2019

SOCIETE GENERALE BANK & TRUST S.A.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND REPORT

SOCIETE GENERALE

Société Générale Bank & Trust S.A.
11, Avenue Emile Reuter
L-2420 Luxembourg

Interim Condensed Consolidated Financial Statements and Report of the Réviseur d'Entreprises Agréé as at 30 June 2019

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R.C.S. Luxembourg: B 006.061

CONTENTS OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Building a better
working world

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Société Générale Bank & Trust S.A. (the "Group") as of 30 June 2019, which comprise the interim consolidated statement of financial position as at 30 June 2019 and the related interim consolidated income statement, the interim consolidated statement of net income and unrealised or deferred gains and losses, the interim consolidated statement of changes in shareholders' equity, the interim consolidated cash flow statement for the six-month period then ended and explanatory notes.

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

Scope of Review

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

Conclusion

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

Ernst & Young
Société anonyme
Cabinet de révision agréé

Jean-Michel Pacaud

Charles Dequaire

Luxembourg, 30 September 2019

1 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.1 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

AS AT

(in thousand EUR)	*Notes*	**30 June 2019**	**31 December 2018**
Cash, due from central banks		6 700 366	5 173 455
Financial assets at fair value through profit or loss	*4.1, 4.4.2*	55 985 547	49 809 890
Hedging derivatives	*4.2, 4.4.2*	308	4 161
Financial assets at fair value through other comprehensive income	*4.3, 4.4.2*	3 243 843	3 338 542
Securities at amortised cost	*4.5.3*	5 719 093	5 642 478
Due from banks at amortised cost	*4.5.1*	11 620 626	10 018 941
Customer loans at amortised cost	*4.5.2*	26 870 838	25 802 754
Investments of insurance activities	*5.3.2*	504 434	479 659
Tax assets	*7.2*	22 528	19 338
Other assets	*5.2*	757 171	847 236
Investments accounted for using the equity method		68 947	71 486
Tangible, intangible fixed assets and right-of-use assets [1]	*9.4*	186 086	69 269
Total		**111 679 787**	**101 277 209**

[1] Further to the first application of IFRS 16 standard « Leases » on 1st January 2019, the Group has booked right-of-use assets representing the right-of-use generated by the leases included in the caption "Tangible, intangible fixed assets and right-of-use assets" (cf. Note 2.2.1).

1.2 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – LIABILITIES

AS AT

(in thousand EUR)	*Notes*	**30 June 2019**	**31 December 2018**
Financial liabilities at fair value through profit or loss	*4.1, 4.4.3*	55 904 565	49 661 210
Hedging derivatives	*4.2, 4.4.3*	258 957	225 004
Debt securities issued	*4.6.3*	401 586	460 305
Due to banks	*4.6.1*	23 330 242	19 726 269
Customer deposits	*4.6.2*	26 541 302	25 868 265
Tax liabilities	*7.2*	155 938	156 606
Other liabilities[1]	*5.2*	1 436 190	1 283 698
Insurance contracts related liabilities	*5.3.1*	211 654	246 124
Provisions	*9.3*	84 518	87 158
Subordinated debt		400 265	400 249
Total liabilities		**108 725 217**	**98 114 888**
Issued capital	*8.1*	1 389 043	1 389 043
Reserves and retained earnings	*8.1*	1 382 209	1 439 410
Net income	*8.1*	163 040	296 545
Sub-total		**2 934 292**	**3 124 998**
Unrealised or deferred capital gains and losses	*8.1*	20 202	37 182
Sub-total equity, Group share		**2 954 494**	**3 162 180**
Non-controlling interests		76	141
Total equity		**2 954 570**	**3 162 321**
Total liabilities and equity		**111 679 787**	**101 277 209**

[1] Further to the first application of IFRS 16 standard « Leases » on 1st January 2019, the Group has booked a debt generated by the obligation of payments related to rental liabilities included in the caption "Other liabilities" (cf. Note 2.2.1).

