities and *Net income from insurance activities* under *Net banking income* in the income statement.

The main subsidiaries concerned are Sogecap, Antarius, Sogelife, Oradea Vie, Komercni Pojistovna A.S. and Sogessur.

1. INSURANCE CONTRACTS RELATED LIABILITIES

ACCOUNTING PRINCIPLES

UNDERWRITING RESERVES OF INSURANCE COMPANIES

Underwriting reserves correspond to the commitments of insurance companies with respect to policyholders and the beneficiaries of policies.

In accordance with IFRS 4 on insurance policies, life and non-life underwriting reserves continue to be measured under the same local regulations, with the exception of certain prudential provisions that are cancelled (liquidity risk provision) or recalculated economically (mainly, overall management reserve).

Risks covered by non-life insurance policies are principally linked to home, car and accident protection guarantees. Underwriting reserves comprise reserves for unearned premiums (share of premium income relating to subsequent financial years) and for outstanding claims.

Risks covered by life insurance policies are principally death, invalidity and incapacity for work. Life insurance underwriting reserves mainly comprise actuarial reserves, which correspond to the difference between the present value of commitments falling to the insurer and those falling to the policyholder, and the reserve for claims incurred but not settled.

In saving-life insurance products:

- Underwriting reserves of saving-life insurance contracts invested in EUR-denominated policies with profit sharing clauses consist primarily of mathematical provisions and provisions for profit-sharing;
- Underwriting reserves of saving-life insurance contracts invested in unit-linked policies or with a significant insurance clause (mortality, invalidity, etc.) are measured at the inventory date according to the realisation value of the assets underlying these contracts.

Under the principles defined in IFRS 4, and in compliance with local regulations applicable with respect thereto, life insurance policies with discretionary profit-sharing features are subject to “mirror accounting”, whereby any changes in the value of financial assets liable to affect policyholders are recorded in *Deferred profit-sharing*. This reserve is calculated to reflect the potential rights of policyholders to unrealised gains on financial instruments measured at fair value or their potential share of unrealised losses.

To demonstrate the recoverability of the deferred profit-sharing asset in the event of an unrealised net loss, two approaches are verified by the Group in order to show that the liquidity requirements caused by an unfavourable economic environment would not require assets to be sold in the event of unrealised losses:

- the first approach consists in simulating deterministic (“standardised” or extreme) stress scenarios. This is used to show that in these scenarios no significant losses would be realised on the assets existing at the balance sheet date for the scenarios tested;
- the aim of the second approach is to ensure that in the long or medium term, the sale of assets to meet liquidity needs would not generate any significant losses. The approach is verified considering projections based on extreme scenarios.

Moreover, a Liability Adequacy Test (LAT) is also carried out quarterly at the level of each consolidated entities operating in the insurance. This test involves comparing the carrying amount of insurance liabilities with the average economic value using a stochastic model of future cash flows. This test takes into account all of the future cash flows from policies, including benefits, management charges, fees, policy options and guarantees related to the contracts; It does not include future premiums. If the test concludes that the book value is insufficient, the value of insurance liabilities will be adjusted with a corresponding entry in the income statement.

CLASSIFICATION OF FINANCIAL LIABILITIES

At initial recognition, financial liabilities resulting from the Group’s insurance activities are classified in the following accounting categories:

- financial liabilities measured at fair value through profit or loss: these are derivative financial liabilities;
- financial liabilities measured at fair value option through profit or loss: these are non-derivative financial liabilities that were initially designated by the Group to be measured at fair value through profit or loss (using the option). These include investment contracts without both discretionary profit-sharing clauses and insurance component, that do not meet the definition of an insurance contract under IFRS 4 (unit-linked insurance contracts only) and are thus governed by IAS 39.

BREAKDOWN OF INSURANCE CONTRACTS RELATED LIABILITIES

<i>(In millions of euros)</i>	31.12.2019	31.12.2018 *
Underwriting reserves of insurance companies	140,155	127,386
Financial liabilities of insurance companies	4,104	2,157
<i>Financial liabilities at fair value through profit or loss</i>	834	774
<i>Financial liabilities at fair value through profit or loss (fair value option)</i>	3,270	1,383
Total	144,259	129,543

* *The amounts have been restated following the reclassification of investment contracts to Financial liabilities of insurance companies.*

UNDERWRITING RESERVES OF INSURANCE COMPANIES

<i>(In millions of euros)</i>	31.12.2019	31.12.2018 *
Life insurance underwriting reserves for unit-linked policies	32,611	27,467
Other life insurance underwriting reserves	94,714	90,992
Non-life insurance underwriting reserves	1,556	1,418
Deferred profit-sharing booked in liabilities	11,274	7,509
Total	140,155	127,386
Attributable to reinsurers	(750)	(703)
Underwriting reserves of insurance net of the share attributable to reinsurers	139,405	126,683

* *The amounts have been restated following the reclassification of investment contracts to Financial liabilities of insurance companies.*

STATEMENT OF CHANGES IN UNDERWRITING RESERVES

<i>(In millions of euros)</i>	Life insurance underwriting reserves for unit-linked policies	Other life insurance underwriting reserves	Non-life insurance underwriting reserves
Reserves at 1 January 2019	27,467	90,992	1,418
Allocation to insurance reserves	1,770	2,067	161
Revaluation of unit-linked policies	4,268	-	-
Charges deducted from unit-linked policies	(193)	-	-
Transfers and allocation adjustments	(637)	630	-
New customers	26	(1)	9
Profit-sharing	(95)	957	-
Others	5	69	(32)
Reserves at 31 December 2019	32,611	94,714	1,556

In accordance with IFRS 4 and Group accounting standards, the Liability Adequacy Test (LAT) was performed at 31 December 2019. This test assesses whether recognised insurance liabilities are adequate, using current estimates of future cash flows under insurance policies. The result of the test at 31 December 2019 does not show any insufficiency of technical liabilities.

UNDERWRITING RESERVES OF INSURANCE COMPANIES BY REMAINING MATURITY

<i>(In millions of euros)</i>	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31.12.2019
Underwriting reserves of insurance companies	15,288	9,291	37,018	78,558	140,155

2. INVESTMENTS OF INSURANCE ACTIVITIES

ACCOUNTING PRINCIPLES

CLASSIFICATION OF FINANCIAL INSTRUMENTS

When initially recognised, financial assets from Group insurance activities are classified into one of the following four categories:

- *Financial assets at fair value through profit or loss*: these are financial assets held for trading purposes (see definition in Note 3.1), which by default include derivative financial assets not qualifying as hedging instruments and non-derivative financial assets designated by the insurance entity upon initial recognition to be carried at fair value through profit or loss (using the option). In particular, insurance entities measure at fair value using the option the financial assets representing unit-linked contracts in order to eliminate the accounting mismatch with the related insurance liabilities, as well as interests in UCITS over which a significant influence exists;
- *available-for-sale financial assets*: these are non-derivative financial assets held for an indeterminate period, which the insurance entity may sell at any time. By default, they are any assets that do not fall into one of the one of the other categories. These instruments are measured at fair value against *Unrealised or deferred gains and losses*. Interests accrued or paid on debt securities are recognised in the income statement using the effective interest rate method while dividend income earned on equity securities is recorded in the income statement under *Net gains and losses on available-for-sale financial assets*. If there is an objective evidence on an individual basis, the total accumulated unrealised loss previously recorded in shareholders' equity is reclassified in the income statement under *Net Income from insurance activities*;
- *loans and receivables*: these include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes, not held for sale from the time they are originated or acquired, and not designated upon initial recognition to be carried at fair value through profit or loss (in accordance with the fair value option). They are measured at amortised cost, and impairment, determined on an individual or a collective basis, may be recorded if appropriate;
- *held-to-maturity financial assets*: these are non-derivative financial assets with fixed or determinable payments and a fixed maturity, that are quoted in an active market and which the Group has the intention and ability to hold to maturity. They are measured at their amortised cost and may be subject to impairment as appropriate whether objective evidence of impairment exists individually.

All these categories are presented on the insurance entity's balance sheet under the *Investments of insurance companies*, which also includes investment properties held by insurance entities and hedge derivatives assessed in accordance with the accounting principles presented in Note 3.2.

RECLASSIFICATION OF FINANCIAL ASSETS

After their initial recognition, financial assets may not be later reclassified as *Financial assets at fair value through profit or loss*.

A non-derivative financial asset initially recognised under *Financial assets at fair value through profit or loss* as an asset held for trading purposes may only be reclassified out of this category under specific conditions framed by IAS 39 standard.

IMPAIRMENT

▪ Impairment of financial assets measured at amortised cost

For debt instruments not measured at fair value through net income, the criteria used by the insurance entity's insurance entities to assess individually objective evidence of impairment include the following conditions:

- a significant decline in the counterparty's financial situation leads to a high probability of said counterparty being unable to fulfill its overall commitments, implying then a risk of loss for the insurance entity (the appreciation of this deterioration can be based on the evolution of the rating of the issuers or the variations of the credit spreads changes observed on these markets);
- the occurrence of late payment of coupons and more generally of arrears of more than 90 days;
- or, regardless of whether or not any past-due payments are recorded, there is objective evidence of impairment or legal proceedings have been initiated (bankruptcy, legal settlement, compulsory liquidation).

If there is objective evidence that loans or other receivables, or financial assets classified as held-to-maturity financial assets, are impaired, an impairment is recognised for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees. This discount is calculated using the financial assets' original effective interest rate. The amount of this impairment is deducted from the carrying value of the impaired financial asset.

The allocations and reversals of impairments are recorded in the income statement under net income from investments in the *Net income from insurance activities*. The impaired loans or receivables are remunerated for accounting purposes by the reversal over time of the discounting to present value, which is recorded under interest income in the *Net income from insurance activities*.

Where there is no objective evidence that an impairment loss has been incurred on a financial asset considered individually, be it significant or not, insurance entity includes that financial asset in a group of financial assets having similar characteristics in terms of credit risk and tests the whole group for impairment. In a homogeneous portfolio, as soon as a credit risk is incurred on a group of financial instruments, impairment is recognised without waiting for the risk to individually affect one or more receivables.

▪ Impairment of available-for-sale financial assets

An available-for-sale financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of this asset.

For listed equity instruments, a significant or prolonged decline in their price below their acquisition cost constitutes objective evidence of impairment. For this purpose, insurance entities consider as impaired listed shares showing an unrealised loss greater than 50% of their acquisition price on the balance sheet date, as well as listed shares for which the quoted prices have been below their acquisition price on every trading day for at least the last 24 months before the balance sheet date. Further factors, such as the financial situation of the issuer or its development outlook, can lead the insurance entities to consider that the cost of its investment may not be recovered even if the abovementioned criteria are not met. An impairment loss is then recorded through net income equal to the difference between the last quoted price of the security on the balance sheet date and its acquisition price.

For unlisted equity instruments, the criteria used to assess the evidence of impairment are identical to those mentioned above. The value of these instruments at the balance sheet date is determined using the valuation methods described in Note 3.4.

The criteria for the impairment of debt instruments are similar to those for the impairment of financial assets measured at amortised cost.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in shareholders' equity under *Unrealised or deferred gains and losses* and subsequent objective evidence of impairment emerges, insurance entities recognise the total accumulated unrealised loss previously recorded in shareholders' equity in the income statement among under net income from investments in the *Net income from insurance activities* as far as debt instruments and equity instruments are concerned.

This cumulative loss is measured as the difference between the acquisition cost (net of any repayments of principal and amortisation) and the present fair value, less any impairment of the financial asset that has already been recorded through profit or loss.

Impairment losses recognised through profit or loss on an equity instrument classified as available-for-sale are only reversed through profit or loss when the instrument is sold. Once an equity instrument has been recognised as impaired, any further loss of value is recorded as an additional impairment loss. For debt instruments, however, an impairment loss is reversed through profit or loss if they subsequently recover in value following an improvement in the issuer's credit risk.

OTHER ACCOUNTING PRINCIPLES

Accounting principles relative to fair value, initial recognition of financial instruments, derecognition of financial instruments, derivative financial instruments, interest income and expense, transferred financial assets and offsetting of financial instruments are similar to those described in Note 3 "Financial instruments".

OVERVIEW OF INVESTMENTS OF INSURANCE ACTIVITIES

<i>(In millions of euros)</i>	31.12.2019	31.12.2018 *
Financial assets at fair value through profit or loss (trading portfolio)	268	462
<i>Shares and other equity instruments</i>	37	29
<i>Trading derivatives</i>	231	433
Financial assets at fair value through profit or loss (fair value option)	65,718	54,715
<i>Bonds and other debt instruments</i>	31,719	26,356
<i>Shares and other equity instruments</i>	33,694	28,085
<i>Loans, receivables and repo transactions</i>	305	274
Hedging derivatives	438	401
Available for sale financial assets	91,899	84,668
<i>Debt instruments</i>	75,839	70,982
<i>Equity instruments</i>	16,060	13,686
Due from banks ⁽²⁾	5,867	5,794
Customer loans	92	119
Held to maturity financial assets	80	-
Real estate investments	576	609
Total investments of insurance activities ^{(1) (2)}	164,938	146,768

* Amounts restated in order to present the amounts of investments of insurance activities after elimination of intercompany transactions.

(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 1,126 million of current accounts at 31 December 2019 vs. EUR 710 million at 31 December 2018.

ANALYSIS OF FINANCIAL ASSETS DEPENDING ON THEIR CONTRACTUAL CHARACTERISTICS

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

31.12.2019						
	Carrying amount			Fair value		
	Basic instruments	Other instruments	Total	Basic instruments	Other instruments	Total
<i>(In millions of euros)</i>						
Financial assets at fair value through profit or loss	-	65,986	65,986	-	65,986	65,986
Hedging derivatives	-	438	438	-	438	438
Available-for-sale financial assets	72,349	19,550	91,899	72,349	19,550	91,899
Due from banks	2,805	3,062	5,867	3,012	3,178	6,190
Customer loans	92	-	92	90	-	90
Held-to-maturity financial assets	-	80	80	-	80	80
Total financial investments	75,246	89,116	164,362	75,451	89,232	164,683

31.12.2018						
	Carrying amount			Fair value		
	Basic instruments	Other instruments	Total	Basic instruments	Other instruments	Total
<i>(In millions of euros)</i>						
Financial assets at fair value through profit or loss	-	55,177	55,177	-	55,177	55,177
Hedging derivatives	-	401	401	-	401	401
Available-for-sale financial assets	68,261	16,407	84,668	68,261	16,407	84,668
Due from banks	2,122	3,672	5,794	2,259	3,880	6,139
Customer loans	119	-	119	117	-	117
Held-to-maturity financial assets	-	-	-	-	-	-
Total financial investments	70,502	75,657	146,159	70,637	75,865	146,502

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

<i>(In millions of euros)</i>	31.12.2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (trading portfolio)	37	190	41	268
Financial assets at fair value through profit or loss using the fair value option	58,874	6,483	361	65,718
Hedging derivatives	-	438	-	438
Available-for-sale financial assets	84,435	7,252	212	91,899
Total	143,346	14,363	614	158,323

<i>(In millions of euros)</i>	31.12.2018			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (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

<i>(In millions of euros)</i>	2019
Balance as of 1 January	84,668
Acquisitions	15,602
Disposals / redemptions	(11,393)
Transfers to held-to-maturity financial assets	(80)
Change in scope and others	154
Gains and losses on changes in fair value recognised directly in equity during the period	2,984
Impairment losses on equity instruments recognised in profit or loss	(91)
Translation differences	55
Balance as of 31 December	91,899

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

	31.12.2019		
<i>(In millions of euros)</i>	Capital gains	Capital losses	Net revaluation
Unrealised gains and losses of insurance companies	556	(30)	526
<i>On equity instruments available-for-sale</i>	2,047	(75)	1,972
<i>On debt instruments available-for-sale and assets reclassified as loans and receivables</i>	7,921	(240)	7,681
<i>Deferred profit-sharing</i>	(9,412)	285	(9,127)

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

FINANCIAL ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Fair value of securities purchased under resale agreements	7	8

The Group generally purchases securities under resale agreements under normal market terms and conditions. It may re-use the securities received under resale agreement by selling them outright, selling them under repurchase agreements or pledging them as security, provided that it returns these or equivalent securities to the counterparty to the resale agreement at its term.

Securities purchased under resale agreements are not recognised on the balance sheet. Their fair value, as shown above, includes securities sold or pledged as collateral.

3. NET INCOME FROM INSURANCE ACTIVITIES

ACCOUNTING PRINCIPLES

INCOME AND EXPENSE RELATED TO INSURANCE CONTRACTS

Income and expense related to insurance contracts issued by Group insurance companies, associated fee income and expense, and income and expense related to investments of insurance companies are recorded under *Net income from insurance activities* in the income statement.

Other income and expense are recorded under the appropriate headings.

Changes in the provision for deferred profit-sharing are recorded under *Net income from insurance activities* in the income statement or under *Unrealised or deferred gains and losses* under the appropriate headings for the underlying assets in question.

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

<i>(In millions of euros)</i>	2019	2018 *
Net premiums	14,188	12,562
Net income from investments	3,655	1,928
Cost of benefits (including changes in reserves) ⁽¹⁾	(15,736)	(12,429)
Other net technical income (expense)	(182)	(337)
Net income from insurance activities	1,925	1,724
Funding costs	(5)	(7)
Net banking income of insurance companies	1,920	1,717

* *The amounts have been restated following the reclassification of investment contracts to Financial liabilities of insurance companies.*

(1) *o/w: EUR -3,549 million in respect of deferred profit-sharing at 31 December 2019.*

NET INCOME FROM INVESTMENTS

<i>(In millions of euros)</i>	2019	2018
Dividend income on equity instruments	719	617
Interest income	1,912	2,011
<i>On available-for-sale financial assets</i>	1,675	1,706
<i>On loans and receivables</i>	194	293
<i>Other net interest income</i>	43	12
Net gains or losses on financial instruments at fair value through profit or loss	764	(776)
Net gains or losses on available-for-sale financial instruments	237	62
<i>Capital gain or loss on sale of debt instruments</i>	141	(5)
<i>Capital gain or loss on sale of equity instruments</i>	187	174
<i>Impairment values on equity instruments</i>	(91)	(107)
Net gains or losses on real estate investments	23	14
Total	3,655	1,928

4. MANAGEMENT OF INSURANCE RISKS

The Group carries out its insurance activities through the distribution and reinsurance acceptance of a wide range of life insurance, protection and health insurance, and non-life insurance policies. Since the life insurance business is predominant on the French market in the Group's insurance activities, the market risks of financial assets in terms of technical liabilities constitute the most significant exposure. Within market risks, the insurance business line is sensitive to shocks in interest rates, equity markets and credit spreads. In connection with the life insurance savings activity, the risk of withdrawals is also significant.

Managing these risks is key to the Insurance business line's activity. It is carried out by qualified and experienced teams, with major bespoke IT resources. Risks undergo regular monitoring and are reported to the General Management of both the entities concerned and the business lines.

Risk management techniques are based on the following:

- heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile and the guarantees provided;
- regular monitoring of indicators on product claims rates in order to adjust certain product parameters, such as pricing or the level of guarantee, if necessary;
- implementation of a reinsurance plan to protect the business line from major/serial claims;
- application of policies on risk, provisioning and reinsurance.

Management of risks linked to the financial markets and to ALM is an integral part of the investment strategy just like objectives on long-term performance. The optimisation of these two factors is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analysed by the Finance and Risk Department of the insurance business line.

Risk management related to financial markets (interest rates, credit and shares) and to ALM is based on the following:

- monitoring short- and long-term cash flows (match between the term of a liability and the term of an asset, liquidity risk management);
- particular monitoring of policyholder behaviour (redemption);
- close monitoring of financial markets;
- hedging of exchange rate risks (both rising and falling);
- defining thresholds and limits per counterparty, per rating issuer and per category of assets;
- stress tests, the results of which are presented annually at entities' Board of Directors' meetings, as part of the ORSA report (Own Risk and Solvency Assessment), transferred to the ACPR after approval by the Board;
- application of policies related to ALM and investment risks.

BREAKDOWN OF NET INVESTMENTS BY RATING OF BASIC INSTRUMENTS

The following table shows the gross carrying amounts after eliminating intercompany transactions.

	31.12.2019			
<i>(In millions of euros)</i>	Available-for-sale financial assets	Due from banks	Customer loans	Total
AAA	4,064	1,033	-	5,097
AA+ / AA / AA-	38,016	370	-	38,386
A+ / A / A-	14,863	1,051	-	15,914
BBB+ / BBB / BBB-	14,789	265	-	15,054
BB+ / BB / BB-	289	-	-	289
B+ / B / B-	5	-	-	5
CCC+ / CCC / CCC-	-	-	-	-
CC+ / CC / CC-	-	-	-	-
Lower than CC-	-	-	-	-
Without rating	323	86	92	501
Total before impairment	72,349	2,805	92	75,246
Impairment	-	-	-	-
Carrying amount	72,349	2,805	92	75,246

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

NOTE 4.4 - OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Guarantee deposits paid ⁽¹⁾	48,630	46,694
Settlement accounts on securities transactions	6,915	6,645
Prepaid expenses	1,084	1,057
Miscellaneous receivables ⁽²⁾	10,065	11,817
Miscellaneous receivables - insurance	1,653	1,511
Gross amount	68,347	67,724
Impairments ⁽³⁾	(302)	(278)
Net amount	68,045	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 918 million as of 31 December 2019.

(3) Impairments on other assets are related to:

- credit risk on operating lease receivables for an amount of EUR 145 million as of 31 December 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 123 million as of 31 December 2019 and EUR 110 million as of 31 December 2018;
- other risks for an amount of EUR 34 million as of 31 December 2019 and EUR 37 million as of 31 December 2018.

2. OTHER LIABILITIES

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Guarantee deposits received ⁽¹⁾	49,321	43,443
Settlement accounts on securities transactions	7,356	6,904
Expenses payable on employee benefits	2,364	2,396
Lease liability ⁽²⁾	2,251	
Deferred income	1,596	1,620
Miscellaneous payables ⁽³⁾	13,194	15,609
Miscellaneous payables - insurance	8,980	6,657
Total	85,062	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



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Employee benefits correspond to the compensation granted by the Group to its employees in exchange for work carried out during the annual reporting period.

All forms of compensation for work rendered are recorded in the expenses:

- whether it be paid to employees or to outside social security agencies;
- whether it be paid during the annual reporting period or to be paid by the Group in the future as entitlements to employees (pension plans, retirement benefits...);
- whether it be paid in cash or in Societe Generale shares (free share plans, stock options).

ACCOUNTING PRINCIPLES

Employee benefits are divided into four categories:

- Short-term employee benefits which are employee benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing;
- Post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- Long-term employee benefits which are employee benefits not expected to be settled wholly before twelve months, such as defined variable compensation paid in cash and not indexed to the Societe Generale share, long service awards and time saving accounts;
- Termination benefits.

NOTE 5.1 - PERSONNEL EXPENSES AND RELATED PARTY TRANSACTIONS

ACCOUNTING PRINCIPLES

Personnel expenses include all expenses related to personnel, including employee benefits and expenses related to payments based on Societe Generale shares.

Short-term employee benefits are recorded under *Personnel expenses* during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and other long-term benefits are described in Note 5.2.

Personnel expenses include related party transactions, within the meaning of IAS 24.

The Group's related parties include the members of the Board of Directors, corporate officers (the Chairman, the Chief Executive Officer and the four Deputy Chief Executive Officers), their respective spouses and any children residing in the family home, subsidiaries which are either controlled exclusively or jointly by the Group, and companies over which Societe Generale exercises significant influence.

1. PERSONNEL EXPENSES

<i>(In millions of euros)</i>	2019	2018
Employee compensation	(7,240)	(6,925)
Social security charges and payroll taxes	(1,660)	(1,648)
Net pension expenses - defined contribution plans	(759)	(724)
Net pension expenses - defined benefit plans	(10)	78
Employee profit-sharing and incentives	(286)	(342)
Total	(9,955)	(9,561)
<i>Including net expenses from share-based payments</i>	<i>(171)</i>	<i>(171)</i>

2. RELATED-PARTY TRANSACTIONS

REMUNERATION OF THE GROUP'S MANAGERS

This includes amounts effectively paid by the Group to Directors and corporate officers as remuneration (including employer contributions) and other benefits as indicated below.

<i>(In millions of euros)</i>	2019	2018
Short-term benefits	13.6	17.9
Post-employment benefits	0.7	0.7
Long-term benefits	-	-
Termination benefits	-	1.6
Share-based payments	3.0	2.8
Total	17.4	23.0

RELATED-PARTY TRANSACTIONS

The transactions with members of the Board of Directors, Chief Executive Officers and members of their families included in this note only comprise loans and guarantees outstanding at 31 December 2019 for a total amount of EUR 3.9 million. All other transactions with these individuals are insignificant.

TOTAL AMOUNTS PROVISIONED OR BOOKED BY THE SOCIETE GENERALE GROUP FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS

The total amount provisioned or booked by the Societe Generale Group at 31 December 2019 under IAS 19 for the payment of pensions and other benefits to Societe Generale's Chief Executive Officers (Ms Lebot and Mr. Aymerich, Mr. Cabannes, and Mr. Heim and the two staff-elected Directors) is EUR 11.5 million.

NOTE 5.2 - EMPLOYEE BENEFITS

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

- post-employment benefits, such as pension plans or retirement benefits;
- other long-term benefits: these benefits include deferred compensation programs settled in cash and not indexed to the Societe Generale share, such as long-term deferred variable remuneration, CET (*Comptes Epargne Temps*) flexible working provisions, or long service awards;
- termination benefits.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

<i>(In millions of euros)</i>	Provisions at 31.12.2018	Allocations	Write- backs available	Net allocation	Write- backs used	Actuarial gains and losses	Currency and scope effects	Provisions at 31.12.2019
Post-employment benefits ⁽¹⁾	1,574	92	(89)	3	(76)	34	85	1,620
Other long-term benefits	435	93	(90)	3	(6)	-	8	440
Termination benefits	332	331	(62)	269	(260)	-	15	356
Total	2,341	516	(241)	275	(342)	34	108	2,416

(1) The write-backs available of post-employment benefits include the freezing of rights under the additional plan for the supplementary retirement allowance for executives, implemented in France in 1991.

On 9 April 2019, Societe Generale announced two transformation projects including a strategic adjustment of its Global Banking and Investor Solutions activities and a more operational project aimed at adapting the organisation of the Retail Banking and International Financial Services headquarters.

These projects led to an adjustment of the restructuring provisions with an allocation of EUR 243 million, of which EUR 236 million were recorded under *Personnel expenses* and EUR 7 million were recorded under *Other operating expenses*. Most of these provisions were used during the second half of 2019.

Provisions also include a restructuring provision related to planned changes that could concern part of French Retail Banking's head office, the platforms for processing customer transactions (back offices) and certain network support functions. This project resulted in an allocation of EUR 55 million, of which EUR 44 million were recorded under *Personnel expenses* and EUR 11 million were recorded under *Other operating expenses*.

ACCOUNTING PRINCIPLES

POST-EMPLOYMENT BENEFITS

Post-employment benefits can be broken down into two categories: defined contribution pension plans or defined benefit pension plans.

▪ Defined contribution plans

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are recorded as an expense for the current year.

▪ **Defined benefit plans**

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bare the associated medium or long-term risk.

Provisions are recognised on the liabilities side of the balance sheet under *Provisions*, to cover the whole of these retirement obligations. These provisions are assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

Group can choose to finance defined benefit plans by assets held by a long-term employee benefit fund or by qualifying insurance policies.

Funding assets, made by funds or insurance policies, are classified as plan assets if assets are held by an entity (fund) that is legally separate from the reporting entity and are available to be used only to pay employee benefits.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

When these plans are financed from funds not classified as plan assets, these funds, classified as separate assets, are displayed separately in the assets of the balance sheet under *Financial assets at fair value through profit or loss*.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) and differences between actuarial assumptions and real performance are recognised as actuarial gains and losses. Actuarial gains and losses, as well as the return on plan assets excluding amounts expensed as net interest on the net defined benefit liability (or asset) and any change in the effect of the asset ceiling are components used to re-measure the net defined benefit liability (or asset). These components are immediately and fully recognised in shareholder's equity among *Unrealised or deferred gains and losses* and they cannot be subsequently reclassified as income.

In the Group consolidated financial statements, these items that cannot be subsequently reclassified as income are displayed separately in the Statement of net income and unrealised or deferred gain and losses, but are transferred immediately to retained earnings in the Statement of changes in shareholder's equity so that they are presented directly under *Retained earnings* on the liabilities side of the balance sheet.

When a new or amended plan comes into force, past service cost is immediately recognised in profit or loss.

An annual charge is recorded under *Personnel expenses* for defined benefit plans consisting of:

- the additional entitlements vested by each employee (current service cost);
- past service cost resulting from a plan amendment or a curtailment;
- the financial expense resulting from the discount rate and the interest income on plan assets (net interest on the net defined benefit liability or asset);
- plan settlements.

OTHER LONG-TERM BENEFITS

Other long-term employee benefits are benefits other than post-employment and termination benefits, that are paid to employees more than twelve months after the end of the annual period in which they provided the related services.

Other long-term benefits are measured and recognised in the same way as post-employment benefits, with the exception of actuarial gains and losses, which are immediately recognised as profit or loss.

DEFINED CONTRIBUTION PLANS

The main defined contribution plans provided to employees of the Group are located in France, in the United Kingdom and in the United States.

In France, they include state pension plans and other national pension plans such as AGIRC-ARRCO, as well as pension schemes put in place by certain Group entities whose only commitment is to pay annual contributions (PERCO).

In the United Kingdom, the employer pays contributions according to the age of the employees (from 2.5 to 10% of the salary) and can make extra contributions up to 4.5% for the voluntary additional employee contributions.

In the United States, employers fully match the first 8% of employee contributions, within the limit of USD 10,000.

POST-EMPLOYMENT DEFINED BENEFIT PLANS

Post-employment pension plans include schemes offering annuities, plans offering retirement bonuses and mixed plans (cash balance). Benefits paid out in annuities supplement the pensions paid by the mandatory basic plans.

The main defined benefit plans are located in France, in Switzerland, in the United Kingdom and in the United States.

In France, the supplementary pension plan for executive managers, set up in 1991, allocates an annual allowance to beneficiaries covered by Societe Generale. This allowance depends in particular on the beneficiary's seniority within Societe Generale. Since 4 July 2019, date of publication of the ordinance ending the so-called "random rights" defined benefit pension plans in application of the *Loi Pacte*, this plan is closed to new employees and the rights of beneficiaries were frozen on 31 December 2019.

In Switzerland, the plan is managed by a personal protection insurance institution (the Foundation), comprised of employer and employee representatives. The employer and its employees pay contributions to the Foundation. Pension benefits are revalued at a guaranteed rate of return and converted to annuities (or lump-sum payment) also at a guaranteed conversion rate (cash balance scheme). Because of this minimum guaranteed return, the plan is considered similar to a defined benefit plan.

In recent years, the Societe Generale Group has actively implemented a policy of converting defined benefit plans to defined contribution plans.

In the United Kingdom, the defined benefit plan has been closed to new employees for nearly 20 years, and the benefits of the last beneficiaries were frozen in 2015. The plan is managed by an independent institution (Trustee).

Similarly, in the United States, defined benefit plans were closed to new employees in 2015 and the vesting of new benefits was frozen.

RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	31.12.2019				
	France	United Kingdom	United States	Others	Total
<i>(In millions of euros)</i>					
A - Present value of defined benefit obligations	1,226	891	300	805	3,221
B - Fair value of plan assets	188	976	280	279	1,723
C - Fair value of separate assets	963	-	-	-	963
D - Change in asset ceiling	-	-	-	-	-
A - B - C + D = Net balance	75	(85)	20	526	535
On the liabilities side of the balance sheet	1,070	-	20	529	1,619
On the assets side ⁽¹⁾ of the balance sheet	995	85	-	3	1,084

(1) o/w EUR 963 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 121 million linked to surplus assets under Other assets.

	31.12.2018				
	France	United Kingdom	United States	Others	Total
<i>(In millions of euros)</i>					
A - Present value of defined benefit obligations	1,244	792	251	742	3,029
B - Fair value of plan assets	196	843	223	272	1,534
C - Fair value of separate assets	902	-	-	-	902
D - Change in asset ceiling	-	-	-	-	-
A - B - C + D = Net balance	146	(51)	28	470	593
On the liabilities side of the balance sheet	1,076	-	28	473	1,577
On the assets side ⁽¹⁾ of the balance sheet	930	51	-	3	984

(1) o/w EUR 902 million of separate assets recorded under Financial assets at fair value through profit or loss and EUR 82 million linked to surplus assets under Other assets.

COMPONENTS OF THE COST OF DEFINED BENEFITS

<i>(In millions of euros)</i>	2019	2018
Current service cost including social security contributions	79	106
Employee contributions	(5)	(5)
Past service cost/curtailments ⁽¹⁾	(80)	(212)
Transfer via the expense	-	(3)
Net interest	8	11
A - Components recognised in income statement	2	(103)
Actuarial gains and losses on assets	(257)	119
Actuarial gains and losses due to changes in demographic assumptions	(2)	1
Actuarial gains and losses due to changes in economic and financial assumptions	295	(148)
Actuarial gains and losses due to experience	(32)	(3)
Change in asset ceiling	-	0
B - Components recognised in unrealised or deferred gains and losses	4	(31)
C = A + B Total components of the cost of defined benefits	6	(134)

(1) Mainly due to the publication of the ordinance ending the "random rights" defined benefit pension plans under the Loi Pacte.

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

<i>(In millions of euros)</i>	2019	2018
Balance at 1 January	3,029	3,381
Current service cost including social security contributions	79	106
Past service cost/curtailments	(80)	(212)
Settlements	-	(3)
Net interest	57	60
Actuarial gains and losses due to changes in demographic assumptions	(2)	1
Actuarial gains and losses due to changes in economic and financial assumptions	295	(148)
Actuarial gains and losses due to experience	(32)	(3)
Foreign exchange adjustment	58	12
Benefit payments	(149)	(165)
Change in consolidation scope	(29)	-
Transfers and others	(6)	-
Balance at 31 December	3,221	3,029

CHANGES IN THE FAIR VALUE OF FUNDING ASSETS

<i>(In millions of euros)</i>	Plan assets		Separate assets	
	2019	2018	2019	2018
Balance at 1 January	1,534	2,212	902	398
Interest expenses on assets	37	44	12	6
Actuarial gains and losses on assets ⁽¹⁾	164	(86)	93	(33)
Foreign exchange adjustment	58	11	-	-
Employee contributions	5	5	-	-
Employer contributions to plan assets	23	22	-	-
Benefit payments	(76)	(112)	(45)	(23)
Change in consolidation scope	(21)	-	-	-
Transfers and others	-	(562)	-	554
Change in asset ceiling	-	-	-	-
Balance at 31 December	1,723	1,534	963	902

GENERAL INFORMATION REGARDING FUNDING ASSETS (FOR ALL BENEFITS AND FUTURE CONTRIBUTIONS)

Funding assets include plan assets and separate assets.

Funding assets represent around 83% of Group obligations, with different rates depending on the country.

Accordingly defined benefit plan obligations in the United Kingdom are fully hedged, those in the United States and in France hedged 94%, while they are not funded in Germany.

The breakdown of the fair value of plan assets is as follows: 77% bonds, 11% equities and 12% other investments. Directly held Societe Generale shares are not significant.

Funding assets excess is EUR 200 million.

Employer contributions to be paid to post-employment defined benefit plans for 2020 are estimated at EUR 15 million.

Plan hedging strategies are defined locally in connection with the Finance and Human Resources departments of the entities, by ad hoc structures (Trustees, Foundations, Joint structures etc.) if necessary. Besides, liability investment or financing strategies are monitored at Group level through a global governance system. Committee meetings, with the participation of representatives of the Human Resources Department, the Finance Department and the Risk Division, are organised in order to define Group guidelines for employee benefits investment and management, to validate decisions and to follow up the associated risks for the Group.

Depending on the duration of each plan and local regulations, funding assets are invested in equities and/or in fixed income products, whether guaranteed or not.

The actual returns on plan and separate assets can be broken down as follows:

<i>(In millions of euros)</i>	2019	2018
Plan assets	201	(42)
Separate assets	106	(27)

MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	31.12.2019	31.12.2018
Discount rate		
France	0.82%	1.50%
United Kingdom	2.00%	2.70%
United States	3.19%	4.29%
Others	0.73%	1.39%
Long-term inflation		
France	1.28%	1.44%
United Kingdom	2.92%	3.14%
United States	N/A	N/A
Others	1.22%	1.38%
Future salary increase		
France	0.82%	0.78%
United Kingdom	N/A	N/A
United States	N/A	N/A
Others	1.20%	1.12%
Average remaining working lifetime of employees (in years)		
France	9.24	9.11
United Kingdom	5.17	6.00
United States	7.87	7.85
Others	9.97	10.24
Duration (in years)		
France	13.79	14.01
United Kingdom	16.28	16.28
United States	15.28	15.59
Others	14.69	13.99

Assumptions by geographical area are weighted average by the defined benefit obligations (DBO).

The discount yield curves used are AA corporate bonds yield curves (source: Merrill Lynch) observed at the end of October for USD, GBP and EUR, and corrected at the end of December if the change in discount rates had a significant impact.

Inflation rates used for EUR and GBP monetary areas are market rates observed at the end of October, and corrected at the end of December if the change had a significant impact. Inflation rates used for the other monetary areas are the long-term targets of the central banks.

The average remaining working lifetime of employees is calculated taking into account turnover assumptions.

The assumptions described above have been applied to post-employment benefit plans.

SENSITIVITIES OF DEFINED BENEFIT OBLIGATIONS TO MAIN ASSUMPTION RANGES

<i>(Percentage of item measured)</i>	31.12.2019	31.12.2018
<i>Variation in discount rate</i>	+0.5%	+0.5%
Impact on the present value of defined benefit obligations at 31 December N	-7%	-7%
<i>Variation in long-term inflation</i>	+0.5%	+0.5%
Impact on the present value of defined benefit obligations at 31 December N	5%	5%
<i>Variation in future salary increase</i>	+0.5%	+0.5%
Impact on the present value of defined benefit obligations at 31 December N	2%	2%

Disclosed sensitivities are averages of the variations weighted by the present value of the defined benefit obligations.

BREAKDOWN OF FUTURE PAYMENTS OF BENEFITS

<i>(In millions of euros)</i>	2019	2018
N+1	160	160
N+2	148	143
N+3	154	154
N+4	163	164
N+5	169	168
N+6 à N+10	851	871

NOTE 6 - INCOME TAX



Income tax expenses are presented separately from other taxes which are classified among *Other operating expenses*. They are calculated according to the rates and tax regulations applicable in the countries where each consolidated entity is located.

Income tax presented in the income statement includes current taxes and deferred taxes:

- current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period.
- deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

ACCOUNTING PRINCIPLES

CURRENT TAXES

Current tax is based on the taxable profits of each consolidated taxable entity and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under *Income tax* in the consolidated income statement.

DEFERRED TAXES

Deferred taxes are recognised whenever the Group identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments.

Deferred tax assets and liabilities are measured in each consolidated taxable entity and in accordance with the rules established by the local taxation authorities, upon which their income taxes are payable. This amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value.

Deferred tax assets can result from deductible temporary differences or from tax loss carry-forwards. These deferred tax assets are recorded only if the entity concerned is likely to recover these assets within a set time. These temporary differences or tax loss carry-forwards can also be used against future taxable profit.

Tax loss carry-forwards are subject to an annual review taking into account the tax system applicable to each relevant tax entity and a realistic projection of their tax income or expense: any previously unrecognised deferred tax assets are recorded in the balance sheet to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered; however, the carrying value of deferred tax assets already recognised in the balance sheet is reduced where a risk of total or partial non-recovery occurs.

Current and deferred taxes are recognised in the consolidated income statement under *Income tax*. However, deferred taxes related to gains and losses recorded under *Unrealised or deferred gains and losses* are also recognised under the same heading in shareholders' equity.

PROVISIONS FOR TAX ADJUSTMENTS

Provisions represent liabilities whose timing or amount cannot be precisely determined.

Provisions may be recorded:

- where, by virtue of a commitment to a third-party, the Group will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange; and
- when the amount of probable outflow of resources can be reliably estimated.

The expected outflows are then discounted to present value to determine the amount of the provision, where this discounting has a significant impact. Allocations to and reversals of provisions for tax adjustments are booked to *Current taxes* in the income statement under *Income tax*.

Information on the nature and the amount of the associated risks is not disclosed when the Group considers that such disclosure could seriously undermine its position in a dispute with other parties on the object of the provision.

1. INCOME TAX

<i>(In millions of euros)</i>	2019	2018
Current taxes *	(968)	(947)
Deferred taxes	(296)	(357)
Total *	(1,264)	(1,304)

* 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

<i>(In millions of euros)</i>	2019	2018
Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill	5,339	6,061
Normal tax rate applicable to French companies (including 3.3% national contribution)	34.43%	34.43%
Permanent differences *	(4.34)%	(2.66)%
Differential on securities with tax exemption or taxed at reduced rate	2.74%	(0.10)%
Tax rate differential on profits taxed outside France	(9.13)%	(10.11)%
Impact of non-deductible losses and use of tax losses carried forward	(0.03)%	(0.04)%
Group effective tax rate *	23.67%	21.52%

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

In France, the standard corporate income tax rate is 33.33%. A national contribution payment based on pre-tax earnings (contribution sociale) was introduced in 2000 equal to 3.3% (after a deduction of EUR 0.76 million from basic taxable income).

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. In accordance with the 2013 French Finance Act, this portion of fees and expenses is 12% of gross capital gains.

Furthermore, under the parent-subsiary 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.

The 2018 French Finance Act, adopted on 21 December 2017, includes a gradual reduction in French tax rate (amended by the Law 2019-759 of 24 July 2019 regarding 2019 tax rate, and by the 2020 French Finance Act concerning 2020 and 2021 tax rates).