1.3 INTERIM CONSOLIDATED INCOME STATEMENT

FOR THE FIRST SIX MONTHS ENDED 30 JUNE

(in thousand EUR)	*Notes*	**1st half of 2019**	**1st half of 2018**
Interest and similar income	*4.7*	378 721	360 625
Interest and similar expense	*4.7*	(243 678)	(184 360)
Fee income	*5.1*	234 162	237 255
Fee expense	*5.1*	(88 929)	(92 199)
Net gains and losses on financial transactions		83 432	67 823
o/w net gains and losses on financial instruments at fair value through profit or loss	*4.1.4*	*83 432*	*67 823*
o/w net gains and losses on financial instruments at fair value through other comprehensive income		-	-
o/w net gains and losses from the derecognition of financial assets at amortized cost		-	-
Net income from insurance activities	*5.3.5*	16 823	11 805
Income from other activities	*5.4*	2 859	8 136
Expenses from other activities	*5.4*	(4 027)	(7 154)
Net banking income		**379 363**	**401 931**
Personnel expenses	*6.1*	(106 684)	(106 054)
Other operating expenses	*9.2*	(93 528)	(104 016)
Amortisation, depreciation and impairment of tangible and intangible fixed assets and right-of-use assets[1]	9.4	(20 163)	(8 532)
Gross operating income		**158 988**	**183 329**
Cost of risk	*4.8.3*	8 951	(7 237)
Operating income		**167 939**	**176 092**
Net income from investments accounted for using the equity method		5 267	6 533
Net income/expense from other assets		5 125	(638)
Earnings before tax		**178 331**	**181 987**
Income tax	*7.1*	(15 295)	(27 572)
Consolidated net income		**163 036**	**154 415**
Net income, non-controlling interests		*(4)*	*(78)*
Net income, Group share		*163 040*	*154 493*

[1] Further to the first application of IFRS 16 standard « Leases » on 1st January 2019, the Group has booked amortization of right-of-use assets related to the caption “Tangible, intangible fixed assets and right-of-use assets” (cf. Note 2.2.1).

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

FOR THE FIRST SIX MONTHS ENDED 30 JUNE

(in thousand EUR)	1st half of 2019	1st half of 2018
Consolidated net income	**163 036**	**154 415**
Unrealised or deferred gains and losses that will be reclassified subsequently into income statement	**497**	**(23 972)**
Translation differences	(291)	(3 253)
Revaluation of available-for-sale financial assets[1] (Note 5.3.3)	15 224	(4 196)
Revaluation of debt instruments at fair value through other comprehensive income	(3 174)	(18 972)
Revaluation of hedging derivatives	(14 652)	(4 330)
Unrealised gains and losses of entities accounted for using the equity method	2 913	(1 217)
Tax related	477	7 996
Gains and losses that will not be reclassified subsequently into income statement	**(17 477)**	**(5 261)**
Actuarial gains and losses on defined benefits plans	(25 971)	(7 072)
Unrealised gains and losses of entities accounted for using the equity method	(13)	13
Tax related	8 507	1 798
Total unrealised or deferred gains and losses	**(16 980)**	**(29 233)**
Consolidated net income and unrealised or deferred gains and losses	**146 056**	**125 182**
o/w Group share	*146 060*	*125 260*
o/w non-controlling interests	*(4)*	*(78)*