Between now and 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:

- for income taxed at the ordinary tax rate, the rate is between 34.43% or 32.02% in 2019 and 25.83% from 2022;
- for income taxed at reduced rate, the rate is between 4.13% or 3.84% in 2019 and 3.10% from 2022.

2. TAX ASSETS AND LIABILITIES

TAX ASSETS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Current tax assets	1,038	1,066
Deferred tax assets	4,741	4,753
<i>o/w deferred tax assets on tax loss carry-forwards</i>	2,659	2,895
<i>o/w deferred tax assets on temporary differences</i>	2,082	1,858
Total	5,779	5,819

TAX LIABILITIES

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Current tax liabilities	602	552
Provisions for tax adjustments ⁽¹⁾	101	-
Deferred tax liabilities	706	605
Total	1,409	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).

Each year, the Group performs a review of tax loss carry-forwards, according to the tax system applicable for each relevant tax entity and a realistic forecast of its tax results. For this purpose, tax results are determined based on the forecast of the performance of each business line entering in the Group budgetary path and/or on the strategic review of countries, after being approved by authorising management bodies. In addition, they include accounting and tax adjustments (of which the reversal of deferred tax assets and liabilities bases on temporary differences) applicable to concerned entities and jurisdictions. These adjustments are determined based on historical tax results and on the Group's tax expertise. Beyond the Group budgetary path and/or the strategic review, extrapolations are performed particularly from macro-economic assumptions (for example, the evolution of interest rates).

By nature, the appreciation of the selected macro-economic factors and the internal estimations used to determine the tax results contain risks and uncertainties on their realisation over the estimated horizon of the absorption of losses. These risks and uncertainties concern the possible changes in applicable tax rules (tax result computation, as well as rules of imputation of tax losses carried forward) or the achievement of the strategic assumptions.

To ensure the robustness of the tax result projections, the Group realises sensitivity analyses on the achievement of budgetary and strategic assumptions.

At 31 December 2019, these analyses confirm the probability for the Group of using tax loss carry-forwards subject to deferred tax assets against future taxable profit.

3. DEFERRED TAX ASSETS RECOGNISED ON TAX LOSS CARRY-FORWARDS

At 31 December 2019, based on the tax system of each entity and a realistic projection of their tax income, the projected period for deferred tax asset recovery is indicated in the table below:

<i>(In millions of euros)</i>	31.12.2019	Statutory time limit on carry-forwards	Expected recovery period
Total deferred tax assets relating to tax loss carry-forwards	2,659	-	-
<i>o/w French tax group</i>	2,168	<i>Unlimited ⁽¹⁾</i>	<i>8 years</i>
<i>o/w US tax group</i>	418	<i>20 years ⁽²⁾</i>	<i>7 years</i>
<i>others</i>	73	-	-

(1) *In accordance with the 2013 French Finance Act, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.*

(2) *Tax losses generated before 31 December 2011.*

At 31 December 2019, the main unrecognised deferred tax assets represent a total of EUR 467 million (compared to EUR 558 million at 31 December 2018). They are mostly related to the US tax group, with EUR 413 million (compared to EUR 500 million at 31 December 2018), and SG Singapore with EUR 35 million (compared to EUR 29 million at 31 December 2018).

With regard to the tax treatment of the loss caused by the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of 23 September 2016 is not likely to call into question its validity in light 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. Consequently, Societe Generale considers there is no need to provision the corresponding deferred tax assets.

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 recently confirmed that they intended to call into question the deductibility of the loss caused by the actions of Jérôme Kerviel, amounting to EUR 4.9 billion. This proposed tax rectification has no immediate effect and will possibly have to be confirmed by a tax adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carry-forwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the bank's forecasts. In the event that the authorities decide, in due course, to confirm their current position, the Societe Generale group will not fail to assert its rights before the competent courts.

NOTE 7 - SHAREHOLDERS' EQUITY

 <p>MAKING IT SIMPLE</p>	<p>Equity are the resources contributed to the Group by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings). It also includes resources received when financial instruments are issued and for which the issuer has no contractual obligation to deliver cash to the holders of these instruments.</p> <p>Equity has no contractual maturity, and when compensation is awarded to shareholders or holders of other equity instruments, it does not affect the income statement but directly reduces the retained earnings in the equity.</p> <p>The statement "Changes in Shareholders' Equity" presents the various changes that affect the components of equity over the reporting period.</p>
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NOTE 7.1 - TREASURY SHARES AND SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

ACCOUNTING PRINCIPLES

TREASURY SHARES

Societe Generale shares held by the Group are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is eliminated from the consolidated income statement.

Recognition of shares issued by Group subsidiaries, which are bought and sold by the Group, is described in Note 2.

SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

Financial instruments issued by the Group are booked in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to deliver cash to the holders of the securities.

When they are classified as equity, securities issued by Societe Generale are recorded under *Other equity instruments*. If they are issued by Group subsidiaries, these securities are recognised under *Non-controlling interests*. External costs associated with issuing equity instruments are deducted directly from equity at their after-tax amount.

When they are classified as debt instruments, securities issued by the Group are recorded under *Debt securities issued* or *Subordinated debt* depending on their characteristics. They are accounted for in the same way as other financial liabilities measured at amortised cost (see Note 3.6).

1. ORDINARY SHARES AND CAPITAL RESERVES

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Issued capital	1,067	1,010
Issuing premiums and capital reserves	21,417	20,403
Elimination of treasury stock	(515)	(667)
Total	21,969	20,746

ORDINARY SHARES ISSUED BY SOCIETE GENERALE S.A.

<i>(Number of shares)</i>	31.12.2019	31.12.2018
Ordinary shares	853,371,494	807,917,739
<i>Including treasury stock with voting rights ⁽¹⁾</i>	<i>3,706,880</i>	<i>5,975,497</i>
<i>Including shares held by employees</i>	<i>57,369,330</i>	<i>51,668,863</i>

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

During the first half of 2019, Societe Generale S.A. carried out a capital increase 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.

During the third quarter of 2019, Societe Generale S.A. carried out a capital increase reserved to the employees, amounting to EUR 7 million with additional paid-in capital of EUR 115 million.

At 31 December 2019, Societe Generale S.A.'s fully paid up capital amounted to EUR 1,066,714,367.50 and was made up of 853,371,494 shares with a nominal value of EUR 1.25.

TREASURY STOCK

At 31 December 2019, the Group held 8,231,355 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 0.96% 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 515 million, including EUR 375 million in shares held for trading purposes.

The change in treasury stock over 2019 breaks down as follows:

<i>(In millions of euros)</i>	Liquidity contract	Trading activities	Treasury stock and active management of shareholders' equity	Total
Disposals net of purchases	4	49	99	152
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	-	18	(95)	(77)

2. EQUITY INSTRUMENTS ISSUED

PERPETUAL SUBORDINATED NOTES

Perpetual subordinated notes issued by the Group, with some discretionary features governing the payment of interest, are classified as equity.

At 31 December 2019, perpetual subordinated notes issued by the Group and recognised under Group shareholders' equity in *Other equity instruments* totalled EUR 244 million, valued at historical rate.

Issuance Date	Amount in local currency at 31 December 2018	Repurchases and redemptions in 2019	Amount in local currency at 31 December 2019	Amount in millions of euros at historical rate	Remuneration
1 July 1985	EUR 62 M	-	EUR 62 M	62	BAR (Bond Average Rate) -0.25% for the period from 1 June to 31 May before each due date
24 November 1986	USD 248 M	-	USD 248 M	182	Average 6-month Euro/Dollar deposit rates communicated by reference banks +0.075%

PERPETUAL DEEPLY SUBORDINATED NOTES

Given the discretionary nature of the decision to pay dividends to shareholders, perpetual deeply subordinated notes have been classified as equity and recognised under *Other equity instruments*.

At 31 December 2019, perpetual deeply subordinated notes issued by the Group and recognised under Group shareholders' equity in *Other equity instruments* totalled EUR 8,889 million, valued at historical rate.

The change in the amount of perpetual deeply subordinated notes issued by the Group is explained by two issuances and one redemption at pair made over the year.

Issuance Date	Amount in local currency at 31 December 2018	Repurchases and redemptions in 2019	Amount in local currency at 31 December 2019	Amount in millions of euros at historical rate	Remuneration
4 September 2009	EUR 905 M	EUR 905 M	-	-	9.375%, from 2019 3-month Euribor +8.901% annually
18 December 2013	USD 1,750 M		USD 1,750 M	1,273	7.875%, from 18 December 2023 USD 5-year Mid Swap Rate +4.979%
25 June 2014	USD 1,500 M		USD 1,500 M	1,102	6%, from 27 January 2020 USD 5-year Mid Swap Rate +4.067%
7 April 2014	EUR 1,000 M		EUR 1,000 M	1,000	6.75%, from 7 April 2021 EUR 5-year Mid Swap Rate +5.538%
29 September 2015	USD 1,250 M		USD 1,250 M	1,111	8.00%, from 29 September 2025 5-year Mid Swap rate +5.873%
13 September 2016	USD 1,500 M		USD 1,500 M	1,335	7.375%, from 13 September 2021 USD 5-year Mid Swap rate +6.238%
6 April 2018	USD 1,250 M		USD 1,250 M	1,035	6.750%, from 6 April 2028 5-year Mid Swap rate +3.929%
4 October 2018	USD 1,250 M		USD 1,250 M	1,105	7.375%, from 4 October 2023 5-year Mid Swap rate +4.302%
16 April 2019			SGD 750 M	490	6.125%, from 16 April 2024 5-year Mid Swap rate +4.207%
12 September 2019			AUD 700 M	439	4.875%, from 12 September 2024 5-year Mid Swap rate +4.036%

OTHER EQUITY INSTRUMENTS ISSUED BY SUBSIDIARIES

Given the discretionary nature of the decision to pay dividends to shareholders, perpetual subordinated notes issued by the Group's subsidiaries are classified as equity.

At 31 December 2019, other equity instruments issued by the Group's subsidiaries and recognised under *Non-controlling interests* totalled EUR 800 million.

Issuance Date	Amount	Remuneration
18 December 2014 (step-up clause after 12 years)	EUR 800 M	4.125%, from 2026 5-year Mid-Swap rate + 4.150% annually

SUMMARY OF CHANGES IN EQUITY INSTRUMENTS ISSUED

Changes related to the perpetual subordinated notes and deeply subordinated notes included in *Shareholder's equity, Group share* are detailed below:

<i>(In millions of euros)</i>	2019			2018		
	Deeply subordinated notes	Perpetual subordinated notes	Total	Deeply subordinated notes	Perpetual subordinated notes	Total
Remuneration paid booked under reserves	(717)	(7)	(724)	(700)	(5)	(705)
Changes in nominal values	23	-	23	544	-	544
Tax savings on remuneration payable to shareholders and recorded under profit or loss ⁽¹⁾	257	2	259	255	2	257
Issuance fees relating to subordinated notes	(4)	-	(4)	(10)	-	(10)

⁽¹⁾ Since 1 January 2019, tax savings on remuneration payable to shareholders has been restated and is recorded under profit or loss following the first-time application of an amendment to IAS 12 "Income taxes" (see Note 1).

NOTE 7.2 - EARNINGS PER SHARE AND DIVIDENDS

ACCOUNTING PRINCIPLES

Earnings per share are measured by dividing net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, excluding treasury shares. Net income attributable to ordinary shareholders takes account of remuneration rights of preferred shareholders, such as holders of preferred shares, subordinated securities or deeply subordinated notes classified in equity. Diluted earnings per share take into account the potential dilution of shareholders' interests in the event dilutive instruments (stock options or free share plans) are converted into ordinary shares. This dilutive effect is determined using the share buyback method.

1. EARNINGS PER SHARE

<i>(In millions of euros)</i>	2019	2018
Net income, Group share *	3,248	4,121
Attributable remuneration to subordinated and deeply subordinated notes *	(708)	(709)
Issuance fees related to subordinated and deeply subordinated notes	(4)	(10)
Net income attributable to ordinary shareholders	2,536	3,402
Weighted average number of ordinary shares outstanding ⁽¹⁾	829,901,725	801,909,473
Earnings per ordinary share (in euros)	3.05	4.24
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	829,901,725	801,909,473
Diluted earnings per ordinary share (in euros)	3.05	4.24

* 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 in 2019 amounted to EUR 2,149 million and are detailed in the following table:

<i>(In millions of euros)</i>	2019			2018		
	Group Share	Non-controlling interests	Total	Group Share	Non-controlling interests	Total
Paid in shares	(889)	-	(889)	-	-	-
Paid in cash	(881)	(379)	(1,260)	(1,764)	(368)	(2,132)

NOTE 7.3 - UNREALISED OR DEFERRED GAINS AND LOSSES

BREAKDOWN OF CHANGES OF UNREALISED OR DEFERRED GAINS AND LOSSES

	31.12.2019				
	Gross value	Tax	Net value	o/w	
				Net Group share	Non-controlling interests
<i>(In millions of euros)</i>					
Translation differences	(811)	(3)	(814)	(753)	(61)
Revaluation of debt instruments at fair value through other comprehensive income	205	(44)	161	136	25
Revaluation of available-for-sale financial assets ⁽¹⁾	525	(144)	381	383	(2)
Revaluation of hedging derivatives	30	22	52	56	(4)
Unrealised gains and losses of entities accounted for using the equity method	-	-	-	-	-
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	(51)	(169)	(220)	(178)	(42)
Actuarial gains and losses on defined benefit plans ⁽²⁾	(2)	(2)	(4)	2	(6)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss ⁽³⁾	(317)	81	(236)	(241)	5
Revaluation of equity instruments at fair value through other comprehensive income	33	(2)	31	36	(5)
Unrealised gains and losses of entities accounted for using the equity method	-	-	-	-	-
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	(286)	77	(209)	(203)	(6)
Total	(337)	(92)	(429)	(381)	(48)

	Changes 2018 - 2019				
	Gross value	Tax	Net value	o/w	
				Net Group share	Non-controlling interests
<i>(In millions of euros)</i>					
Translation differences	563	(2)	561	545	16
Revaluation of debt instruments at fair value through other comprehensive income	(28)	13	(15)	(33)	18
Revaluation of available-for-sale financial assets ⁽¹⁾	188	(48)	140	140	-
Revaluation of hedging derivatives	153	4	157	156	1
Unrealised gains and losses of entities accounted for using the equity method	1	-	1	-	1
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	877	(33)	844	808	36
Actuarial gains and losses on defined benefit plans ⁽²⁾	(32)	2	(30)	(22)	(8)
Revaluation of own credit risk of financial liabilities at fair value through profit or loss ⁽³⁾	(121)	32	(89)	(85)	(4)
Revaluation of equity instruments at fair value through other comprehensive income	(48)	4	(44)	(49)	5
Unrealised gains and losses of entities accounted for using the equity method	3	-	3	3	-
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	(198)	38	(160)	(153)	(7)
Total	679	5	684	655	29

	31.12.2018				
	Gross value	Tax	Net value	o/w	
				Net Group share	Non-controlling interests
<i>(In millions of euros)</i>					
Translation differences	(1,374)	(1)	(1,375)	(1,298)	(77)
Revaluation of debt instruments at fair value through other comprehensive income	233	(57)	176	169	7
Revaluation of available-for-sale financial assets ⁽¹⁾	337	(96)	241	243	(2)
Revaluation of hedging derivatives	(123)	18	(105)	(100)	(5)
Unrealised gains and losses of entities accounted for using the equity method	(1)	-	(1)	-	(1)
Subtotal of unrealised gains and losses with subsequent recycling in the income statement	(928)	(136)	(1,064)	(986)	(78)
Actuarial gains and losses on defined benefit plans ⁽²⁾	30	(4)	26	24	2
Revaluation of own credit risk of financial liabilities at fair value through profit or loss ⁽³⁾	(196)	49	(147)	(156)	9
Revaluation of equity instruments at fair value through other comprehensive income	81	(6)	75	85	(10)
Unrealised gains and losses of entities accounted for using the equity method	(3)	-	(3)	(3)	-
Subtotal of unrealised gains and losses without subsequent recycling in the income statement	(88)	39	(49)	(50)	1
Total	(1,016)	(97)	(1,113)	(1,036)	(77)

(1) Unrealised gains and losses on available-for-sale financial assets are related exclusively to insurance activities from the 2018 financial year.

(2) Gains and losses presented in these items are transferred into Retained earnings for the next financial year opening.

(3) During the derecognition of a financial liability, potential realised gains and losses attributable to Group own credit risk are subject to transfer into Retained earnings for the next financial year opening (see Note 3.1).

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1 - SEGMENT REPORTING

1. DEFINITION OF SEGMENT REPORTING

The Group is managed on a matrix basis that takes into account its different business lines and the geographical breakdown of its activities. Segment reporting information is therefore presented under both criteria.

The Group includes in the results of each sub-division all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Centre, also includes the return on equity allocated to it, based on the estimated rate of return on Group equity. The return on the sub-division's book equity is then reallocated to the Corporate Centre. Transactions between sub-divisions are carried out under the same terms and conditions as those applying to non-Group customers.

The Group's core businesses are managed through three strategic pillars:

- French Retail Banking, which includes the domestic networks Societe Generale, Crédit du Nord and Boursorama;
- International Retail Banking & Financial Services, which consists of:
 - International Retail Banking, including consumer finance activities;
 - Financial Services to Corporates (operational vehicle leasing and fleet management, equipment and vendor finance);
 - Insurance activities.
- Global Banking and Investor Solutions which comprises:
 - Global Markets and Investors Services;
 - Financing and Advisory;
 - Asset and Wealth Management.

In addition to the strategic pillars, the Corporate Centre acts as the Group's central funding department. As such, it recognises the carrying cost of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management (ALM) and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income or expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

Segment income take intra-Group transactions into account, while these transactions are eliminated from segment assets and liabilities. The tax rate levied on each business line is based on the standard tax rate applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Centre.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

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).

2. SEGMENT REPORTING BY DIVISION AND SUB-DIVISION

<i>(In millions of euros)</i>	Societe Generale Group		French Retail Banking		Corporate Centre ⁽¹⁾	
	2019	2018	2019	2018	2019	2018
Net banking income	24,671	25,205	7,746	7,860	(152)	182
Operating expenses ⁽²⁾	(17,727)	(17,931)	(5,700)	(5,629)	(94)	(535)
Gross operating income	6,944	7,274	2,046	2,231	(246)	(353)
Cost of risk	(1,278)	(1,005)	(467)	(489)	(17)	(19)
Operating income	5,666	6,269	1,579	1,742	(246)	(372)
Net income from investments accounted for using the equity method	(129)	56	8	28	(152)	7
Net income / expense from other assets	(327)	(208)	58	74	(394)	(274)
Earnings before tax	5,210	6,117	1,645	1,844	(809)	(639)
Income tax	(1,264)	(1,304)	(514)	(607)	184	425
Consolidated net income	3,946	4,813	1,131	1,237	(625)	(214)
Non-controlling interests	698	692	-	-	171	164
Net income, Group share	3,248	4,121	1,131	1,237	(796)	(378)

International Retail Banking & Financial Services

	International Retail Banking		Financial Services to Corporates		Insurance		Total	
	2019 ⁽³⁾	2018	2019	2018	2019	2018	2019 ⁽³⁾	2018
<i>(In millions of euros)</i>								
Net banking income	5,592	5,608	1,872	1,822	909	887	8,373	8,317
Operating expenses ⁽²⁾	(3,252)	(3,238)	(980)	(955)	(349)	(333)	(4,581)	(4,526)
Gross operating income	2,340	2,370	892	867	560	554	3,792	3,791
Cost of risk	(504)	(335)	(84)	(69)	-	-	(588)	(404)
Operating income	1,836	2,035	808	798	560	554	3,204	3,387
Net income from investments accounted for using the equity method	11	14	1	1	-	-	12	15
Net income / expense from other assets	3	7	-	1	-	-	3	8
Earnings before tax	1,850	2,056	809	800	560	554	3,219	3,410
Income tax	(410)	(474)	(176)	(184)	(174)	(183)	(760)	(841)
Consolidated net income	1,440	1,582	633	616	386	371	2,459	2,569
Non-controlling interests	394	395	107	106	3	3	504	504
Net income, Group share	1,046	1,187	526	510	383	368	1,955	2,065

	Global Banking and Investor Solutions							
	Global Markets and Investors Services		Financing and Advisory		Asset and Wealth Management		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
<i>(In millions of euros)</i>								
Net banking income	5,210	5,414	2,547	2,466	947	966	8,704	8,846
Operating expenses ⁽²⁾	(4,788)	(4,706)	(1,676)	(1,630)	(888)	(905)	(7,352)	(7,241)
Gross operating income	422	708	871	836	59	61	1,352	1,605
Cost of risk	(13)	(25)	(195)	(49)	2	(19)	(206)	(93)
Operating income	409	683	676	787	61	42	1,146	1,512
Net income from investments accounted for using the equity method	4	9	(1)	(2)	-	(1)	3	6
Net income / expense from other assets	4	(1)	-	(1)	2	(14)	6	(16)
Earnings before tax	417	691	675	784	63	27	1,155	1,502
Income tax	(89)	(180)	(70)	(93)	(15)	(8)	(174)	(281)
Consolidated net income	328	511	605	691	48	19	981	1,221
Non-controlling interests	20	20	-	1	3	3	23	24
Net income, Group share	308	491	605	690	45	16	958	1,197

(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 -34 million of restructuring costs in operating expenses (and EUR +11 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 2019 is, without these costs, EUR 1,069 million.

	Societe Generale Group		French Retail Banking		Corporate Centre ⁽²⁾	
<i>(In millions of euros)</i>	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Segment assets	1,356,303	1,309,428	232,648	222,086	115,555	106,392
Segment liabilities ⁽¹⁾	1,287,733	1,243,619	225,848	216,934	107,558	91,819

International retail Banking & Financial Services

	International Retail Banking		Financial Services to Corporates		Insurance		Total	
<i>(In millions of euros)</i>	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Segment assets	122,695	128,303	43,730	42,868	167,249	148,999	333,674	320,170
Segment liabilities ⁽¹⁾	89,754	94,454	13,980	13,641	156,212	138,959	259,946	247,054

Global Banking and Investor Solutions

	Global Markets and Investors Services		Financing and Advisory		Asset and Wealth Management		Total	
<i>(In millions of euros)</i>	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Segment assets	505,413	489,757	133,132	137,064	35,881	33,959	674,426	660,780
Segment liabilities ⁽¹⁾	623,512	616,282	46,133	47,502	24,736	24,028	694,381	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.

3. SEGMENT REPORTING BY GEOGRAPHICAL REGION

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME (IN MILLIONS OF EUROS)



At 31 December 2019, the amount of *Net Banking Income* was EUR 24,671 million compared to EUR 25,205 million at 31 December 2018.

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS (IN MILLIONS OF EUROS)

ASSETS



At 31 December 2019, the amount of assets was EUR 1,356,303 million compared to EUR 1,309,428 million at 31 December 2018.

LIABILITIES



At 31 December 2019, the amount of liabilities (except shareholder equity) was EUR 1,287,733 million compared to EUR 1,243,619 million at 31 December 2018.

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

NOTE 8.2 - OTHER OPERATING EXPENSES

ACCOUNTING PRINCIPLES

The Group records operating expenses under expenses, according to the type of services to which they refer and the rate of use of said services.

Rentals include real estate and equipment leasing expenses, which do not result in a recognition of a lease liability and right-of-use asset (see Note 8.4)

Taxes and levies are only booked when the triggering event provided for by law occurs. If the obligation to pay the tax arises from the gradual operation of an activity, the expense must be spread out over the same period. Finally, if the obligation to pay is generated when a threshold is reached, the expense is only recorded once the threshold is reached.

Taxes and levies cover all contributions levied by a public authority and include the contributions paid to the Single Resolution Fund and the Deposit Insurance and Resolution Fund, the systemic risk tax, and contributions for ACPR control costs, which are recognised on the income statement at the start of the financial year. The company social solidarity contribution (C3S), based on income generated in previous financial year, is fully recognised on the income statement at 1 January of the current financial year.

Other mainly includes building maintenance and other costs, travel and business expenses, and advertising expenses.

<i>(In millions of euros)</i>	2019	2018
Rentals ⁽¹⁾	(353)	(752)
Taxes and levies	(887)	(901)
Data & telecom (excluding rentals)	(2,328)	(2,400)
Consulting fees	(1,370)	(1,338)
Other	(1,347)	(1,975)
Total	(6,285)	(7,366)

(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 was updated by the Directive 2014/49/UE of 16 April 2014 on deposit guarantee schemes and the Directive 2014/59/UE 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 UE 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). In addition to this instrument, the National Resolution Fund (NRF) exists for institutions subject to this resolution mechanisms, but that have no SRF.

The Single Resolution Fund, 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 year 2019, the Group's contributions to the SRF and the NRF were as follows:

- cash contributions (85%) for a total of EUR 340 million non-tax-deductible in France 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

ACCOUNTING PRINCIPLES

Under balance sheet liabilities, *Provisions* are comprised of provisions for financial instruments, disputes and employee benefits.

BREAKDOWN OF PROVISIONS

<i>(In millions of euros)</i>	Provisions at 31.12.2018	Allocations	Write-backs available	Net allocation	Write-backs used	Currency and others	Provisions at 31.12.2019
Provisions for credit of risk on off balance sheet commitments (see Note 3.8)	638	513	(525)	(12)	-	14	640
Provisions for employee benefits (see Note 5.2)	2,341	516	(241)	275	(342)	142	2,416
Provisions for tax adjustments (see Note 6) ⁽¹⁾	135					(135)	
Provisions for mortgage savings plans and accounts commitments	171	122	(3)	119	(1)	-	289
Other provisions	1,320	261	(440)	(179)	(80)	(19)	1,042
Total	4,605	1,412	(1,209)	203	(423)	2	4,387

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

1. COMMITMENTS UNDER MORTGAGE SAVINGS AGREEMENTS

ACCOUNTING PRINCIPLES

In France, *Comptes d'épargne-logement* (CEL or mortgage savings accounts) and *Plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of 10 July 1965. These products combine an initial deposit phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. The lending phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are measured at amortised cost.

These instruments create two types of commitments for the Group: the obligation to pay interest on customer savings for an indeterminate future period at an interest rate established at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also established at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Group, a provision is recorded on the liabilities side of the balance sheet. Any changes in these provisions are recognised as *Net banking income* under net interest income. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) making up a single generation.

During the deposit phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observations of past customer behaviour.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of deposits that are currently recognised in the balance sheet at the date of calculation and on the basis of historical observations of past customer behaviour.

A provision is recognised if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products, with a similar estimated life and date of inception.

OUTSTANDING DEPOSITS IN PEL/CEL ACCOUNTS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
PEL accounts	19,195	19,186
<i>Less than 4 years old</i>	1,596	3,466
<i>Between 4 and 10 years old</i>	11,581	10,555
<i>More than 10 years old</i>	6,018	5,165
CEL accounts	1,333	1,346
Total	20,528	20,532

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Less than 4 years old	1	1
Between 4 and 10 years old	13	26
More than 10 years old	12	11
Total	26	38

PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS

<i>(In millions of euros)</i>	31.12.2018	Allocations	Write-backs	31.12.2019
PEL accounts	158	122	(1)	279
<i>Less than 4 years old</i>	3	0	(1)	2
<i>Between 4 and 10 years old</i>	20	11	-	31
<i>More than 10 years old</i>	135	111	-	246
CEL accounts	13	0	(3)	10
Total	171	122	(4)	289

The level of provisions is sensitive to long-term interest rates. Since long-term rates were low during 2019, the provisions for PEL and CEL mortgage savings accounts were mainly linked to the risks attached to the commitment to pay interest on the deposits. Provisioning for PEL/CEL savings amounted to 1.41% of total outstandings at 31 December 2019.

METHODS USED TO ESTABLISH PROVISION VALUATION INPUTS

The inputs used to estimate future customer behaviour are derived from historical observations of customer behaviour patterns over a long period (more than 10 years). The values of these inputs can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the different market inputs used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these items for the period in question, in line with the Retail Banking division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps vs. Euribor yield curve at the valuation date, averaged over a 12 month period.

2. OTHER PROVISIONS

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

The Group is subject to an extensive legal and regulatory framework in the countries where it operates. In this complex legal context, the Group and some of its former and current representatives may be involved in various legal actions, including civil, administrative and criminal proceedings. The vast majority of these proceedings are part of the Group's current business. In recent years, litigation with investors and the number of disputes involving financial intermediaries such as banks and investment advisors has increased, partly due to a difficult financial environment.

It is by nature difficult to foresee the outcome of disputes, regulatory proceedings and acts involving Group entities, particularly if they are initiated by various categories of complainants, if the amount of claims for damages is not specified or is indeterminate or if the proceedings have no precedent.

In preparing its financial statements, the Group assesses the consequences of the legal, regulatory or arbitration proceedings in which it is involved. A provision is booked when losses from these proceedings become probable and the amount can be estimated reliably.

To assess the probability of losses and the amount of these losses, and thus to determine the amount of provisions to book, estimations are important. Management makes these estimates by exercising its judgment and taking into account all information available when financial statements are prepared. In particular, the Group takes into account the nature of the dispute, the underlying facts, ongoing proceedings and court decisions already taken, as well as its experience and the experiences of other companies dealing with similar cases (assuming that the Group has knowledge thereof) and, where appropriate, the opinion and reports of experts and independent legal advisers.

Each quarter the Group carries out a detailed examination of outstanding disputes that present a significant risk. The description of those disputes is presented 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

TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets include operating and investment fixed assets. Equipment assets held for operating leases purpose are included in operating tangible assets, while buildings held for leasing purposes are included in investment property.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the balance sheet, less depreciation, amortisation and impairment.

The purchase price of fixed assets includes borrowing costs incurred to fund a lengthy construction period for the fixed assets, along with all other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets. Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development.

As soon as they are fit for use, fixed assets are depreciated or amortised using the component-based approach. Each component is depreciated or amortised over its own useful life. The Group has applied this approach to its operating properties, breaking down its assets into components with depreciation periods of 10 to 50 years. Depreciation periods for fixed assets other than buildings depend on their useful life, which is usually estimated at 3 to 20 years.

Any residual value of the asset is deducted from its depreciable amount. If there is a subsequent decrease or increase in this initial residual value, the depreciable amount of the asset is adjusted, leading to a prospective modification of the depreciation schedule.

Depreciation and amortisation are recorded in the income statement under *Amortisation, depreciation and impairment of tangible and intangible fixed assets*.

Fixed assets grouped into Cash Generating Units are tested for impairment whenever there is any indication that their value may have diminished. Allocations and reversals of provisions for impairment are recorded in the income statement under *Amortisation, depreciation and impairment of tangible and intangible fixed assets*.

Realised capital gains and losses on operating fixed assets are recognised under *Net income from other assets*.

Investment properties are depreciated using the component based-method. Each component is depreciated over its own useful life, ranging from 10 to 50 years.

Profits or losses on operating lease assets and on investment property, including amortisation and depreciation, are recognised under *Income from other activities* and *Expense from other activities* (see Note 4.2).

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.



* 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 the 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

<i>(In millions of euros)</i>	31.12.2018	Impacts of the first application of IFRS 16	Increases / allowances	Disposals / reversals	Other movements	31.12.2019
Intangible Assets						
Gross value	6,763	(107)	922	(91)	(247)	7,240
Amortisation and impairments	(4,565)	-	(496)	34	150	(4,877)
Sub-total	2,198	(107)	426	(57)	(97)	2,363
Tangible Assets (w/o assets under operating leases)						
Gross value	11,051	(11)	791	(403)	13	11,441
Depreciation and impairments	(6,113)	4	(563)	234	87	(6,351)
Sub-total	4,938	(7)	228	(169)	100	5,090
Assets under operating leases						
Gross value	26,781	-	10,224	(7,967)	(462)	28,576
Depreciation and impairments	(7,183)	-	(3,819)	3,113	362	(7,527)
Sub-total	19,598	-	6,405	(4,854)	(100)	21,049
Investment Property						
Gross value	40	-	1	(1)	(7)	33
Depreciation and impairments	(23)	-	(1)	1	3	(20)
Sub-total	17	-	-	-	(4)	13
Rights-of-use						
Gross value		2,129	513	(40)	(65)	2,537
Amortisation and impairments		(4)	(404)	10	(2)	(400)
Sub-total		2,125	109	(30)	(67)	2,137
Total tangible and intangible	26,751	2,011	7,168	(5,110)	(168)	30,652

BREAKDOWN OF MINIMUM PAYMENTS RECEIVABLE ON OPERATING LEASE ASSETS

<i>(In millions of euros)</i>	31.12.2019	31.12.2018
Payments due in less than one year	3,976	3,625
Payments due in 1-5 years	16,230	17,077
Payments due in more than five years	120	787
Total	20,326	21,489

INFORMATIONS RELATIVE TO LEASES ON TANGIBLE ASSETS USED BY THE GROUP

	<p>Property Leases</p> <p>Most of the leases (>90%) involve building leases contracted for the lease of commercial and office space:</p> <ul style="list-style-type: none"> - 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... <p>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.</p>
	<p>Equipment Leases</p> <p>Other leases (<10%) are mainly computer equipment leases and a very small percentage of vehicle leases.</p>

OVERVIEW TABLE OF LEASE TRANSACTION COSTS AND SUBLEASE INCOME

<i>(In millions of euros)</i>	31.12.2019			
	Real estate	IT	Others	Total
Lease	(522)	(33)	(11)	(566)
<i>Interest expenses on lease liabilities</i>	(43)	-	-	(43)
<i>Depreciation charge for right-of-use assets</i>	(369)	(29)	(6)	(404)
<i>Expense relating to short-term leases</i>	(106)	-	(4)	(110)
<i>Expense relating to leases of low-value assets</i>	(3)	(4)	(1)	(8)
<i>Expense relating to variable lease payments</i>	(1)	-	-	(1)
Sublease income	16	-	-	16

NOTE 8.5 - FOREIGN EXCHANGE TRANSACTIONS

ACCOUNTING PRINCIPLES

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the entity's functional currency at the prevailing spot exchange rate. Realised or unrealised foreign exchange losses or gains are recognised in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss* (see Note 3.1).

Forward foreign exchange transactions are recognised at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are valued using the official spot rates prevailing at the end of the period. Unrealised gains and losses are recognised in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss* (see Note 3.1), except when hedge accounting is applied to a cash-flow hedge transaction or to a hedge of a net investment in a foreign currency operation (see Note 3.2).

At the balance sheet date, non-monetary assets and liabilities denominated in foreign currencies measured at fair value (in particular, shares and other equity instruments) are translated into the entity's functional currency at the prevailing spot exchange rate. Foreign exchanges losses or gains are recognised either in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss*, or under other comprehensive income (*Unrealised and deferred gains and losses*), depending on the accounting of the gains or losses relative to these assets/liabilities.

At the balance sheet date, non-monetary assets and liabilities denominated in foreign currencies measured at historical cost are translated into the entity's functional currency at the historical exchange rate on initial recognition.

(In millions of euros)	31.12.2019				31.12.2018*			
	Assets	Liabilities	Currencies to be received	Currencies to be delivered	Assets	Liabilities	Currencies to be received	Currencies to be delivered
EUR	830,196	840,597	24,494	29,622	764,581	793,962	28,393	32,198
USD	261,475	261,060	32,327	30,016	267,706	267,972	40,478	41,614
GBP	48,726	49,993	27,307	13,249	41,622	38,302	28,709	10,159
JPY	56,708	55,511	19,896	25,732	63,491	57,288	24,519	33,531
AUD	3,968	5,418	6,564	5,676	5,228	6,763	7,797	6,707
CZK	36,283	35,829	340	485	35,517	35,069	208	783
RUB	13,726	10,771	186	340	11,604	7,446	113	90
RON	5,984	8,070	122	87	8,156	7,859	56	49
Other currencies	99,237	89,054	18,000	18,938	111,523	94,767	24,179	18,479
Total	1,356,303	1,356,303	129,236	124,145	1,309,428	1,309,428	154,452	143,610

* Amounts restated compared with the published consolidated statements for the year-ended 31 December 2018.

NOTE 8.6 - COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

Country	Activity	Method *	Group ownership interest		Group voting interest		
			at 31.12.2019	at 31.12.2018	at 31.12.2019	at 31.12.2018	
South Africa							
(1)	SG JOHANNESBURG	Bank	FULL	100	100	100	100
Albania							
(4)	BANKA SOCIETE GENERALE ALBANIA SH.A.	Bank	FULL	0	88.89	0	88.89
Algeria							
	ALD AUTOMOTIVE ALGERIE SPA	Specialist Financing	FULL	79.81	79.81	99.99	99.99
	SOCIETE GENERALE ALGERIE	Bank	FULL	100	100	100	100
Germany							
(2)	AKRUN EINS GRUNDSTUCKS-VERMIETUNGSGESELLSCHAFT MBH & CO. OBJEKT SEREN 1 KG	Real Estate and Real Estate Financing	FULL	0	100	0	100
	ALD AUTOLEASING D GMBH	Specialist Financing	FULL	79.82	79.82	100	100
	ALD INTERNATIONAL GMBH	Specialist Financing	FULL	79.82	79.82	100	100
	ALD INTERNATIONAL GROUP HOLDINGS GMBH	Specialist Financing	FULL	79.82	79.82	100	100
	ALD LEASE FINANZ GMBH	Specialist Financing	FULL	100	100	100	100
	BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH	Specialist Financing	FULL	99.94	99.93	51	51
	BDK LEASING UND SERVICE GMBH	Specialist Financing	FULL	100	100	100	100
	CAR PROFESSIONAL FUHRPARKMANAGEMENT UND BERATUNGSGESELLSCHAFT MBH & CO. KG	Specialist Financing	FULL	79.82	79.82	100	100
	CARPOOL GMBH	Broker	FULL	79.82	79.82	100	100
(2)	EUROPARC DREILINDEN GMBH	Group Real Estate Management Company	FULL	0	100	0	100
(2)	EUROPARC GMBH	Real Estate and Real Estate Financing	FULL	0	100	0	100
(2)	EUROPARC KERPEN GMBH	Group Real Estate Management Company	FULL	0	100	0	100
	GEFA BANK GMBH	Specialist Financing	FULL	100	100	100	100
	GEFA VERSICHERUNGSDIENST GMBH	Specialist Financing	EFS	100	100	100	100
	HANSEATIC BANK GMBH & CO KG	Specialist Financing	FULL	75	75	75	75
	HANSEATIC GESELLSCHAFT FUR BANKBETEILIGUNGEN MBH	Portfolio Management	FULL	75	75	100	100
	HSCE HANSEATIC SERVICE CENTER GMBH	Services	FULL	75	75	100	100
	INTERLEASING DELLO HAMBURG GMBH	Specialist Financing	FULL	79.82	79.82	100	100
(1)(6)	LYXOR INTERNATIONAL ASSET MANAGEMENT GERMANY	Financial Company	FULL	100	0	100	0
(4)	PEMA GMBH	Specialist Financing	FULL	0	100	0	100
(2)	PODES DREI GRUNDSTUCKS-VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKTE WEL 4 KG	Real Estate and Real Estate Financing	FULL	0	100	0	100
(2)	PODES GRUNDSTUCKS - VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKTE WEL 3 KG	Real Estate and Real	FULL	0	100	0	100

		Estate Financing					
(2)	PODES ZWEI GRUNDSTUCKS- VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKTE WEL 3 KG	Real Estate and Real Estate Financing	FULL	0	100	0	100
(2)	RED & BLACK AUTO GERMANY 3 UG (HAFTUNGSBESCHRANKT)	Financial Company	FULL	0	99.93	0	100
	RED & BLACK AUTO GERMANY 4 UG (HAFTUNGSBESCHRANKT)	Financial Company	FULL	100	100	100	100
	RED & BLACK AUTO GERMANY 5 UG (HAFTUNGSBESCHRANKT)	Specialist Financing	FULL	100	100	100	100
(6)	RED & BLACK AUTO GERMANY 6 UG	Financial Company	FULL	100	0	100	0
	SG EQUIPMENT FINANCE GMBH	Specialist Financing	FULL	100	100	100	100
(5)	SG EQUIPMENT FINANCE INTERNATIONAL GMBH	Specialist Financing	FULL	0	100	0	100
(1)	SG FRANCFORT	Bank	FULL	100	100	100	100
	SOCIETE GENERALE EFFEKTEN GMBH	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES SERVICES GMBH	Specialist Financing	FULL	100	100	100	100
(1)	SOGECAP DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
(1)	SOGESSUR DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100	100	100	100
Australia							
	SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD	Broker	FULL	100	100	100	100
(1)(6)	SOCIETE GENERALE SYDNEY BRANCH	Bank	FULL	100	0	100	0
Austria							
(1)	ALD AUTOMOTIVE FUHRPARKMANAGEMENT UND LEASING GMBH	Specialist Financing	FULL	79.82	79.82	100	100
	SG VIENNE	Bank	FULL	100	100	100	100
Belgium							
	AXUS FINANCE SPRL	Specialist Financing	FULL	79.82	79.82	100	100
	AXUS SA/NV	Specialist Financing	FULL	79.82	79.82	100	100
	BASTION EUROPEAN INVESTMENTS S.A.	Financial Company	FULL	60.74	60.74	100	100
	PARCOURS BELGIUM	Specialist Financing	FULL	79.82	79.82	100	100
(4)	PEMA TRUCK TRAILER VERHUUR	Specialist Financing	FULL	0	100	0	100
(1)	SG BRUXELLES	Bank	FULL	100	100	100	100
(1)	SG EQUIPMENT FINANCE BENELUX B.V. BELGIAN BRANCH	Specialist Financing	FULL	100	100	100	100
(2)	SOCIETE GENERALE DE FINANCEMENT	Financial Company	FULL	0	100	0	100
	SOCIETE GENERALE IMMOBEL	Financial Company	FULL	100	100	100	100
(4)	SOCIETE GENERALE PRIVATE BANKING NV/SA	Bank	FULL	0	100	0	100
Benin							
	SOCIETE GENERALE BENIN	Bank	FULL	93.43	90.98	94.1	91.65
Bermuda							
	CATALYST RE INTERNATIONAL LTD.	Insurance	FULL	100	100	100	100
Brazil							
	ALD AUTOMOTIVE S.A.	Specialist Financing	FULL	79.82	79.82	100	100
	BANCO SOCIETE GENERALE BRASIL S.A.	Bank	FULL	100	100	100	100
(2)	MORDENO SOCIEDADES ANONIMAS	Financial Company	FULL	0	100	0	100
	SG EQUIPMENT FINANCE S.A. ARRENDAMENTO MERCANTIL	Specialist Financing	FULL	100	100	100	100
Bulgaria							
(4)	REGIONAL URBAN DEVELOPMENT FUND	Specialist Financing	FULL	0	51.86	0	52
(4)	SG EXPRESS BANK	Bank	FULL	0	99.74	0	99.74