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

1.5 INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

AS AT

(in thousand EUR)	Capital and associated reserves			Reserves and Retained earnings	Net income, Group share	Unrealised or deferred gains and losses			Shareholders' equity, Group share	Non-controlling interests	Total consolidated shareholders' equity
	Subscribed capital	Additional paid capital	Total			that will be reclassified subsequently into income	that will not be reclassified subsequently into income	Total			
Shareholders' equity at 1 January 2018	**1 389 043**	**2 817**	**1 391 860**	**1 458 929**	**274 595**	**75 298**	**1 693**	**76 991**	**3 202 375**	**1 907**	**3 204 282**
Appropriation of net income	-	-	-	274 595	(274 595)	-	-	-	-	-	-
2018 dividends paid (see Note 8.2)	-	-	-	(298 000)	-	-	-	-	(298 000)	-	**(298 000)**
Sub-total of changes linked to relations with shareholders	-	-	-	***(23 405)***	***(274 595)***	-	-	-	***(298 000)***	-	**(298 000)**
Unrealised or deferred gains and losses	-	-	-	-	-	(23 972)	(5 261)	**(29 233)**	(29 233)	-	**(29 233)**
1st half 2018 Net income	-	-	-	-	154 493	-	-	-	154 493	(78)	**154 415**
Other changes	-	-	-	1 275	-	-	-	-	1 275	134	**1 409**
Sub-total	-	-	-	***1 275***	***154 493***	***(23 972)***	***(5 261)***	***(29 233)***	***126 535***	***56***	***126 591***
Shareholders' equity at 30 June 2018	**1 389 043**	**2 817**	**1 391 860**	**1 436 799**	**154 493**	**51 326**	**(3 568)**	**47 758**	**3 030 910**	**1 963**	**3 032 873**
Sub-total of changes linked to relations with shareholders	-	-	-	-	-	-	-	-	-	-	-
Unrealised or deferred gains and losses	-	-	-	-	-	(18 929)	8 353	(10 576)	(10 576)	-	(10 576)
2nd half 2018 Net income	-	-	-	-	142 052		-	-	142 052	90	142 142
Other changes	-	-	-	(206)	-	-	-	-	(206)	(1 912)	(2 118)
Sub-total	-	-	-	**(206)**	**142 052**	**(18 929)**	**8 353**	**(10 576)**	**131 270**	**(1 822)**	**129 448**
Shareholders' equity at 31 December 2018	**1 389 043**	**2 817**	**1 391 860**	**1 436 593**	**296 545**	**32 397**	**4 785**	**37 182**	**3 162 180**	**141**	**3 162 321**
Appropriation of net income	-	-	-	296 545	(296 545)	-	-	-	-	-	-
2019 dividends paid (see Note 8.2)	-	-	-	(359 000)	-	-	-	-	(359 000)	(61)	**(359 061)**
Sub-total of changes linked to relations with shareholders	-	-	-	***(62 455)***	***(296 545)***	-	-	-	***(359 000)***	(61)	**(359 061)**
Unrealised or deferred gains and losses[1]	-	-	-	-	-	497	(12 700)	(12 203)	(12 203)	-	**(12 203)**
1st half of 2019 Net income	-	-	-	-	163 040	-	-	-	163 040	(4)	**163 036**
Changes in accounting policy[1]	-	-	-	4 777	-	-	(4 777)	(4 777)	-	-	-
Other changes	-	-	-	477	-	-	-	-	477	-	**477**
Sub-total	-	-	-	***5 254***	***163 040***	***497***	***(17 477)***	***(16 980)***	***151 314***	***(4)***	***151 310***
Shareholders' equity at 30 June 2019	**1 389 043**	**2 817**	**1 391 860**	**1 379 392**	**163 040**	**32 894**	**(12 692)**	**20 202**	**2 954 494**	**76**	**2 954 570**

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[1] Under "Changes in accounting policy" the Group has presented the amount of EUR 4 777 thousand representing the transfer of prior periods actuarial gains/(losses) from unrealized or deferred gains and losses to reserves and retained earnings (see Note 2.3.2).

1.6 INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE FIRST SIX MONTHS ENDED 30 JUNE

(in thousand EUR)	1st half of 2019	1st half of 2018
Consolidated net income (I)	**163 036**	**154 415**
Amortisation expense on tangible fixed assets and intangible assets (including operational leasing) and on right-of-use assets	20 163	8 533
Net allocation to provision and impairment	6 398	13 346
Net income/loss from investments accounted for using the equity method	(5 267)	(5 002)
Change in deferred taxes	12 684	7 637
Change in deferred income	6 251	1 260
Change in prepaid expenses	(17 866)	5 924
Change in accrued income	(9 580)	(14 518)
Change in accrued expenses	(289 227)	69 872
Other changes	216 240	(69 100)
Non-cash items included in net income and other adjustments not including income on financial instruments at fair value through profit or loss (II)	**(60 204)**	**17 952**
Income on financial instruments at fair value through profit or loss	48 639	63 212
Interbank transactions	2 258 867	22 784 178
Customers transactions	113 628	6 482 275
Transactions related to other financial assets and liabilities	275 151	(23 197 888)
Transactions related to other non-financial assets and liabilities	(229 364)	271 780
Net increase/decrease in cash related to operating assets and liabilities (III)	**2 466 921**	**6 403 557**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III)	**2 569 753**	**6 575 924**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	(64 588)	(4 946 591)
Net cash inflow (outflow) related to tangible, intangible fixed assets and right-of-use assets	(4 852)	(10 320)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**(69 440)**	**(4 956 911)**
Dividends paid and received (Note 8.2)	(359 000)	(298 000)
Other net cash flows arising from financing activities	49	-
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**(358 951)**	**(298 000)**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**2 141 362**	**1 321 013**
Net balance of cash accounts and accounts with central banks	5 173 455	5 512 824
Net balance of accounts, demand deposits and loans with banks (Notes 4.5.1, 4.6, 5.3.2)	(101 192)	109 531
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**5 072 263**	**5 622 355**
Net balance of cash accounts and accounts with central banks	6 700 366	6 359 263
Net balance of accounts, demand deposits and loans with banks (Notes 4.5.1, 4.6, 5.3.2)	513 259	584 104
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**7 213 625**	**6 943 367**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS	**2 141 362**	**1 321 013**

2 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Corporate information

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

As at 30 June 2019, the Bank's capital is wholly-owned by Sogeparticipations, a Société Anonyme incorporated under French Law.