(4)	SOCIETE GENERALE FACTORING EOOD	Specialist Financing	FULL	0	99.74	0	100
(4)	SOGELEASE BULGARIA	Specialist Financing	FULL	0	99.74	0	100
Burkina Faso							
	SOCIETE GENERALE BURKINA FASO	Bank	FULL	51.27	51.27	52.61	52.61
Cayman Islands							
	AEGIS HOLDINGS (OFFSHORE) LTD.	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE (NORTH PACIFIC) LTD	Bank	FULL	100	100	100	100
Cameroon							
	SOCIETE GENERALE CAMEROUN	Bank	FULL	58.08	58.08	58.08	58.08
Canada							
	KLEINWORT BENSON INTERNATIONAL TRUSTEES LIMITED	Bank	FULL	100	100	100	100
	SG CONSTELLATION CANADA LTD.	Specialist Financing	FULL	100	100	100	100
(1)	SOCIETE GENERALE (CANADA BRANCH)	Bank	FULL	100	100	100	100
	SOCIETE GENERALE (CANADA)	Bank	FULL	100	100	100	100
	SOCIETE GENERALE CAPITAL CANADA INC	Broker	FULL	100	100	100	100
China							
	ALD FORTUNE AUTO LEASING & RENTING SHANGHAI CO. LTD	Specialist Financing	ESI	39.91	39.91	50	50
	SOCIETE GENERALE (CHINA) LIMITED	Bank	FULL	100	100	100	100
	SOCIETE GENERALE LEASING AND RENTING CO. LTD	Specialist Financing	FULL	100	100	100	100
Congo							
(6)	SOCIETE GENERALE CONGO	Bank	FULL	93.47	0	93.47	0
South Korea							
	SG SECURITIES KOREA CO. LTD	Broker	FULL	100	100	100	100
(1)	SG SEOUL	Bank	FULL	100	100	100	100
Côte d'Ivoire							
	SOCIETE GENERALE CAPITAL SECURITIES WEST AFRICA	Portfolio Management	FULL	71.25	71.25	99.98	99.98
	SOCIETE GENERALE COTE D'IVOIRE	Bank	FULL	73.25	73.25	73.25	73.25
Croatia							
	ALD AUTOMOTIVE D.O.O. ZA. OPERATIVNI I FINANCIJSKI LEASING	Specialist Financing	FULL	79.82	79.82	100	100
	ALD FLEET SERVICES D.O.O ZA TRGOVINU I USLUGE	Specialist Financing	FULL	79.82	79.82	100	100
Curaçao							
	SGA SOCIETE GENERALE ACCEPTANCE N.V	Financial Company	FULL	100	100	100	100
Denmark							
	ALD AUTOMOTIVE A/S	Specialist Financing	FULL	79.82	79.82	100	100
	NF FLEET A/S	Specialist Financing	FULL	63.85	63.85	80	80
(4)	PEMA LAST OG-TRAILERUDLEJNING A/S	Specialist Financing	FULL	0	100	0	100
(1)	SG FINANS AS DANISH BRANCH	Specialist Financing	FULL	100	100	100	100
United Arab Emirates							
(1)	SOCIETE GENERALE DUBAI	Bank	FULL	100	100	100	100
Spain							
	ALD AUTOMOTIVE S.A.U	Specialist Financing	FULL	79.82	79.82	100	100
	ALTURA MARKETS. SOCIEDAD DE VALORES. SA	Broker	EJV	50	50	50	50
(1)	GENEFIM SUCURSAL EN ESPANA	Real Estate and Real Estate Financing	FULL	100	100	100	100

	REFLEX ALQUILER FLEXIBLE DE VEHICULOS	Specialist Financing	FULL	79.82	79.82	100	100
(4)	SELF TRADE BANK SA	Broker	FULL	0	100	0	100
	SG EQUIPMENT FINANCE IBERIA. E.F.C. S.A.	Specialist Financing	FULL	100	100	100	100
(6)	SOCGEN FINANCIACIONES IBERIA. S.L.	Bank	FULL	100	0	100	0
	SOCGEN INVERSIONES FINANCIERAS SA	Financial Company	FULL	100	100	100	100
(1)	SOCIETE GENERALE SUCCURSAL EN ESPANA	Bank	FULL	100	100	100	100
	SODEPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
Estonia							
	ALD AUTOMOTIVE EESTI AS	Specialist Financing	FULL	59.87	59.87	75.01	75.01
United States of America							
	AEGIS HOLDINGS (ONSHORE) INC.	Financial Company	FULL	100	100	100	100
(2)	CGI FINANCE INC	Financial Company	FULL	0	99.89	0	100
(8)	CGI NORTH AMERICA INC.	Specialist Financing	FULL	99.78	99.89	100	100
(2)	CLASSIC YACHT DOCUMENTATION. INC.	Services	FULL	0	99.89	0	100
	LYXOR ASSET MANAGEMENT HOLDING CORP.	Portfolio Management	FULL	100	100	100	100
	LYXOR ASSET MANAGEMENT INC.	Financial Company	FULL	100	100	100	100
	SG AMERICAS EQUITIES CORP.	Financial Company	FULL	100	100	100	100
	SG AMERICAS OPERATIONAL SERVICES. INC.	Services	FULL	100	100	100	100
	SG AMERICAS SECURITIES HOLDINGS. LLC	Bank	FULL	100	100	100	100
	SG AMERICAS SECURITIES. LLC	Broker	FULL	100	100	100	100
	SG AMERICAS. INC.	Financial Company	FULL	100	100	100	100
	SG CONSTELLATION. INC.	Financial Company	FULL	100	100	100	100
	SG EQUIPMENT FINANCE USA CORP.	Specialist Financing	FULL	100	100	100	100
	SG MORTGAGE FINANCE CORP.	Financial Company	FULL	100	100	100	100
	SG MORTGAGE SECURITIES. LLC	Portfolio Management	FULL	100	100	100	100
(2)	SG REINSURANCE INTERMEDIARY BROKERAGE. LLC	Insurance	FULL	0	100	0	100
	SG STRUCTURED PRODUCTS. INC.	Specialist Financing	FULL	100	100	100	100
(5)	SGAIF. LLC	Financial Company	FULL	0	100	0	100
	SGAIH. INC.	Financial Company	FULL	100	100	100	100
(8)	SGB FINANCE NORTH AMERICA INC.	Specialist Financing	FULL	50.94	50.94	100	100
(1)	SOCIETE GENERALE (NEW YORK)	Bank	FULL	100	100	100	100
(5)	SOCIETE GENERALE ENERGY LLC	Financial Company	FULL	0	100	0	100
	SOCIETE GENERALE FINANCIAL CORPORATION	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE INVESTMENT CORPORATION	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE LIQUIDITY FUNDING. LLC	Financial Company	FULL	100	100	100	100
(2)	TENDER OPTION BOND PROGRAM (TAXABLE AND TAX-EXEMPT)	Financial Company	FULL	0	100	0	100
Finland							
	AXUS FINLAND OY	Specialist Financing	FULL	79.82	79.82	100	100
	NF FLEET OY	Specialist Financing	FULL	63.85	63.85	80	80
France							
	29 HAUSSMANN EQUILIBRE	Portfolio Management	FULL	87.1	87.1	87.1	87.1

	29 HAUSSMANN EURO RDT	Portfolio Management	FULL	58.1	58.1	58.1	58.1
	29 HAUSSMANN SELECTION MONDE	Portfolio Management	FULL	68.7	68.7	68.7	68.7
(2)	9 RUE DES BIENVENUS	Real Estate and Real Estate Financing	FULL	0	95.5	0	100
	AIR BAIL	Specialist Financing	FULL	100	100	100	100
	AIX - BORD DU LAC - 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
	AIX - BORD DU LAC - 4	Real Estate and Real Estate Financing	EJV	50	50	50	50
	ALD	Specialist Financing	FULL	79.82	79.82	79.82	79.82
	ALD AUTOMOTIVE RUSSIE SAS	Specialist Financing	FULL	79.82	79.82	100	100
(6)	ALFORTVILLE BAIGNADE	Real Estate and Real Estate Financing	ESI	40	0	40	0
(5)	ALPRIM	Real Estate and Real Estate Financing	FULL	0	100	0	100
	AMPERIM	Real Estate and Real Estate Financing	EJV	50	50	50	50
(6)	ANNEMASSE-ILOT BERNARD	Real Estate and Real Estate Financing	ESI	40	0	40	0
	ANTALIS SA	Financial Company	FULL	100	100	100	100
	ANTARES	Real Estate and Real Estate Financing	ESI	45	45	45	45
	ANTARIUS	Insurance	FULL	100	100	100	100
	ARTISTIK	Real Estate and Real Estate Financing	ESI	30	30	30	30
	AVIVA INVESTORS RESERVE EUROPE	Financial Company	FULL	69.35	69.35	69.35	69.35
	BANQUE COURTOIS	Bank	FULL	100	100	100	100
	BANQUE FRANCAISE COMMERCIALE OCEAN INDIEN	Bank	FULL	50	50	50	50
	BANQUE KOLB	Bank	FULL	99.97	99.97	99.97	99.97
	BANQUE LAYDERNIER	Bank	FULL	100	100	100	100
	BANQUE NUGER	Bank	FULL	100	100	100	100
	BANQUE POUYANNE	Bank	ESI	35	35	35	35
	BANQUE RHONE ALPES	Bank	FULL	99.99	99.99	99.99	99.99
	BANQUE TARNEAUD	Bank	FULL	100	100	100	100
(6)	BAUME LOUBIERE	Real Estate and Real Estate Financing	ESI	40	0	40	0
(6)	BERLIOZ	Insurance	FULL	84.05	0	84.05	0
	BOURSORAMA INVESTISSEMENT	Services	FULL	100	100	100	100
	BOURSORAMA SA	Broker	FULL	100	100	100	100
	BREMAN Y LEASE SAS	Specialist Financing	FULL	79.82	79.82	100	100
	CARBURAUTO	Group Real Estate Management Company	EJV	50	50	50	50
	CARRERA	Group Real Estate	EJV	50	50	50	50

	Management Company					
CENTRE IMMO PROMOTION	Real Estate and Real Estate Financing	FULL	60	60	60	60
CHARTREUX LOT A1	Real Estate and Real Estate Financing	FULL	100	100	100	100
CHEMIN DES COMBES	Real Estate and Real Estate Financing	FULL	100	95.5	100	100
COMPAGNIE FINANCIERE DE BOURBON	Specialist Financing	FULL	99.99	99.99	100	100
COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	Group Real Estate Management Company	FULL	100	100	100	100
COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS	Specialist Financing	FULL	99.89	99.89	99.89	99.89
CONTE	Group Real Estate Management Company	EJV	50	50	50	50
CREDIT DU NORD	Bank	FULL	100	100	100	100
DARWIN DIVERSIFIE 0-20	Portfolio Management	FULL	89.94	89.94	89.94	89.94
DARWIN DIVERSIFIE 40-60	Portfolio Management	FULL	79.78	79.78	79.78	79.78
DARWIN DIVERSIFIE 80-100	Portfolio Management	FULL	78.34	78.34	78.34	78.34
DESCARTES TRADING	Financial Company	FULL	100	100	100	100
(2) DESSUARD	Real Estate and Real Estate Financing	ESI	0	40	0	40
DISPONIS	Specialist Financing	FULL	99.99	99.99	100	100
ESNI - COMPARTIMENT SG-CREDIT CLAIMS -1	Financial Company	FULL	100	100	100	100
ETOILE CLIQUET 90	Financial Company	FULL	73.52	73.52	73.52	73.52
ETOILE ID	Financial Company	FULL	100	100	100	100
ETOILE MULTI GESTION EUROPE-C	Insurance	FULL	51.59	51.59	51.59	51.59
ETOILE VALEURS MOYENNES-C	Insurance	FULL	61.09	61.09	61.09	61.09
F.E.P. INVESTISSEMENTS	Real Estate and Real Estate Financing	FULL	80	80	100	100
FCC ALBATROS	Portfolio Management	FULL	100	100	51	51
FEEDER LYX E ST50 D5	Portfolio Management	FULL	100	100	100	100
FEEDER LYX E ST50 D6	Portfolio Management	FULL	100	100	100	100
(6) FEEDER LYX E ST50 D9	Financial Company	FULL	99.98	0	99.98	0
FEEDER LYXOR CAC 40	Financial Company	FULL	99.77	99.77	99.77	99.77
FEEDER LYXOR CAC40 D2-EUR	Portfolio Management	FULL	100	100	100	100
FEEDER LYXOR STOXX 50	Financial Company	FULL	100	100	100	100
FENWICK LEASE	Specialist Financing	FULL	99.99	99.99	100	100
FINANCIERE PARCOURS	Specialist Financing	FULL	79.82	79.82	100	100
FINANCIERE UC	Real Estate and Real Estate Financing	FULL	100	100	100	100
FINASSURANCE SNC	Insurance	FULL	98.89	98.89	99	99
FRANFINANCE	Specialist Financing	FULL	99.99	99.99	99.99	99.99

	FRANFINANCE LOCATION	Specialist Financing	FULL	99.99	99.99	100	100
	GALYBET	Real Estate and Real Estate Financing	FULL	100	100	100	100
	GENEBANQUE	Bank	FULL	100	100	100	100
	GENECAL FRANCE	Specialist Financing	FULL	100	100	100	100
	GENECAR - SOCIETE GENERALE DE COURTAGE D'ASSURANCE ET DE REASSURANCE	Insurance	FULL	100	100	100	100
	GENECOMI FRANCE	Specialist Financing	FULL	99.64	99.64	99.64	99.64
	GENEFIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
	GENEFINANCE	Portfolio Management	FULL	100	100	100	100
	GENEGIS I	Group Real Estate Management Company	FULL	100	100	100	100
	GENEGIS II	Group Real Estate Management Company	FULL	100	100	100	100
	GENEPIERRE	Real Estate and Real Estate Financing	FULL	49.49	45.08	49.49	45.08
	GENEVALMY	Group Real Estate Management Company	FULL	100	100	100	100
(6)	ILOT AB	Real Estate and Real Estate Financing	ESI	40	0	40	0
	IMAPRIM AMENAGEMENT	Real Estate and Real Estate Financing	FULL	70	70	70	70
	IMMOBILIERE PROMEX	Real Estate and Real Estate Financing	ESI	35	35	35	35
(1)(4)	INORA LIFE FRANCE	Insurance	FULL	0	100	0	100
(5)	INTER EUROPE CONSEIL	Financial Company	FULL	0	100	0	100
	INVESTIR IMMOBILIER NORMANDIE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	INVESTISSEMENT 81	Financial Company	FULL	100	100	100	100
(6)	JSJ PROMOTION	Real Estate and Real Estate Financing	ESI	45	0	45	0
	KOLB INVESTISSEMENT	Financial Company	FULL	100	100	100	100
(4)	LA BANQUE POSTALE FINANCEMENT	Specialist Financing	ESI	0	35	0	35
	LA CORBEILLERIE	Real Estate and Real Estate Financing	ESI	24	24	40	40
(5)	LA CROIX BOISEE	Real Estate and Real Estate Financing	FULL	0	100	0	100
	LA FONCIERE DE LA DEFENSE	Real Estate and Real Estate Financing	FULL	99.99	99.99	100	100
	LES ALLEES DE L'EUROPE	Real Estate and Real Estate Financing	ESI	34	34	34	34

	LES CEDRES BLEUS	Real Estate and Real Estate Financing	ESI	40	40	40	40
	LES JARDINS D'ALHAMBRA	Real Estate and Real Estate Financing	ESI	35	35	35	35
	LES JARDINS DE L'ALCAZAR	Real Estate and Real Estate Financing	ESI	30	30	30	30
	LES MESANGES	Real Estate and Real Estate Financing	FULL	55	55	55	55
(6)	LES TROIS LUCS 13012	Real Estate and Real Estate Financing	FULL	90.89	0	100	0
	LES VILLAS VINCENTI	Real Estate and Real Estate Financing	ESI	30	30	30	30
	L'HESPEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
	LOTISSEMENT DES FLEURS	Real Estate and Real Estate Financing	ESI	30	30	30	30
	LYON LA FABRIC	Real Estate and Real Estate Financing	EJV	50	48.87	50	50
	LYXOR ASSET MANAGEMENT	Financial Company	FULL	100	100	100	100
	LYXOR GL OVERLAY F	Portfolio Management	FULL	87.27	87.27	87.27	87.27
	LYXOR INTERMEDIATION	Broker	FULL	100	100	100	100
	LYXOR INTERNATIONAL ASSET MANAGEMENT	Financial Company	FULL	100	100	100	100
(6)	LYXOR SKYFALL FUND	Insurance	FULL	88.98	0	88.98	0
	MEDITERRANEE GRAND ARC	Real Estate and Real Estate Financing	EJV	43	43	50	50
	NORBAIL IMMOBILIER	Real Estate and Real Estate Financing	FULL	100	100	100	100
	NORBAIL SOFERGIE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	NORMANDIE REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	ONYX	Group Real Estate Management Company	EJV	50	50	50	50
	OPCI SOGECAPIMMO	Real Estate and Real Estate Financing	FULL	100	100	100	100
	OPERA 72	Group Real Estate Management Company	FULL	99.99	99.99	100	100
	ORADEA VIE	Insurance	FULL	100	100	100	100
	ORPAVIMOB	Specialist Financing	FULL	100	100	100	100
	PACTIMO	Real Estate and Real Estate Financing	FULL	86	86	86	86

	PARCOURS	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS ANNECY	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS BORDEAUX	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS IMMOBILIER	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS NANTES	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS STRASBOURG	Specialist Financing	FULL	79.82	79.82	100	100
	PARCOURS TOURS	Specialist Financing	FULL	79.82	79.82	100	100
	PAREL	Services	FULL	100	100	100	100
	PHILIPS MEDICAL CAPITAL FRANCE	Specialist Financing	FULL	60	60	60	60
	PRAGMA	Real Estate and Real Estate Financing	FULL	86	86	100	100
	PRIORIS	Specialist Financing	FULL	94.89	94.89	95	95
	PROGEREAL SA	Real Estate and Real Estate Financing	ESI	25.01	25.01	25.01	25.01
	PROJECTIM	Real Estate and Real Estate Financing	FULL	60	60	60	60
	RED & BLACK CONSUMER FRANCE 2013	Financial Company	FULL	100	100	100	100
	RED & BLACK HOME LOANS FRANCE 1	Financial Company	FULL	100	100	100	100
	RIVAPRIM	Real Estate and Real Estate Financing	FULL	100	100	100	100
	RIVAPRIM REALISATIONS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	S.C.I. DU DOMAINE DE STONEHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SAGEMCOM LEASE	Specialist Financing	FULL	99.99	99.99	100	100
	SAINT CLAIR	Real Estate and Real Estate Financing	EJV	50	50	50	50
(6)	SAINTE-MARTHE ILOT C	Real Estate and Real Estate Financing	ESI	40	0	40	0
(6)	SAINTE-MARTHE ILOT D	Real Estate and Real Estate Financing	ESI	40	0	40	0
	SAINT-MARTIN 3	Real Estate and Real Estate Financing	EJV	50	50	50	50
(8)	SARL CS 72 - KERIADENN	Real Estate and Real Estate Financing	ESI	32.5	32.5	32.5	32.5
	SARL D'AMENAGEMENT DU MARTINET	Real Estate and Real Estate Financing	EJV	43	43	50	50
	SARL DE LA COTE D'OPALE	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SARL DE LA VECQUERIE	Real Estate and Real Estate Financing	ESI	32.5	32.5	32.5	32.5