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

Société Générale is a public limited company (société anonyme) established under French law and headquartered in Paris that prepares and publishes IFRS (as adopted by the European Union) consolidated financial statements since 2005.

The core Group activities are banking activities, asset management, investment advisory, financial engineering, depository, transfer agent and fund administration services, especially for collective investment undertakings. The Group is currently active on the financial markets and towards institutional clients has high volume of proprietary cash management transactions and financing operations carried out on behalf of large corporations.

These interim condensed consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors of Société Générale Bank & Trust S.A. on 30 September 2019.

The registered office of the Bank is situated in Luxembourg, 11 Avenue Emile Reuter, L-2420.

Note 2 - Significant accounting principles

2.1 Basis of preparation

The interim condensed consolidated financial statements of Société Générale Bank & Trust S.A. for the first six months ending 30 June 2019 have been prepared in accordance with IAS 34 Interim financial reporting as adopted by the European Union.

The interim condensed financial statements do not include all the information and disclosures required in the consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements for the year ending 31 December 2018.

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

The most significant and impactful change made to the accounting principles is the application of IFRS 16 Leases as from 1 January 2019 (See Note 2.2.1.1).

2.1.1 Statement of compliance

The interim condensed consolidated financial statements for the first six months ending 30 June 2019 have been fully prepared on a going concern basis.

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

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

The disclosures provided in the notes to the interim condensed consolidated financial statements relate to events and transactions that are significant to an understanding of the changes in financial position and performance of the Group during the first half of 2019. The disclosures provided in these notes focus on information that is both relevant and material to the consolidated financial statements of the Société Générale Bank & Trust S.A., its activities and the circumstances in which it conducted its operations over the period.

2.1.2 Use of estimates and judgments

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

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

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

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

- Fair value in the interim condensed consolidated statement of financial position of financial instruments not quoted in an active market which are classified as Financial assets and liabilities at fair value through profit or loss, Hedging derivatives or assets at fair value through other comprehensive income (see Notes 4.2, 4.3, 4.4.1 and 4.4.2);
- Classification of financial instruments (see Notes 4.1, 4.2, 4.3, 4.4, 4.5 and 4.6);
- The amount of impairment and provisions for credit risk related to financial assets measured at amortised cost, or at fair-value through other comprehensive income, loan commitments granted and guarantee commitments granted measured with models or internal assumptions based on historical, current and prospective data ("Loans and receivables", "Financial assets at fair value through other comprehensive income", "Securities at amortised cost") (see Note 4.8);
- Provisions (in particular, provisions for disputes in a complex legal environment), including underwriting reserves of insurance companies (see Notes 4.8.2,5.3 and 9.3);
- The assessment of control of the Group over an entity when updating the consolidation scope, mainly when structured entities are concerned (see Note 3);
- The entities excluded from the consolidation scope (see Note 3);
- The amount of deferred tax assets recognized in the interim consolidated statement of financial position (see Notes 7.1 and 7.2);
- The assumptions used for the supplemental defined benefit retirement plan;
- The analysis of the contractual cash flow characteristics of financial assets, assessment of the increase 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 (See Notes 4.8).

Brexit and its impact on financial markets and the economic environment could have an adverse impact on SG Group's activities and results of operations. The terms of the United Kingdom's withdrawal agreement from the European Union have yet to be approved by the British Parliament and negotiations are still ongoing, increasing the probability of a "no-deal" Brexit. This in turn will have an impact on the possibility of a transition period up to 31 December 2020, and the nature of future relations between the United Kingdom and the European Union remains unclear. Latest decision from the European Union stated that the Brexit process should not be extended again beyond 31 October 2019. On the beginning of September, British parliamentarians opposed to a "no deal" Brexit voted a legislation aiming to force the British government to seek a third Brexit extension to postpone the deadline to 31 January 2020. In the context of Brexit, the Group is currently filing an additional debt issuance program (the "DIIP UK") dedicated to the issuance of notes distributed in the United Kingdom.

A reform is currently engaged at international level in order to reinforce the methods to set the indices and replace the IBOR indices by new risk-free rates. This reform may have accounting implications on both valuation of the assets and liabilities which are assessed on basis of these rates or related hedge accounting. Reflexions are still on-going at the level of the accounting standards regulators (IASB; FASB) in order to update the accounting standards while limiting the impacts on financial statements for concerned entities.

IASB published during May 2019 a proposition of amendment in order to prevent the uncertainties related to the reform on references rates to impact the existing hedge accounting already existing (phase 1). New proposals are expected to be issued shortly in order to anticipate the unwanted accounting principles related to the transition phase to new reference rates (phase 2).

In August 2019, the IASB released a proposed accounting standards update aiming to ease the transition. This update proposes temporary optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform under certain criteria. On 28 August 2019, the IASB met in order to finalize the amendments to IFRS 9 and IAS 39 to address the financial reporting consequences of the IBOR reform. The IASB decided that the amendments will mainly provide relief from the separately identifiable requirement for "macro hedges"; clarify when the relief ceases to apply to a group of items designated as the hedged item; clarify that the amendments would apply to hedges of both interest rate and foreign currency risks; and simplify the disclosure requirements.

2.1.3 Presentation currency

The presentation currency of the interim condensed consolidated financial statements for the six months period ending 30 June 2019 is Euro.

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

The figures presented in the interim condensed consolidated financial statements and in the Notes are presented in thousand of euros, unless otherwise specified.

The main spot exchange rates used as at 30 June 2019, 31 December 2018 and 30 June 2018 are presented below:

	30.06.2019	**31.12.2018**	**30.06.2018**
1 EUR	USD 1.1380	USD 1.1450	USD 1.1658
1 EUR	GBP 0.8965	GBP 0.8945	GBP 0.8861
1 EUR	CHF 1.1105	CHF 1.1269	CHF 1.1569

2.2 Changes in accounting policies

2.2.1 New accounting standards applied by the Group as of 1 January 2019

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The new accounting standards applied by the Group as of 1 January 2019 are as follows:

IFRS 16 "Leases" [Adopted by EU]

IFRIC 23 "Uncertainty over Income Tax Treatments" [Adopted by EU]

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

Annual improvements (2015-2017 cycle)

Amendments to IAS 19 "Plan amendments, curtailments and settlements"

2.2.1.1 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 for the first time IFRS 16 as adopted by the European Union on 31 October 2017. The Group did not early apply the provisions of IFRS 16 to the previous reporting period.

Consequently, the accounting principles applicable to leases and the related disclosures presented in the notes to the interim condensed consolidated financial statements have been amended as from 1 January 2019.

The impacts of the first-time application of IFRS 16 are presented in Note 2.2.1.1.3. impacts of the first time application of IFRS 16.

2.2.1.1.1 Accounting treatments defined by IFRS 16

Recognition of the leases in the balance sheet

For all lease contracts, with the exceptions provided by the standard, the lessee should account in its financial position an asset equal to the right-of-use and a debt representing the obligation to pay the rent.

In the income statement, the lessee accounts for the amortization of the right-of-use separately from the interest expense on the lease liability.

The accounting principles are detailed in Note 2.3.1.

Scope

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

2.2.1.1.2 Transition Requirements

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

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

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

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

2.2.1.1.3. Impacts on the first-time application of IFRS 16

As of 1 January 2019, the first-time application of IFRS 16 resulted in an increase in the balance sheet by 129 441 thousand of euros, related to the recognition of a lease liability and a corresponding right-of-use asset.

The lease liability is recorded under Other liabilities and the right-of-use assets are classified among the tangible fixed assets.

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

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

Impacts on the balance sheet at 1 January 2019

As at 1 January 2019, the impacts of first-time application include tacit renewal contracts in IFRS 16 scope. Such impacts are calculated on basis of Group assumptions over the future decisions related to the renewal of lease contracts.

(in thousand EUR)		**1 January 2019**
ASSETS		
Tangible, intangible fixed assets and right-of-use assets	(a)	129 441
Total assets		**129 441**
LIABILITIES		
Other liabilities	(a)	129 441
Total liabilities		**129 441**

(a) At 1st January 2019, rights-of-use assets and a corresponding lease liability were booked for 129 441 thousand of euros by the Group. They mainly break down as follow:

- 123 578 thousand of euros relative to property leases contracted for the lease of commercial and office space mainly in Luxembourg, Monaco and Switzerland;
- 5 394 thousand of euros relative to computer equipment leases;
- 469 thousand of euros linked to leases for other tangible assets (e.g. of which mainly vehicles).

Reconciliation of the minimum operating lease payments at 31 December 2018 with the lease liability booked at 1 January 2019

The table below aims to reconcile:

- the minimum operating lease payments related to operating lease contracts on tangible assets used by the Group at 31 December 2018 applying IAS 17; and
- the lease liability recognised in the statement of financial position at 1st January 2019 applying IFRS 16.