	SARL EKO BOUAYE	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SARL SEINE CLICHY	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS AMIENS - AVENUE DU GENERAL FOY	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SAS COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS ECULLY SO'IN	Real Estate and Real Estate Financing	FULL	75	71.62	75	75
	SAS FOCH SULLY	Real Estate and Real Estate Financing	FULL	90	87.97	90	90
(8)	SAS LOIRE ATLANTIQUE TERTIAIRE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SAS MERIGNAC OASIS URBAINE	Real Estate and Real Estate Financing	FULL	90	90	90	90
	SAS MS FRANCE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SAS NOAHO AMENAGEMENT	Real Estate and Real Estate Financing	FULL	100	95.5	100	100
	SAS NORMANDIE HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS NORMANDIE RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS NOYALIS	Real Estate and Real Estate Financing	ESI	28	28	28	28
(6)	SAS ODESSA DEVELOPPEMENT	Real Estate and Real Estate Financing	ESI	49	0	49	0
	SAS PARNASSE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SAS PROJECTIM IMMOBILIER	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SAS RESIDENCIAL	Real Estate and Real Estate Financing	FULL	68.4	68.4	68.4	68.4
	SAS ROANNE LA TRILOGIE	Real Estate and Real Estate Financing	ESI	41	40.08	41	41
	SAS SOGEBROWN POISSY	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SAS SOGEMYSJ	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SAS SOGEPROM TERTIAIRE	Real Estate and Real	FULL	100	100	100	100

	Estate Financing						
	SAS SOJEPRIM	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SAS TIR A L'ARC AMENAGEMENT	Real Estate and Real Estate Financing	EJV	40	40	50	50
	SAS TOUR D2	Real Estate and Real Estate Financing	JO	50	50	50	50
	SAS ZAC DU TRIANGLE	Real Estate and Real Estate Financing	FULL	51	48.7	51	51
	SC ALICANTE 2000	Group Real Estate Management Company	FULL	100	100	100	100
	SC CHASSAGNE 2000	Group Real Estate Management Company	FULL	100	100	100	100
	SCCV 282 MONTOLIVET 12	Real Estate and Real Estate Financing	FULL	51.6	51.6	60	60
(5)	SCCV 29 ET 31 AVENUE CHARLES DE GAULLE A LA TESTE DE BUCH	Real Estate and Real Estate Financing	FULL	0	100	0	100
	SCCV 3 CHATEAUX	Real Estate and Real Estate Financing	EJV	43	43	50	50
	SCCV ALFORTVILLE MANDELA	Real Estate and Real Estate Financing	ESI	49	49	49	49
	SCCV BAHIA	Real Estate and Real Estate Financing	FULL	51	48.7	51	51
(5)	SCCV BLAINVILLE LEMARCHAND	Real Estate and Real Estate Financing	FULL	0	100	0	100
	SCCV BOIS-GUILLAUME PARC DE HALLEY	Real Estate and Real Estate Financing	EJV	50	50	50	50
(4)	SCCV BOURGOIN 140 ROUTE DE LYON	Real Estate and Real Estate Financing	FULL	0	78.2	0	80
	SCCV BRON CARAVELLE	Real Estate and Real Estate Financing	EJV	50	47.75	50	50
	SCCV CAEN CASERNE MARTIN	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCCV CAEN PANORAMIK	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCCV CHARTREUX LOT C	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV CHARTREUX LOT E	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCCV CHARTREUX LOTS B-D	Real Estate and Real Estate Financing	FULL	100	100	100	100

	SCCV CITY SQUARE	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCCV CLICHY BRC	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV COURS CLEMENCEAU	Real Estate and Real Estate Financing	ESI	28	28	28	28
	SCCV CUGNAUX-LEO LAGRANGE	Real Estate and Real Estate Financing	EJV	43	43	50	50
	SCCV EKO GREEN CITY	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCCV EKO PARK OCEAN	Real Estate and Real Estate Financing	ESI	32.5	32.5	32.5	32.5
(6)	SCCV EPRON - ZAC L'OREE DU GOLF	Real Estate and Real Estate Financing	FULL	70	0	70	0
	SCCV ESPACES DE DEMAIN	Real Estate and Real Estate Financing	EJV	50	50	50	50
(6)	SCCV ETERVILLE ROUTE D'AUNAY	Real Estate and Real Estate Financing	EJV	50	0	50	0
	SCCV EURONANTES 1E	Real Estate and Real Estate Financing	EJV	50	50	50	50
(6)	SCCV FAVERGES	Real Estate and Real Estate Financing	FULL	80	0	80	0
	SCCV GAO	Real Estate and Real Estate Financing	ESI	32.5	32.5	32.5	32.5
	SCCV GIGNAC MOUSSELINE	Real Estate and Real Estate Financing	FULL	60.2	60.2	70	70
	SCCV GIVORS ROBICHON	Real Estate and Real Estate Financing	EJV	50	47.75	50	50
(2)	SCCV HALLUARD	Real Estate and Real Estate Financing	ESI	0	35	0	35
	SCCV HEROUVILLE ILOT A2	Real Estate and Real Estate Financing	ESI	33.33	33.33	33.33	33.33
	SCCV HOUSE PARK	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCCV JA LE HAVRE 22 COTY	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCCV JDA OUISTREHAM	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV KYMA MERIGNAC	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCCV LA MADELEINE SAINT-CHARLES	Real Estate and Real	EJV	40	40	50	50

	Estate Financing					
SCCV LA PORTE DU CANAL	Real Estate and Real Estate Financing	EJV	50	50	50	50
SCCV LACASSAGNE BRICKS	Real Estate and Real Estate Financing	ESI	49	49	49	49
SCCV LE BOUSCAT CARRE SOLARIS	Real Estate and Real Estate Financing	ESI	25	25	25	25
SCCV LE COURTIL	Real Estate and Real Estate Financing	ESI	35	35	35	35
(2) SCCV LE SIX	Real Estate and Real Estate Financing	ESI	0	24.5	0	24.5
SCCV LE TEICH COEUR DE VILLE	Real Estate and Real Estate Financing	ESI	30	30	30	30
SCCV LES ECRIVAINS	Real Estate and Real Estate Financing	FULL	70	70	70	70
SCCV LES PATIOS D'OR DE FLEURY LES AUBRAIS	Real Estate and Real Estate Financing	FULL	64	64	80	80
SCCV LES SUCRES	Real Estate and Real Estate Financing	EJV	50	47.75	50	50
SCCV LESQUIN PARC	Real Estate and Real Estate Financing	EJV	40	40	50	50
SCCV LILLE - JEAN MACE	Real Estate and Real Estate Financing	ESI	26.72	26.72	33.4	33.4
(6) SCCV LOOS GAMBETTA	Real Estate and Real Estate Financing	ESI	35	0	35	0
SCCV MARCQ PROJECTIM	Real Estate and Real Estate Financing	FULL	64	64	80	80
SCCV MEHUL	Real Estate and Real Estate Financing	FULL	60.2	60.2	70	70
SCCV MERIGNAC 53-55 AVENUE LEON BLUM	Real Estate and Real Estate Financing	ESI	30	30	30	30
SCCV MONROC - LOT 3	Real Estate and Real Estate Financing	EJV	43	43	50	50
SCCV MONTREUIL ACACIA	Real Estate and Real Estate Financing	FULL	80	80	80	80
SCCV NATUREO	Real Estate and Real Estate Financing	ESI	30	30	30	30
SCCV NICE ARENAS	Real Estate and Real Estate Financing	FULL	100	100	100	100
SCCV NOISY BOISSIERE	Real Estate and Real Estate Financing	FULL	51	51	51	51

	SCCV PARIS ALBERT	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCCV PARK OCEAN II	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCCV PRADES BLEU HORIZON	Real Estate and Real Estate Financing	EJV	43	43	50	50
	SCCV QUAI DE SEINE A ALFORTVILLE	Real Estate and Real Estate Financing	FULL	51	51	51	51
	SCCV ROMAINVILLE DUMAS	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCCV ROUEN 27 ANGLAIS	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCCV ROUSSET - LOT 03	Real Estate and Real Estate Financing	FULL	60.2	60.2	70	70
	SCCV SAY	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCCV SENGHOR	Real Estate and Real Estate Financing	ESI	35	35	35	35
(6)	SCCV SENSORIUM BUREAUX	Real Estate and Real Estate Financing	EJV	40	0	50	0
(6)	SCCV SENSORIUM LOGEMENT	Real Estate and Real Estate Financing	EJV	40	0	50	0
(6)	SCCV SOGAB ILE DE FRANCE	Real Estate and Real Estate Financing	FULL	80	0	80	0
	SCCV SOGAB ROMAINVILLE	Real Estate and Real Estate Financing	FULL	80	80	80	80
	SCCV SOGEPROM LYON HABITAT	Real Estate and Real Estate Financing	FULL	100	97.75	100	100
	SCCV SWING RIVE GAUCHE	Real Estate and Real Estate Financing	EJV	43	43	50	50
	SCCV TALENCE PUR	Real Estate and Real Estate Financing	FULL	95	95	95	95
	SCCV TASSIN - 190 CDG	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCCV VERNAISON - RAZAT	Real Estate and Real Estate Financing	EJV	50	47.75	50	50
	SCCV VILLA CHANZY	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCCV VILLENAVE D'ORNON GARDEN VO	Real Estate and Real Estate Financing	ESI	25	25	25	25
	SCCV VILLEURBANNE TEMPO	Real Estate and Real	FULL	100	92.8	100	100

		Estate Financing					
	SCI 1134. AVENUE DE L'EUROPE A CASTELNAU LE LEZ	Real Estate and Real Estate Financing	EJV	43	43	50	50
	SCI 637 ROUTE DE FRANS	Real Estate and Real Estate Financing	ESI	30	30	30	30
(2)	SCI ABARITZ	Real Estate and Real Estate Financing	ESI	0	40	0	40
(2)	SCI AGIAN	Real Estate and Real Estate Financing	ESI	0	40	0	40
(2)	SCI ANGLET PROMOTION	Real Estate and Real Estate Financing	ESI	0	38.5	0	38.5
	SCI AQPRIM PROMOTION	Real Estate and Real Estate Financing	FULL	79.8	79.8	50	50
	SCI ASC LA BERGEONNERIE	Real Estate and Real Estate Financing	EJV	42	42	50	50
	SCI AVARICUM	Real Estate and Real Estate Financing	FULL	99	99	99	99
	SCI BOBIGNY HOTEL DE VILLE	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCI BORDEAUX-20-26 RUE DU COMMERCE	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCI CENTRE IMMO PROMOTION RESIDENCES	Real Estate and Real Estate Financing	FULL	80	80	100	100
(2)	SCI CHARITE - GIRANDIERE	Real Estate and Real Estate Financing	EJV	0	50	0	50
	SCI CHELLES AULNOY MENDES FRANCE	Real Estate and Real Estate Financing	EJV	50	50	50	50
(2)	SCI DIAGONALE	Real Estate and Real Estate Financing	FULL	0	68	0	75
	SCI DREUX LA ROTULE NORD	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SCI DU 84 RUE DU BAC	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI DU PARC SAINT ETIENNE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCI ETAMPES NOTRE-DAME	Real Estate and Real Estate Financing	EJV	50	50	50	50
(2)	SCI ETRECHY SAINT NICOLAS	Real Estate and Real Estate Financing	EJV	0	50	0	50
(2)	SCI EUROPARC HAUTE BORNE 1	Real Estate and Real Estate Financing	FULL	0	51	0	51

	SCI EUROPARC ST MARTIN DU TOUCH 2002	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI HEGEL PROJECTIM	Real Estate and Real Estate Financing	FULL	68	68	85	85
	SCI LA MANTILLA COMMERCES	Real Estate and Real Estate Financing	FULL	93	93	100	100
	SCI LA MARQUEILLE	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI L'ACTUEL	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCI LAVOISIER	Real Estate and Real Estate Financing	FULL	80	80	80	80
(2)	SCI LE CERCLE DES ARTS	Real Estate and Real Estate Financing	ESI	0	37.5	0	37.5
	SCI LE DOMAINE DU PLESSIS	Real Estate and Real Estate Financing	ESI	20	20	20	20
	SCI LE HAMEAU DES GRANDS PRES	Real Estate and Real Estate Financing	EJV	40	40	40	40
	SCI LE MANOIR DE JEREMY	Real Estate and Real Estate Financing	ESI	40	40	40	40
(8)	SCI LE PARC DE BORDEROUGE	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SCI LES BAINOTS	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCI LES CASTELLINES	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCI LES JARDINS DE LA BOURBRE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCI LES JARDINS D'IRIS	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SCI LES JARDINS DU BLAVET	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SCI LES PORTES DU LEMAN	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCI LES RESIDENCES GENEVOISES	Real Estate and Real Estate Financing	FULL	90	90	90	90
	SCI LIEUSAINTE RUE DE PARIS	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI LINAS COEUR DE VILLE 1	Real Estate and Real Estate Financing	FULL	70	70	70	70
	SCI LOCMINE- LAMENNAIS	Real Estate and Real	ESI	30	30	30	30

		Estate Financing					
	SCI L'OREE DES LACS	Real Estate and Real Estate Financing	FULL	70	70	70	70
(2)	SCI LYON BON LAIT	Real Estate and Real Estate Financing	ESI	0	35	0	35
(2)	SCI LYON JOANNES	Real Estate and Real Estate Financing	EJV	0	47.8	0	50
(2)	SCI MARSEILLE LE ZEPHYR	Real Estate and Real Estate Financing	FULL	0	55.9	0	65
	SCI MONTPELLIER JACQUES COEUR	Real Estate and Real Estate Financing	EJV	43	43	50	50
(2)	SCI PATRIS	Real Estate and Real Estate Financing	EJV	0	25.8	0	30
(2)	SCI PORTU ONDOAN	Real Estate and Real Estate Financing	ESI	0	40	0	40
	SCI PROJECTIM HABITAT	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SCI PROJECTIM MARCQ COEUR DE VILLE	Real Estate and Real Estate Financing	FULL	48	48	60	60
	SCI PRONY	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SCI QUINTEFEUILLE	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SCI QUINTESENCE-VALESCURE	Real Estate and Real Estate Financing	EJV	50	50	50	50
(2)	SCI REIMS GARE	Real Estate and Real Estate Financing	FULL	0	100	0	100
	SCI RESIDENCE DU DONJON	Real Estate and Real Estate Financing	EJV	40	40	40	40
	SCI RHIN ET MOSELLE 1	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI RHIN ET MOSELLE 2	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI RIVAPRIM HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI RIVAPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SCI RSS INVESTIMMO COTE BASQUE	Real Estate and Real Estate Financing	ESI	20	20	20	20
(8)	SCI SAINT JEAN	Real Estate and Real Estate Financing	ESI	40	40	40	40

	SCI SAINT OUEN L'AUMONE - L'OISE	Real Estate and Real Estate Financing	EJV	38	38	38	38
	SCI SAINT-DENIS WILSON	Real Estate and Real Estate Financing	FULL	60	60	60	60
	SCI SCS IMMOBILIER D'ENTREPRISES	Real Estate and Real Estate Financing	FULL	52.8	52.8	66	66
	SCI SOGECIP	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SCI SOGECTIM	Real Estate and Real Estate Financing	FULL	80	80	100	100
	SCI SOGEPROM LYON RESIDENCES	Real Estate and Real Estate Financing	FULL	100	95.5	100	100
(8)	SCI STRASBOURG ETOILE THUMENAU	Real Estate and Real Estate Financing	ESI	35	35	35	35
(8)	SCI STRASBOURG ROUTE DE WASSELONNE	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCI TERRES NOUVELLES FRANCILIENNES	Real Estate and Real Estate Financing	FULL	80	80	80	80
	SCI TOULOUSE CENTREDA 3	Real Estate and Real Estate Financing	FULL	100	100	100	100
(2)	SCI VAILLANT COUTURIER	Real Estate and Real Estate Financing	ESI	0	25	0	25
(2)	SCI VALENCE-CHAMPS DE MARS	Real Estate and Real Estate Financing	EJV	0	50	0	50
	SCI VELRI	Group Real Estate Management Company	EJV	50	50	50	50
	SCI VILLA EMILIE	Real Estate and Real Estate Financing	ESI	35	35	35	35
	SCI VITAL BOUHOT 16-22 NEUILLY SUR SEINE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SEFIA	Specialist Financing	FULL	99.89	99.89	100	100
	SERVIPAR	Specialist Financing	FULL	79.82	79.82	100	100
	SG 29 HAUSSMANN	Financial Company	FULL	100	100	100	100
(6)	SG ACTIONS EURO	Insurance	FULL	47.75	0	47.75	0
	SG ACTIONS EURO SELECTION	Financial Company	FULL	40.05	40.05	40.05	40.05
	SG ACTIONS EURO VALUE-C	Insurance	FULL	64.94	64.94	64.94	64.94
	SG ACTIONS FRANCE	Portfolio Management	FULL	38.14	38.14	38.14	38.14
	SG ACTIONS LUXE-C	Insurance	FULL	84.25	84.25	84.25	84.25
	SG ACTIONS MONDE EMERGENT	Insurance	FULL	60.05	60.05	60.05	60.05
	SG ACTIONS US	Portfolio Management	FULL	65.06	65.06	65.06	65.06
(6)	SG ACTIONS US TECHNO	Insurance	FULL	85.08	0	85.08	0
	SG CAPITAL DEVELOPPEMENT	Portfolio Management	FULL	100	100	100	100

(5)	SG EUROPEAN MORTGAGE INVESTMENTS	Financial Company	FULL	0	100	0	100
	SG FINANCIAL SERVICES HOLDING	Portfolio Management	FULL	100	100	100	100
	SG FLEXIBLE	Portfolio Management	FULL	92.48	92.48	92.48	92.48
	SG LYXOR GOVERNMENT BOND FUND	Portfolio Management	FULL	100	100	100	100
	SG LYXOR LCR FUND	Portfolio Management	FULL	100	100	100	100
	SG MONE TRESO-E	Insurance	FULL	98.62	98.62	98.62	98.62
	SG MONETAIRE PLUS E	Financial Company	FULL	58.93	58.93	58.93	58.93
	SG OBLIG ETAT EURO-R	Insurance	FULL	79.94	79.94	79.94	79.94
(6)	SG OBLIGATIONS	Insurance	FULL	82.92	0	82.92	0
	SG OPCIMMO	Real Estate and Real Estate Financing	FULL	97.95	97.95	97.95	97.95
	SG OPTION EUROPE	Broker	FULL	100	100	100	100
	SG VALOR ALPHA ACTIONS FRANCE	Financial Company	FULL	72.77	72.77	72.77	72.77
	SGB FINANCE S.A.	Specialist Financing	FULL	50.94	50.94	51	51
	SGEF SA	Specialist Financing	FULL	100	100	100	100
	SGI 10-16 VILLE L'EVEQUE	Insurance	FULL	100	100	100	100
	SGI 1-5 ASTORG	Insurance	FULL	100	100	100	100
	SGI HOLDING SIS	Group Real Estate Management Company	FULL	100	100	100	100
	SGI PACIFIC	Insurance	FULL	86.17	86.17	89.53	89.53
	SNC COEUR 8EME MONPLAISIR	Real Estate and Real Estate Financing	ESI	30	25.5	30	30
	SNC COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SNC D'AMENAGEMENT FORUM SEINE ISSY LES MOULINEAUX	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
(2)	SNC ISSY FORUM 10	Real Estate and Real Estate Financing	EJV	0	33.33	0	33.33
	SNC ISSY FORUM 11	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
	SNC NEUILLY ILE DE LA JATTE	Real Estate and Real Estate Financing	ESI	40	40	40	40
	SNC PROMOSEINE	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
	SOCIETE ANONYME DE CREDIT A L'INDUSTRIE FRANCAISE (CALIF)	Bank	FULL	100	100	100	100
	SOCIETE CIVILE IMMOBILIERE CAP THALASSA	Real Estate and Real Estate Financing	ESI	45	45	45	45
	SOCIETE CIVILE IMMOBILIERE CAP VEYRE	Real Estate and Real Estate Financing	ESI	50	50	50	50
	SOCIETE CIVILE IMMOBILIERE DE DIANE	Real Estate and Real Estate Financing	ESI	30	30	30	30
	SOCIETE CIVILE IMMOBILIERE DE PIERLAS	Real Estate and Real	ESI	28	28	28	28

	Estate Financing						
SOCIETE CIVILE IMMOBILIERE DES COMBEAUX DE TIGERY	Real Estate and Real Estate Financing	FULL	99.99	99.99	100	100	
SOCIETE CIVILE IMMOBILIERE DOMAINE DURANDY	Real Estate and Real Estate Financing	ESI	25	25	25	25	
SOCIETE CIVILE IMMOBILIERE ERICA	Real Estate and Real Estate Financing	ESI	30	30	30	30	
SOCIETE CIVILE IMMOBILIERE ESTEREL TANNERON	Real Estate and Real Estate Financing	ESI	30	30	30	30	
SOCIETE CIVILE IMMOBILIERE FONTENAY - ESTIENNES D'ORVES	Real Estate and Real Estate Financing	EJV	50	50	50	50	
SOCIETE CIVILE IMMOBILIERE GAMBETTA DEFENSE V	Real Estate and Real Estate Financing	ESI	20	20	20	20	
SOCIETE CIVILE IMMOBILIERE LE BOTERO	Real Estate and Real Estate Financing	ESI	30	30	30	30	
SOCIETE CIVILE IMMOBILIERE LES HAUTS DE L'ESTAQUE	Real Estate and Real Estate Financing	ESI	35	35	35	35	
SOCIETE CIVILE IMMOBILIERE LES HAUTS DE SEPTEMES	Real Estate and Real Estate Financing	ESI	25	25	25	25	
SOCIETE CIVILE IMMOBILIERE MIRECRAU	Real Estate and Real Estate Financing	ESI	35	35	35	35	
SOCIETE CIVILE IMMOBILIERE NAXOU	Real Estate and Real Estate Financing	FULL	100	100	100	100	
SOCIETE CIVILE IMMOBILIERE TOULDI	Real Estate and Real Estate Financing	FULL	100	100	100	100	
SOCIETE CIVILE IMMOBILIERE VERT COTEAU	Real Estate and Real Estate Financing	ESI	35	35	35	35	
SOCIETE DE BOURSE GILBERT DUPONT	Financial Company	FULL	100	100	100	100	
SOCIETE DE LA RUE EDOUARD VII	Portfolio Management	FULL	99.91	99.91	99.91	99.91	
SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	Group Real Estate Management Company	FULL	99.98	99.98	100	100	
SOCIETE DU PARC D ACTIVITE DE LA VALENTINE	Real Estate and Real Estate Financing	ESI	30	30	30	30	
SOCIETE EN NOM COLLECTIF PARNASSE	Real Estate and Real Estate Financing	FULL	100	100	100	100	
SOCIETE FINANCIERE D' ANALYSE ET DE GESTION	Financial Company	FULL	100	100	100	100	
SOCIETE GENERALE	Bank	FULL	100	100	100	100	
SOCIETE GENERALE CAPITAL FINANCE	Portfolio Management	FULL	100	100	100	100	
SOCIETE GENERALE CAPITAL PARTENAIRES	Portfolio Management	FULL	100	100	100	100	
SOCIETE GENERALE DE BANQUE AUX ANTILLES	Bank	FULL	100	100	100	100	

	SOCIETE GENERALE FACTORING	Specialist Financing	FULL	100	100	100	100
	SOCIETE GENERALE PARTICIPATIONS INDUSTRIELLES	Portfolio Management	FULL	100	100	100	100
	SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER SOGEBAIL	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOCIETE GENERALE REAL ESTATE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOCIETE GENERALE SCF	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES SERVICES HOLDING	Portfolio Management	FULL	100	100	100	100
	SOCIETE GENERALE SFH	Specialist Financing	FULL	100	100	100	100
	SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	Group Real Estate Management Company	FULL	100	100	100	100
	SOCIETE IMMOBILIERE URBI ET ORBI	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOCIETE LES PINSONS	Real Estate and Real Estate Financing	EJV	50	50	50	50
	SOCIETE MARSEILLAISE DE CREDIT	Bank	FULL	100	100	100	100
	SOGE BEAUJOIRE	Group Real Estate Management Company	FULL	99.99	99.99	100	100
	SOGE PERIVAL I	Group Real Estate Management Company	FULL	100	100	100	100
	SOGE PERIVAL II	Group Real Estate Management Company	FULL	100	100	100	100
	SOGE PERIVAL III	Group Real Estate Management Company	FULL	100	100	100	100
	SOGE PERIVAL IV	Group Real Estate Management Company	FULL	100	100	100	100
	SOGEACT.SELEC.MON.	Portfolio Management	FULL	99.78	99.78	99.78	99.78
	SOGECAMPUS	Group Real Estate Management Company	FULL	100	100	100	100
	SOGECAP	Insurance	FULL	100	100	100	100
	SOGECAP - DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
	SOGECAP DIVERSIFIE 1	Portfolio Management	FULL	100	100	100	100
(6)	SOGECAP EQUITY OVERLAY (FEEDER)	Insurance	FULL	100	0	100	0
	SOGECAP LONG TERME N°1	Financial Company	FULL	100	100	100	100
	SOGECAPIMMO 2	Insurance	FULL	89.39	89.39	90.84	90.84
	SOGEFIM HOLDING	Portfolio Management	FULL	100	100	100	100
	SOGEFIMUR	Specialist Financing	FULL	100	100	100	100
	SOGEFINANCEMENT	Specialist Financing	FULL	100	100	100	100
	SOGEFINERG SG POUR LE FINANCEMENT DES INVESTISSEMENTS ECONOMISANT L'ENERGIE	Specialist Financing	FULL	100	100	100	100
	SOGEFONTENAY	Group Real Estate	FULL	100	100	100	100

		Management Company					
	SOGLEASE FRANCE	Specialist Financing	FULL	100	100	100	100
	SOGEMARCHE	Group Real Estate Management Company	FULL	100	100	100	100
	SOGEPARTICIPATIONS	Portfolio Management	FULL	100	100	100	100
	SOGEPROM	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM ALPES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM ALPES HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM CENTRE-VAL DE LOIRE	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM CVL SERVICES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM ENTREPRISES	Real Estate and Real Estate Financing	FULL	100	100	100	100
(5)	SOGEPROM ENTREPRISES REGIONS	Real Estate and Real Estate Financing	FULL	0	100	0	100
	SOGEPROM HABITAT	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM LYON	Real Estate and Real Estate Financing	FULL	100	85	100	85
	SOGEPROM PARTENAIRES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM RESIDENCES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM SERVICES	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM SUD REALISATIONS	Real Estate and Real Estate Financing	FULL	90.9	90.9	100	100
	SOGESSUR	Insurance	FULL	100	100	100	100
	SOGEVIMMO	Group Real Estate Management Company	FULL	85.55	85.55	85.55	85.55
	ST BARNABE 13004	Real Estate and Real Estate Financing	EJV	43	43	50	50
	STAR LEASE	Specialist Financing	FULL	100	100	100	100
(8)	STRACE	Real Estate and Real Estate Financing	ESI	20	20	20	20
	TEMSYS	Specialist Financing	FULL	79.82	79.82	100	100
(2)	URBANISME ET COMMERCE	Real Estate and Real	FULL	0	99.88	0	99.88

		Estate Financing					
	URBANISME ET COMMERCE PROMOTION	Real Estate and Real Estate Financing	FULL	100	100	100	100
	VALMINVEST	Group Real Estate Management Company	FULL	100	100	100	100
(6)	VG PROMOTION	Real Estate and Real Estate Financing	ESI	35	0	35	0
	VILLA D'ARMONT	Real Estate and Real Estate Financing	ESI	40	40	40	40
Ghana							
	SOCIETE GENERALE GHANA LIMITED	Bank	FULL	60.22	60.22	60.22	60.22
Gibraltar							
	HAMBROS (GIBRALTAR NOMINEES) LIMITED	Services	FULL	100	100	100	100
	SG KLEINWORT HAMBROS BANK (GIBRALTAR) LIMITED	Bank	FULL	100	100	100	100
Greece							
	ALD AUTOMOTIVE S.A. LEASE OF CARS	Specialist Financing	FULL	79.82	79.82	100	100
Guinea							
	SG DE BANQUES EN GUINEE	Bank	FULL	57.94	57.94	57.94	57.94
Equatorial Guinea							
	SOCIETE GENERALE DE BANQUES EN GUINEE EQUATORIALE	Bank	FULL	52.44	52.44	57.23	57.23
Hong Kong							
(1)(2)	DESCARTES TRADING HONG KONG BRANCH	Financial Company	FULL	0	100	0	100
	SG ASSET FINANCE (HONG KONG) LIMITED	Broker	FULL	100	100	100	100
(6)	SG CORPORATE FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	0	100	0
	SG CORPORATE FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
	SG FINANCE (ASIA PACIFIC) LIMITED	Financial Company	FULL	100	100	100	100
	SG FINANCE (HONG KONG) LIMITED	Financial Company	FULL	100	100	100	100
(1)	SG HONG KONG	Bank	FULL	100	100	100	100
	SG SECURITIES (HK) LIMITED	Broker	FULL	100	100	100	100
	SG SECURITIES (HK) NOMINEES LTD	Broker	FULL	100	100	100	100
	SG SECURITIES ASIA INTERNATIONAL HOLDINGS LIMITED	Broker	FULL	100	100	100	100
	SOCIETE GENERALE ASIA LTD	Financial Company	FULL	100	100	100	100
	TH INVESTMENTS (HONG KONG) 1 LIMITED	Financial Company	FULL	100	100	100	100
	TH INVESTMENTS (HONG KONG) 2 LIMITED	Financial Company	FULL	100	100	100	100
	TH INVESTMENTS (HONG KONG) 5 LIMITED	Financial Company	FULL	100	100	100	100
Hungary							
	ALD AUTOMOTIVE MAGYARORSZAG AUTOPARK-KEZELO ES FINANSZIROZO KORLATOLT FELELOSSEGU TARSASAG	Specialist Financing	FULL	79.82	79.82	100	100
Jersey Island							
	ELMFORD LIMITED	Services	FULL	100	100	100	100
	HANOM I LIMITED	Financial Company	FULL	100	100	100	100
	HANOM II LIMITED	Financial Company	FULL	100	100	100	100

	HANOM III LIMITED	Financial Company	FULL	100	100	100	100
	JD CORPORATE SERVICES LIMITED	Services	FULL	100	100	100	100
	KLEINWORT BENSON CUSTODIAN SERVICES LIMITED	Bank	FULL	100	100	100	100
(7)	LYXOR MASTER FUND	Financial Company	FULL	100	100	100	100
	NEWMEAD TRUSTEES LIMITED	Financial Company	FULL	100	100	100	100
	SG HAMBROS (FOUNDATIONS) LIMITED	Financial Company	FULL	100	100	100	100
	SG HAMBROS NOMINEES (JERSEY) LTD	Financial Company	FULL	100	100	100	100
	SG KLEINWORT HAMBROS BANK (CI) LIMITED	Bank	FULL	100	100	100	100
	SG KLEINWORT HAMBROS CORPORATE SERVICES (CI) LIMITED	Portfolio Management	FULL	100	100	100	100
	SG KLEINWORT HAMBROS TRUST COMPANY (CI) LIMITED	Financial Company	FULL	100	100	100	100
	SGKH TRUSTEES (CI) LIMITED	Services	FULL	100	100	100	100
	SOLENTIS INVESTMENT SOLUTIONS PCC	Financial Company	FULL	100	100	100	100
Isle of Man							
	KBBIOM LIMITED	Bank	FULL	50	50	50	50
	KBTIOM LIMITED	Bank	FULL	100	100	100	100
Guernsey Island							
	ARAMIS II SECURITIES CO. LTD	Financial Company	FULL	100	100	100	100
	CDS INTERNATIONAL LIMITED	Services	FULL	100	100	100	100
	GRANGE NOMINEES LIMITED	Bank	FULL	100	100	100	100
	GUERNSEY FINANCIAL ADVISORY SERVICES LIMITED	Bank	FULL	100	100	100	100
	GUERNSEY NOMINEES LIMITED	Bank	FULL	100	100	100	100
	HAMBROS (GUERNSEY NOMINEES) LTD	Services	FULL	100	100	100	100
	HTG LIMITED	Services	FULL	100	100	100	100
	K.B. (C.I.) NOMINEES LIMITED	Bank	FULL	100	100	100	100
	MISON NOMINEES LIMITED	Bank	FULL	100	100	100	100
(1)	SG HAMBROS BANK (CHANNEL ISLANDS) LTD GUERNSEY BRANCH	Bank	FULL	100	100	100	100
British Virgin Islands							
	TSG HOLDINGS LTD	Services	FULL	100	100	100	100
	TSG MANAGEMENT LTD	Services	FULL	100	100	100	100
	TSG SERVICES LTD	Services	FULL	100	100	100	100
India							
	ALD AUTOMOTIVE PRIVATE LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
(1)	SG MUMBAI	Bank	FULL	100	100	100	100
	SOCIETE GENERALE GLOBAL SOLUTION CENTRE PRIVATE	Services	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES INDIA PRIVATE LIMITED	Broker	FULL	100	100	100	100
Ireland							
	ALD RE DESIGNATED ACTIVITY COMPANY	Insurance	FULL	79.82	79.82	100	100
(4)	INORA LIFE LTD	Insurance	FULL	0	100	0	100
	IRIS II SPV DESIGNATED ACTIVITY COMPANY	Financial Company	FULL	100	100	100	100
	MERRION FLEET FINANCE LIMITED	Financial Company	FULL	79.82	79.82	100	100
	MERRION FLEET MANAGEMENT LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
(1)	SG DUBLIN	Bank	FULL	100	100	100	100
	SG KLEINWORT HAMBROS PRIVATE INVESTMENT OFFICE SERVICES LIMITED	Bank	FULL	100	100	100	100

	SGBT FINANCE IRELAND DESIGNATED ACTIVITY COMPANY	Specialist Financing	FULL	100	100	100	100
	SOCIETE GENERALE HEDGING DESIGNATED ACTIVITY COMPANY	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES SERVICES (IRELAND) LTD	Financial Company	FULL	100	100	100	100
Italy							
	ALD AUTOMOTIVE ITALIA S.R.L	Specialist Financing	FULL	79.82	79.82	100	100
	FIDITALIA S.P.A	Specialist Financing	FULL	100	100	100	100
	FRAER LEASING SPA	Specialist Financing	FULL	73.85	73.85	73.85	73.85
	SG EQUIPMENT FINANCE ITALY S.P.A.	Specialist Financing	FULL	100	100	100	100
	SG FACTORING SPA	Specialist Financing	FULL	100	100	100	100
	SG LEASING SPA	Specialist Financing	FULL	100	100	100	100
(1)	SG MILAN	Bank	FULL	100	100	100	100
(1)	SOCECAP SA RAPPRESENTANZA GENERALE PER L'ITALIA	Insurance	FULL	100	100	100	100
	SOCIETE GENERALE SECURITIES SERVICES S.P.A.	Bank	FULL	100	100	100	100
(1)	SOGESSUR SA	Insurance	FULL	100	100	100	100
Japan							
	LYXOR ASSET MANAGEMENT JAPAN CO LTD	Portfolio Management	FULL	100	100	100	100
(1)	SG TOKYO	Bank	FULL	100	100	100	100
(1)(2)	SOCIETE GENERALE (NORTH PACIFIC) LTD. TOKYO BRANCH	Bank	FULL	0	100	0	100
	SOCIETE GENERALE SECURITIES JAPAN LIMITED	Broker	FULL	100	100	100	100
Latvia							
	ALD AUTOMOTIVE SIA	Specialist Financing	FULL	59.86	59.86	75	75
Lebanon							
(3)	SG DE BANQUE AU LIBAN	Bank	ESI	0	16.79	0	16.85
Lithuania							
	UAB ALD AUTOMOTIVE	Specialist Financing	FULL	59.86	59.86	75	75
Luxembourg							
(6)	AF EMG MK HD CURR - CLASSE C - LU0907913460	Insurance	FULL	47.7	0	47.7	0
	ALD INTERNATIONAL SERVICES S.A.	Specialist Financing	FULL	79.82	79.82	100	100
(2)	AXA IM FIIS US SH.DUR.HIGH YIELD A DIS H	Specialist Financing	FULL	0	50.58	0	50.58
	AXUS LUXEMBOURG SA	Specialist Financing	FULL	79.82	79.82	100	100
	BARTON CAPITAL SA	Financial Company	FULL	100	100	100	100
(6)	CANDRIAM BONDS EURO HIGH YIELD - LU1010337324	Insurance	FULL	45.35	0	45.35	0
(6)	CODEIS COMPARTIMENT A0084	Insurance	FULL	100	0	100	0
	CODEIS COMPARTIMENT A0076	Financial Company	FULL	100	100	100	100
	CODEIS SECURITIES S.A.	Financial Company	FULL	100	100	100	100
	COVALBA	Financial Company	FULL	100	100	100	100
(6)	FIDELITY FUNDS EUR HY IQ - LU0954694930	Insurance	FULL	49.6	0	49.6	0
	G FINANCE LUXEMBOURG SA	Financial Company	FULL	100	100	100	100
	IVEFI S.A.	Financial Company	FULL	100	100	100	100
	LX FINANZ S.A.R.L.	Financial Company	FULL	100	100	100	100
(6)	LYXOR EURO 6M - CLASS SI	Insurance	FULL	64.37	0	64.37	0
(6)	LYXOR FUNDS SOLUTIONS	Financial Company	FULL	100	0	100	0

	PIONEER INVESTMENTS DIVERSIFIED LOANS FUND	Specialist Financing	FULL	100	100	100	100
	RED & BLACK AUTO LEASE GERMANY 2 S.A.	Financial Company	FULL	79.82	79.82	100	100
(6)	SALINGER S.A	Bank	FULL	100	0	100	0
	SG ISSUER	Financial Company	FULL	100	100	100	100
	SGBT ASSET BASED FUNDING SA	Financial Company	FULL	100	100	100	100
	SGBT CI	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE BANK & TRUST	Bank	FULL	100	100	100	100
	SOCIETE GENERALE CAPITAL MARKET FINANCE	Bank	FULL	100	100	100	100
	SOCIETE GENERALE FINANCING AND DISTRIBUTION	Bank	FULL	100	100	100	100
	SOCIETE GENERALE LIFE INSURANCE BROKER SA	Insurance	FULL	100	100	100	100
	SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT S.A.	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE RE SA	Insurance	FULL	100	100	100	100
	SOCIETE IMMOBILIERE DE L'ARSENAL	Group Real Estate Management Company	FULL	100	100	100	100
	SOGELIFE	Insurance	FULL	100	100	100	100
Macedonia							
(4)	OHRIDSKA BANKA AD SKOPJE	Bank	FULL	0	74.53	0	75.38
Madagascar							
	BANKY FAMPANDROSOANA VAROTRA SG	Bank	FULL	70	70	70	70
Malta							
(8)	LNG MALTA INVESTMENT 1 LIMITED	Financial Company	FULL	100	100	100	100
(8)	LNG MALTA INVESTMENT 2 LIMITED	Financial Company	FULL	100	100	100	100
Morocco							
	ALD AUTOMOTIVE SA MAROC	Specialist Financing	FULL	36.57	36.57	50	50
	ATHENA COURTAGE	Insurance	FULL	58.17	58.45	99.93	99.93
	FONCIMMO	Group Real Estate Management Company	FULL	57.58	57.57	100	100
	LA MAROCAINE VIE	Insurance	FULL	79.19	89.03	99.98	99.98
	SG MAROCAINE DE BANQUES	Bank	FULL	57.58	57.57	57.58	57.57
	SOCIETE D' EQUIPEMENT DOMESTIQUE ET MENAGER EQDOM	Specialist Financing	FULL	30.93	30.93	53.72	53.72
	SOCIETE GENERALE DE LEASING AU MAROC	Specialist Financing	FULL	57.58	57.57	100	100
	SOCIETE GENERALE OFFSHORE	Financial Company	FULL	57.51	57.5	99.88	99.88
	SOGECAPITAL GESTION	Financial Company	FULL	57.54	57.53	99.94	99.94
	SOGECAPITAL PLACEMENT	Portfolio Management	FULL	57.56	57.55	99.96	99.96
(8)	SOGEFINANCEMENT MAROC	Specialist Financing	FULL	57.58	57.57	100	100
Mauritius							
	SG SECURITIES BROKING (M) LIMITED	Broker	FULL	100	100	100	100
Mexico							
	ALD AUTOMOTIVE S.A. DE C.V.	Specialist Financing	FULL	79.82	79.82	100	100
	ALD FLEET SA DE CV SOFOM ENR	Specialist Financing	FULL	79.82	79.82	100	100
	SGFP MEXICO. S.A. DE C.V.	Financial Company	FULL	100	99.98	100	100
Moldavia							
(4)	MOBIASBANCA GROUPE SOCIETE GENERALE	Bank	FULL	0	79.93	0	87.9