(in thousand EUR)	
Future minimum operating lease payments related to operating lease contracts at 31 December 2018	**129 999**
Lease contracts not recorded in the balance sheet applying IFRS 16[1]	(3 379)
Other	4 483
Non-discounted lease liability at 1 January 2019	**131 103**
Discount effect	(1 662)
Discount rate [2]	*0.44%*
Discounted lease liability at 1 January 2019	**129 441**

2.2.1.2 IFRIC 23 "Uncertainty over Income Tax Treatments"

Adopted by the European Union on 23 October 2018

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

To comply with these new principles, the process for identifying, analysing and monitoring tax uncertainties has been reviewed. This interpretation had no impact on the amount of the Group shareholder's equity at 1 January 2019, but an amount of 18 954 thousand of euros was reclassified from "Other provisions" to "Tax liabilities".

2.2.1.3 Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"

Issued by IASB on 12 October 2017

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. The Group did not identify any impact from these amendments.

2.2.1.4 Annual improvements (2015-2017)

Issued by IASB on 12 December 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".

These improvements had no effect on the Group's interim condensed consolidated financial statements.

[1] Cumulated impact of short-term contracts or contracts on low-value assets and changes in scope of IFRS 16
[2] The discount rate in the table corresponds to the weighted average lessee's incremental borrowing rate.

2.2.1.5 Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

Issued by IASB on 7 February 2018

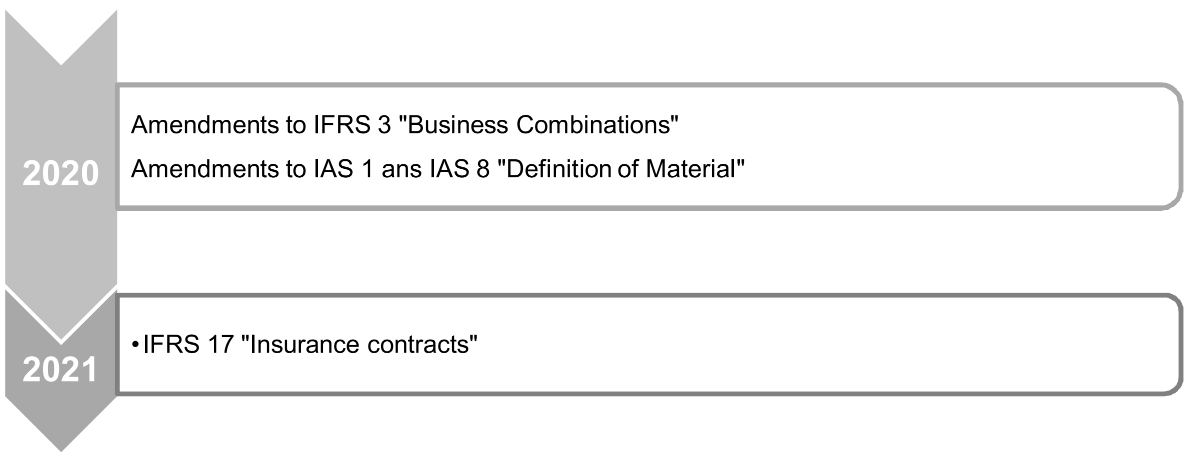
These amendments clarify how pension expenses are determined in the event of amendment, curtailment or settlement of defined benefit pension plans. In these cases, IAS 19 currently calls for the net cost of the defined benefit asset or liability to be remeasured.

The amendments require the entity to use the updated actuarial assumptions from this remeasurement to determine past service cost and net interest.
As the Group is already in line with this amendment, no impact was booked on the interim condensed consolidated financial statements.

2.2.2. Accounting standards, amendments or interpretations to be applied by the Group in the future

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

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



2.2.2.1 Amendments to IFRS 3 "Business Combinations"

Issued by the IASB on 22 October 2018

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

The Group is conducting an analysis to integrate this new guidance in its accounting policy. No significant impact is expected as at 1 January 2020.

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

Issued by the IASB on 31 October 2018

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

The Group is conducting an analysis to assess the potential impact of this clarification.

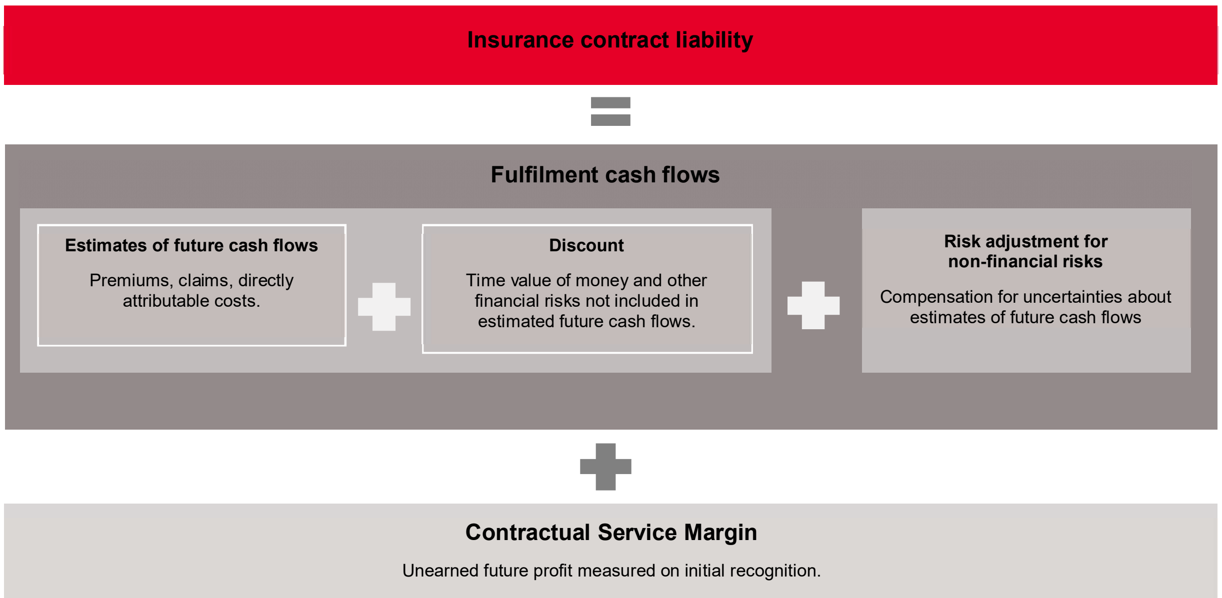
2.2.2.3 IFRS 17 "Insurance Contracts"

Issued by IASB on 18 May 2017

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

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

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



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

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

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

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

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

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

On 26 June 2019, IASB has proposed amendments to IFRS 17 “Insurance contracts”. The aim of the amendments is to continue supporting implementation by reducing the costs of implementing the standard and making easier for companies to explain their results when they apply the standard. The proposed amendments are designed to minimise the risk of disruption to implementation already underway. They do not change the fundamental principles of the standard or reduce the usefulness of information for investors. In the light of the proposed amendments, the Board has also decided to defer the effective date of the standard by one year to 2022.

The Bank chose to apply the standard amendments and to defer the application to the annual period starting on 1st January 2022. An analysis of the potential impacts will be conducted in the years to come by the Group.

2.3 Summary of new significant accounting policies

2.3.1 Leases

2.3.1.1 GENERAL PRINCIPLES

Definition of a 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 where 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).

Distinction between leases and service contracts

A contract may cover the lease of several assets. In this scenario, it may be separated into several distinct lease components (which will be treated separately) if the following two conditions are met:

- the lessee may use the underlying asset taken individually (or in combination with other easily available resources);
- the underlying asset does not depend significantly on the other underlying assets covered by the contract and has no close links to them.

If it can be demonstrated that a contract contains several lease components, then each component must be treated as a separate lease.

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:

- The individual price of each component may be indicated directly in the contract.If this is not the case, it must be calculated based on the price that the lessor or another similar supplier would be expected to ask for the same component or for a similar component taken separately.
- If the individual price cannot be established as mentioned above, the lessee must estimate the price based on all of the observable information.

The lessee also has the option of not separating the lease components from the non-lease components and of treating the entire contract as a lease. The Group chose this option and doesn’t separate the lease components from the non-lease components.

2.3.1.2 LEASE TERM

Lease term definition

The lease period to be applied in determining the rental payments to be discounted will match 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.

DURATION (TERM) = **non-cancellable period of the lease** + **periods covered by an option to extend the lease*** + **periods covered by an option to terminate the lease****

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

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

If 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.

Changing the lease term

In the event of a change of circumstances of the lessee which has an impact on the certainty of exercise of an option that the lessee has or has not included in its calculation of the lease term, the term must be re-estimated.

The entity must also revise the term of the lease contract in any one of the following situations:

- the lessee exercises an option that had not been included when calculating the term of the lease;
- the lessee does not exercise an option that had been included when calculating the term of the lease;
- the lessee is contractually obliged, due to an event, to exercise an option that had not been included when calculating the term of the lease;
- the lessee is contractually prevented, due to an event, from exercising an option that had been included when calculating the term of the lease.

Following a change in the lease term (re-estimate or revision), the lease obligation must be reassessed to reflect those changes. The revised rate is the interest rate implicit in the lease for the remaining term of the contract if it is possible to calculate this rate, otherwise the lessee must use its incremental borrowing rate on the date of modification of the lease term.