Monaco							
(1)	CREDIT DU NORD - MONACO	Bank	FULL	100	100	100	100
(1)	SMC MONACO	Bank	FULL	100	100	100	100
(6)	SOCIETE DE BANQUE MONACO	Bank	FULL	100	0	100	0
(1)	SOCIÉTÉ GÉNÉRALE (SUCCURSALE MONACO)	Bank	FULL	100	100	100	100
	SOCIETE GENERALE PRIVATE BANKING (MONACO)	Bank	FULL	100	100	100	100
Montenegro							
(4)	SOCIETE GENERALE BANKA MONTENEGRO A.D.	Bank	FULL	0	90.56	0	90.56
Norway							
	ALD AUTOMOTIVE AS	Specialist Financing	FULL	79.82	79.82	100	100
	NF FLEET AS	Specialist Financing	FULL	63.85	63.85	80	80
	SG FINANS AS	Specialist Financing	FULL	100	100	100	100
New Caledonia							
	CREDICAL	Specialist Financing	FULL	87.07	87.07	96.64	96.64
	SOCIETE GENERALE CALEDONIENNE DE BANQUE	Bank	FULL	90.1	90.1	90.1	90.1
Netherlands							
	ALVARENGA INVESTMENTS B.V.	Specialist Financing	FULL	100	100	100	100
	ASTEROLD B.V.	Financial Company	FULL	100	100	100	100
	AXUS FINANCE NL B.V.	Specialist Financing	FULL	79.82	79.82	100	100
	AXUS NEDERLAND BV	Specialist Financing	FULL	79.82	79.82	100	100
	BRIGANTIA INVESTMENTS B.V.	Financial Company	FULL	100	100	100	100
(6)	CAPEREA B.V.	Specialist Financing	FULL	100	0	100	0
	COPARER HOLDING	Group Real Estate Management Company	FULL	100	100	100	100
	HERFSTTAFEL INVESTMENTS B.V.	Specialist Financing	FULL	100	100	100	100
	HORDLE FINANCE B.V.	Financial Company	FULL	100	100	100	100
	MONTALIS INVESTMENT BV	Specialist Financing	FULL	100	100	100	100
(1)	SG AMSTERDAM	Bank	FULL	100	100	100	100
	SG EQUIPMENT FINANCE BENELUX BV	Specialist Financing	FULL	100	100	100	100
	SOGLEASE B.V.	Specialist Financing	FULL	100	100	100	100
	SOGLEASE FILMS	Specialist Financing	FULL	100	100	100	100
	TYNEVOR B.V.	Financial Company	FULL	100	100	100	100
Poland							
	ALD AUTOMOTIVE POLSKA SP Z O.O.	Specialist Financing	FULL	79.82	79.82	100	100
(4)	EURO BANK S.A.	Bank	FULL	0	99.99	0	99.99
(4)	PEMA POLSKA SP.Z O.O.	Services	FULL	0	100	0	100
	SG EQUIPMENT LEASING POLSKA SP Z.O.O.	Specialist Financing	FULL	100	100	100	100
(1)	SOCIETE GENERALE S.A. ODDZIAL W POLSCE	Bank	FULL	100	100	100	100
(1)	SOGECAP SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	FULL	100	100	100	100
(1)	SOGESSUR SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	FULL	100	100	100	100
French Polynesia							
	BANQUE DE POLYNESIE	Bank	FULL	72.1	72.1	72.1	72.1
	SOGLEASE BDP SAS	Specialist Financing	FULL	72.1	72.1	100	100
Portugal							

	SGALD AUTOMOTIVE SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENZ SA	Specialist Financing	FULL	79.82	79.82	100	100
Czech Republic							
	ALD AUTOMOTIVE SRO	Specialist Financing	FULL	79.82	79.82	100	100
	CATAPS	Services	ESI	0.61	0.61	40	40
	ESSEX SRO	Specialist Financing	FULL	80	80	100	100
	FACTORING KB	Financial Company	FULL	60.73	60.73	100	100
	KB PENZIJNI SPOLECNOST. A.S.	Financial Company	FULL	60.73	60.73	100	100
	KB REAL ESTATE	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
(6)	KB SMARTSOLUTIONS. S.R.O.	Bank	FULL	60.73	0	100	0
	KOMERCNI BANKA A.S	Bank	FULL	60.73	60.73	60.73	60.73
	KOMERCNI POJISTOVNA A.S	Insurance	FULL	80.76	80.76	100	100
	MODRA PYRAMIDA STAVEBNI SPORITELNA AS	Financial Company	FULL	60.73	60.73	100	100
(4)	PEMA PRAHA SPOL. S.R.O.	Specialist Financing	FULL	0	100	0	100
	PROTOS	Financial Company	FULL	60.73	60.73	100	100
	SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.	Specialist Financing	FULL	80.33	80.33	100	100
	SOGEPROM CESKA REPUBLIKA S.R.O.	Real Estate and Real Estate Financing	FULL	100	100	100	100
	SOGEPROM MICHLE S.R.O.	Real Estate and Real Estate Financing	FULL	100	100	100	100
	STD2. A.S.	Group Real Estate Management Company	FULL	60.73	60.73	100	100
	VN 42	Real Estate and Real Estate Financing	FULL	60.73	60.73	100	100
Romania							
	ALD AUTOMOTIVE SRL	Specialist Financing	FULL	75.89	75.89	100	100
	BRD - GROUPE SOCIETE GENERALE SA	Bank	FULL	60.17	60.17	60.17	60.17
	BRD ASSET MANAGEMENT SAI SA	Portfolio Management	FULL	60.15	60.15	99.97	99.97
	BRD FINANCE IFN S.A.	Financial Company	FULL	80.48	80.48	100	100
	S.C. BRD SOGELEASE IFN S.A.	Specialist Financing	FULL	60.17	60.17	100	100
	S.C. ROGARIU IMOBILIARE S.R.L.	Real Estate and Real Estate Financing	FULL	75	75	75	75
	SOCIETE GENERALE EUROPEAN BUSINESS SERVICES S.A.	Services	FULL	100	100	100	100
	SOGEPROM ROMANIA SRL	Real Estate and Real Estate Financing	FULL	100	100	100	100
(1)	SOGESSUR S.A PARIS - SUCURSALA BUCURESTI	Insurance	FULL	100	100	100	100
United Kingdom							
	ACR	Financial Company	FULL	100	100	100	100
	ALD AUTOMOTIVE GROUP LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
	ALD AUTOMOTIVE LIMITED	Specialist Financing	FULL	79.82	79.82	100	100
(2)	ALD FUNDING LIMITED	Specialist Financing	FULL	0	79.82	0	100
(1)	BRIGANTIA INVESTMENTS B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100

(1)	DESCARTES TRADING LONDON BRANCH	Financial Company	FULL	100	100	100	100
	FENCHURCH NOMINEES LIMITED	Bank	FULL	100	100	100	100
	FRANK NOMINEES LIMITED	Bank	FULL	100	100	100	100
(1)	HORDLE FINANCE B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
(2)	JWB LEASE HOLDINGS LIMITED	Specialist Financing	FULL	0	100	0	100
	JWB LEASING LIMITED PARTNERSHIP	Specialist Financing	FULL	100	100	100	100
	KBIM STANDBY NOMINEES LIMITED	Bank	FULL	100	100	100	100
	KBPB NOMINEES LIMITED	Bank	FULL	100	100	100	100
	KH COMPANY SECRETARIES LIMITED	Bank	FULL	100	100	100	100
	KLEINWORT BENSON FARMLAND TRUST (MANAGERS) LIMITED	Bank	FULL	75	75	75	75
	LANGBOURN NOMINEES LIMITED	Bank	FULL	100	100	100	100
	LYXOR ASSET MANAGEMENT UK LLP	Financial Company	FULL	100	100	100	100
	MAGPIE ROSE LIMITED	Bank	FULL	100	100	100	100
	PICO WESTWOOD LIMITED	Bank	FULL	100	100	100	100
	ROBERT BENSON. LONSDALE & CO (CANADA) LIMITED	Bank	FULL	100	100	100	100
	SAINT MELROSE LIMITED	Bank	FULL	100	100	100	100
	SG (MARITIME) LEASING LIMITED	Specialist Financing	FULL	100	100	100	100
	SG EQUIPMENT FINANCE (DECEMBER) LIMITED	Specialist Financing	FULL	100	100	100	100
(2)	SG EQUIPMENT FINANCE LEASING LIMITED	Specialist Financing	FULL	0	100	0	100
(2)	SG EQUIPMENT FINANCE OPERATING LEASING LIMITED	Specialist Financing	FULL	0	100	0	100
(2)	SG EQUIPMENT FINANCE RENTAL LIMITED	Specialist Financing	FULL	0	100	0	100
	SG FINANCIAL SERVICES LIMITED	Financial Company	FULL	100	100	100	100
	SG HAMBROS (LONDON) NOMINEES LIMITED	Financial Company	FULL	100	100	100	100
	SG HAMBROS TRUST COMPANY LTD	Financial Company	FULL	100	100	100	100
	SG HEALTHCARE BENEFITS TRUSTEE COMPANY LIMITED	Financial Company	FULL	100	100	100	100
	SG INVESTMENT LIMITED	Financial Company	FULL	100	100	100	100
	SG KLEINWORT HAMBROS BANK LIMITED	Bank	FULL	100	100	100	100
	SG KLEINWORT HAMBROS LIMITED	Bank	FULL	100	100	100	100
	SG KLEINWORT HAMBROS TRUST COMPANY (UK) LIMITED	Bank	FULL	100	100	100	100
	SG LEASING (ASSETS) LIMITED	Specialist Financing	FULL	100	100	100	100
(8)	SG LEASING (CENTRAL 1) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG LEASING (CENTRAL 3) LIMITED	Specialist Financing	FULL	100	100	100	100
(2)	SG LEASING (DECEMBER) LIMITED	Specialist Financing	FULL	0	100	0	100
	SG LEASING (GEMS) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG LEASING (JUNE) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG LEASING (MARCH) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG LEASING (USD) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG LEASING (UTILITIES) LIMITED	Specialist Financing	FULL	100	100	100	100
	SG LEASING IX	Specialist Financing	FULL	100	100	100	100
(1)	SG LONDRES	Bank	FULL	100	100	100	100
(8)	SGFLD LIMITED	Financial Company	FULL	100	100	100	100
	SOCGEN NOMINEES (UK) LIMITED	Financial Company	FULL	100	100	100	100
	SOCIETE GENERALE EQUIPMENT FINANCE LIMITED	Specialist Financing	FULL	100	100	100	100

	SOCIETE GENERALE INTERNATIONAL LIMITED	Broker	FULL	100	100	100	100
	SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED	Financial Company	FULL	100	100	100	100
	STRABUL NOMINEES LIMITED	Financial Company	FULL	100	100	100	100
(2)	TALOS HOLDING LTD	Financial Company	FULL	0	100	0	100
(2)	TALOS SECURITIES LTD	Broker	FULL	0	100	0	100
(1)	TH INVESTMENTS (HONG KONG) 2 LIMITED (UK BRANCH)	Financial Company	FULL	100	100	100	100
(1)	TYNEVOR B.V. (UK BRANCH)	Financial Company	FULL	100	100	100	100
Russian Federation							
	ALD AUTOMOTIVE OOO	Specialist Financing	FULL	79.82	79.82	100	100
	CLOSED JOINT STOCK COMPANY SG FINANCE	Specialist Financing	FULL	99.97	99.95	100	100
(5)	COMMERCIAL BANK DELTACREDIT JOINT STOCK COMPANY	Bank	FULL	0	99.95	0	100
	CREDIT INSTITUTION OBYEDINYONNAYA RASCHOTNAYA SISTEMA	Financial Company	FULL	99.97	99.95	100	100
	JSC TELSUKOM	Services	FULL	99.97	99.95	100	100
	LLC RUSFINANCE	Bank	FULL	99.97	99.95	100	100
	LLC RUSFINANCE BANK	Bank	FULL	99.97	99.95	100	100
	PJSC ROSBANK	Bank	FULL	99.97	99.95	99.97	99.95
	RB FACTORING LLC	Specialist Financing	FULL	99.97	99.95	100	100
	RB LEASING LLC	Specialist Financing	FULL	99.97	99.95	100	100
	RB SERVICE LLC	Group Real Estate Management Company	FULL	99.97	99.95	100	100
	RB SPECIALIZED DEPOSITARY LLC	Financial Company	FULL	99.97	99.95	100	100
	SOCIETE GENERALE STRAKHOVANIE LLC	Insurance	FULL	99.99	99.99	100	100
	SOCIETE GENERALE STRAKHOVANIE ZHIZNI LLC	Insurance	FULL	99.99	99.99	100	100
Senegal							
	SOCIETE GENERALE SENEGAL	Bank	FULL	64.45	64.45	64.87	64.87
Serbia							
	ALD AUTOMOTIVE D.O.O BEOGRAD	Specialist Financing	FULL	79.82	79.82	100	100
(4)	SOCIETE GENERALE BANKA SRBIJA A.D. BEOGRAD	Bank	FULL	0	100	0	100
(4)	SOGELEASE SRBIJA D.O.O.	Specialist Financing	FULL	0	100	0	100
Singapore							
	SG MARKETS (SEA) PTE. LTD.	Broker	FULL	100	100	100	100
	SG SECURITIES (SINGAPORE) PTE. LTD.	Broker	FULL	100	100	100	100
(1)	SG SINGAPOUR	Bank	FULL	100	100	100	100
	SG TRUST (ASIA) LTD	Financial Company	FULL	100	100	100	100
Slovakia							
	ALD AUTOMOTIVE SLOVAKIA S.R.O.	Specialist Financing	FULL	79.82	79.82	100	100
	ESOX FINANCE S.R.O	Specialist Financing	FULL	80	80	100	100
(1)	KOMERCNI BANKA BRATISLAVA	Bank	FULL	60.73	60.73	100	100
(5)	PEMA SLOVAKIA SPOL.S.R.O.	Specialist Financing	FULL	0	100	0	100
(1)	SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O. ORGANIZACNA ZLOZKA (SLOVAK RUPUBLIC BRANCH)	Specialist Financing	FULL	80.33	80.33	100	100
Slovenia							
	ALD AUTOMOTIVE OPERATIONAL LEASING DOO	Specialist Financing	FULL	79.82	79.82	100	100

(4)	SKB LEASING D.O.O.	Specialist Financing	FULL	0	99.73	0	100
(4)	SKB BANKA D.D. LJUBLJANA	Bank	FULL	0	99.73	0	99.73
(4)	SKB LEASING SELECT D.O.O.	Specialist Financing	FULL	0	99.73	0	100
Sweden							
	ALD AUTOMOTIVE AB	Specialist Financing	FULL	79.82	79.82	100	100
	NF FLEET AB	Specialist Financing	FULL	63.85	63.85	80	80
(4)	PEMA TRUCK- OCH TRAILERUTHYRNING AB	Specialist Financing	FULL	0	100	0	100
(1)	SG FINANS AS SWEDISH BRANCH	Specialist Financing	FULL	100	100	100	100
(1)	SOCIETE GENERALE SA BANKFILIAL SVERIGE	Bank	FULL	100	100	100	100
Switzerland							
	ALD AUTOMOTIVE AG	Specialist Financing	FULL	79.82	79.82	100	100
(4)	PEMA TRUCK- UND TRAILERVERMIETUNG GMBH	Specialist Financing	FULL	0	100	0	100
(8)	ROSBANK (SWITZERLAND)	Bank	FULL	99.97	99.95	100	100
	SG EQUIPMENT FINANCE SCHWEIZ AG	Specialist Financing	FULL	100	100	100	100
(1)	SG ZURICH	Bank	FULL	100	100	100	100
	SOCIETE GENERALE PRIVATE BANKING (SUISSE) S.A.	Bank	FULL	100	100	100	100
Taiwan							
(1)	SG SECURITIES (HONG KONG) LIMITED TAIPEI BRANCH	Broker	FULL	100	100	100	100
(1)	SG TAIPEI	Bank	FULL	100	100	100	100
Chad							
	SOCIETE GENERALE TCHAD	Bank	FULL	56.86	56.86	67.83	67.83
Thailand							
	SOCIETE GENERALE SECURITIES (THAILAND) LTD.	Broker	FULL	100	100	100	100
Togo							
(1)	SOCIETE GENERALE TOGO	Bank	FULL	90.98	89.64	100	100
Tunisia							
	UNION INTERNATIONALE DE BANQUES	Bank	FULL	55.1	55.1	52.34	52.34
Turkey							
	ALD AUTOMOTIVE TURIZM TICARET ANONIM SIRKETI	Specialist Financing	FULL	79.82	79.82	100	100
(1)	SG ISTANBUL	Bank	FULL	100	100	100	100
Ukraine							
	ALD AUTOMOTIVE UKRAINE LIMITED LIABILITY COMPANY	Specialist Financing	FULL	79.82	79.82	100	100

* FULL: Full consolidation - JO : Joint Operation - EJV: Equity (Joint Venture) - ESI: Equity (significant influence) - EFS: Equity For Simplification (Entities controlled by the Group that are consolidated using the equity method for simplification because are not significant).

(1) Branches

(2) Entities wound up

(3) Removal from the scope (loss of control or significant influence)

(4) Entities sold

(5) Merged

(6) Newly consolidated

(7) Including 30 funds

(8) Wind up in process

NOTE 8.7 - FEES PAID TO STATUTORY AUDITORS

The consolidated financial statements of Societe Generale Group are certified jointly by Ernst & Young et Autres, represented by Mrs. Isabelle Santenac, on the one hand; and Deloitte et Associés, represented by Mr. José-Luis Garcia, on the other hand.

On the proposal of the Board of Directors, the Annual General Meeting held on 23 May 2018 appointed Ernst & Young et Autres and renewed the mandate of Deloitte et Associés, for six years.

In accordance with the European regulation on the audit reform, the Audit and Internal Control Committee of Societe Generale (CACI) implements a specific approval policy of the non-audit services of statutory auditors ("SACC") and their network by to verify its compliance before to the launch of the mission.

A synthesis of the SACC (approved or refused) is presented to every session of the CACI.

The fees by type of mission (audit or non-audit) are submitted to an annual review by the CACI.

Lastly, the Finance Departments of the entities and business divisions annually appraise the quality of the audits performed by Deloitte et Associés and Ernst & Young et Autres. The conclusions of this survey are presented to the CACI.

AMOUNTS OF STATUTORY AUDITORS' FEES PRESENTED IN THE INCOME STATEMENT

		Ernst & Young et Autres		Deloitte et Associés		TOTAL	
<i>(In millions of euros excluded VAT)</i>		2019 ⁽¹⁾	2018	2019 ⁽²⁾	2018	2019	2018
Statutory audit, certification, examination of parent company and consolidated accounts	Issuer	4	4	7	7	11	11
	Fully consolidated subsidiaries	16	16	12	12	28	28
Sub-total Audit		20	20	19	19	39	39
Non-audit services (SACC)	Issuer	0	2	2	1	2	3
	Fully consolidated subsidiaries	1	1	1	2	2	3
Total		21	23	22	22	43	45

(1) Including Ernst and Young network: EUR 13 million

(2) Including Deloitte network: EUR 10 million

The non-audit services provided by statutory auditors this year mainly consisted of missions of compliance review with regard to the regulatory requirements, missions of internal control within the framework of respect of ISAE standards (*International Standard on Assurance Engagement*), agreed upon procedures, and then complementary audits within the scope of issuing of certificates or CSR report (CSR: corporate social responsibility). They include also non-audit services expressly and exclusively entrusted to the statutory auditors for EUR 1 million.

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 “Other provisions” included in the *Provisions* item in the liabilities of the balance-sheet.

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

- 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 in 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, on 23 September 2016, the Versailles Court of Appeal rejected 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 Societe Generale 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, one case has ended against SGA and nine remain pending, seven 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 3 May 2019, several hundred individual plaintiffs filed motions to intervene in the pending OSIC action seeking recovery in their individual capacities for losses on their Stanford investments. The defendant financial institutions, including Societe Generale Private Banking (Suisse), opposed these motions. By order of 18 September 2019 the court denied the motions to intervene. One group of plaintiffs appealed the denial, and another initiated a separate action in Texas state court in Houston in November 2019.

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 has responded 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.

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.

On 13 January 2020, Societe Generale entered into a settlement agreement with the putative class of plaintiffs who purchased financial products tied to US Dollar Libor on an exchange. As part of that settlement, Societe Generale has agreed to pay USD 5.125 million. This settlement is subject to approval by the District Court.

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 Act (“CEA”) claims to proceed to discovery. On 27 September 2019, Societe Generale filed a motion for judgment on the pleadings that seeks dismissal of plaintiff’s remaining CEA claims. The parties are awaiting a decision. On 27 September 2019, plaintiff filed a motion for class certification. Briefing on plaintiff’s motion for class certification has been stayed until the district court rules on defendants’ motion for judgment on the pleadings.

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. On 30 August 2019, Societe Generale and SGAS filed a motion to dismiss all claims asserted against them.

- 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 reached a settlement of USD 975,000 to put an end to these proceedings, which is awaiting preliminary approval by the court. 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 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, along with other financial institutions, is also named as a defendant 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 was 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. On 19 August 2019, the Bonn District Court ordered SGSS GmbH to join these criminal proceedings, which are currently pending, 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). SGAS, along with several other defendants, filed a motion to dismiss on 13 June 2019 which was granted on 29 August 2019 as against SGAS and several other bank defendants. Plaintiffs filed an amended complaint on 9 September 2019, and a motion to dismiss this amended complaint was filed on 17 September 2019. That motion was denied on 15 October 2019. On 16 December 2019, plaintiffs and twelve bank defendants, including SGAS, submitted for court approval a stipulation of settlement in the class action, for USD 250 million. Although SGAS's share of the settlement is not public, the amount was not material from a financial statement perspective. SGAS also has been named in two separate individual litigations, one brought in September by the State of Louisiana and the other brought in October by City of Baton Rouge/East Baton Rouge Parish. These suits also assert antitrust claims against SGAS and multiple other bank defendants based on these plaintiffs' purchases of GSE bonds. 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 DOJ 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 USD 150 million from the SG entities. The SG entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgments and remanded for further proceedings. By order dated 23 April 2019, the Second Circuit has stayed the mandate, pending disposition of Defendant-Appellees' petition for review by the United States Supreme Court.

- On 10 July 2019, Societe Generale 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. Plaintiff claims damages from Societe Generale under the terms of this statute. Plaintiff filed an amended complaint on 24 September 2019 adding three other banks as defendants and adding several new factual allegations as to Societe Generale. Societe Generale filed a motion to dismiss, which was fully briefed as of 10 January 2020.