2.3.1.3 ACCOUNTING TREATMENT BY THE LESSEE

On the availability date of the leased asset, the lessee must book a lease liability on the liabilities side of the balance sheet and a right-of-use to the leased asset, on the assets side of the balance sheet except for the exemptions described below.

In the income statement, the lessee must recognise: i) an interest expense calculated on the lease liability under net banking income and ii) a depreciation of the right-of-use under general expenses.

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

Exemptions

Lessors may choose not to 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 EUR 5,000 (the threshold should be measured against the replacement cost per unit of the leased asset). This last simplification applies specifically to small equipment such as personal computers, tablets, telephones, and small items of office furniture.

The Group has chosen to apply exemptions permitted on both short-term contracts and low-value items.

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) or a benchmark interest rate (Euribor), 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.

The Group considers the fixed rental payment, increased by index-based variable payment.

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 a lease liability

The initial amount of the liability 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.

The Group, as a 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 a right-of-use

On the availability date of the leased asset, the lessee must enter a right-of-use to the leased 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, 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 implicit contract rates are not generally known nor easily determined, specifically for building leases. Therefore, the Group has decided to use the lessees' incremental borrowing rate to discount the rental payments as well as the amount of lease liabilities.

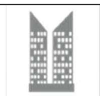
The incremental borrowing rate is determined through a function of three factors specific to each contract:

- the duration of the contract and the currency of the lessee entity, which together define the risk-free rate;
- the country of the lessee, which defines the liquidity spread.

The liquidity spread by country is defined centrally by the Group on basis of macroeconomic observations.

2.3.1.5 INFORMATIONS RELATIVE TO LEASES ON TANGIBLE ASSETS USED BY THE GROUP

The Group's tangible assets are classified as follows:

 	**Property Leases** Most of the leases (>90%) involve building leases contracted for the lease of commercial and office space: The concerned buildings consist in office buildings leased to the Group and its subsidiaries at Luxembourg level or the local head offices of foreign representation desks.
	**Equipment Leases** Other leases (<10%) are mainly related to the lease of vehicles.

Simplified procedures

Lessors may choose not to 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. This last simplification applies specifically to small equipment such as personal computers, tablets, telephones, and small items of office furniture. The IASB mentions a guideline threshold of USD 5 000 in the standard's basis for conclusions (the threshold should be measured against the replacement cost per unit of the leased asset).

The Group has decided to apply an exemption threshold of EUR 5 000 and has, furthermore, considered the possibility to exclude other lease agreements provided the effect of these exclusions will remain immaterial with regards to its financial statements.

2.3.2 Change in the presentation of employment benefits actuarial gains and losses

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).

Until 31 December 2018 (included), "Unrealized and deferred gains and losses" were presented in a separate caption of "Unrealised or deferred gains and losses". Since 1 January 2019, the Group decided to transfer annually these gains and losses from "Unrealised or deferred gains and losses" to "Retained earnings".

As at 1 January 2019, actuarial gains and losses were transferred to "Retained earnings" for 4 777 thousand of euros. As at 30 June 2019, only actuarial gains and losses of the period are presented separately in "Unrealised or deferred gains and losses".

2.3.3 Change in the accounting treatment of revenues under IFRS 15

Income related to the issuance of notes and warrants were presented under the caption “net gains from financial instruments at fair value through profit or loss” until 31 December 2018 in accordance with IAS 39/IFRS 9. In 2019, the Group has reassessed the accounting treatment of such income and concluded that such income was in scope of IFRS 15. This new accounting policy has been applied since 1 January 2019. Comparative amounts for the year 2018 were not restated for materiality reasons.

The remuneration of notes and warrants issuance by the Group’s issuance vehicle SG Issuer S.A. is composed by two distinct services:

- The arrangement service for the initiation of the operation (thereafter arrangement fee income). 85% of the fee is recorded as a fee for the arrangement of the operation, at the issue date;
- The account and security servicing during the lifecycle of the security (thereafter security servicing fee). 15% of the fee is accrued on a monthly basis, as the recognition of continuous services from the security servicing services of the issuance vehicle.

Note 3 - Consolidation

3.1 Consolidated 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 interim condensed consolidated financial statements, notably regarding Group consolidated total assets and gross operating income.

3.1.1 Material changes in the consolidation scope

There is no change to the consolidation scope as at 30 June 2019, compared to the scope applicable at the closing date of 31 December 2018.

3.1.2 Non-controlling interests

There is no change to non-controlling interests as of 30 June 2019 compared to the scope applicable as of 31 December 2018.

3.1.3 Investments accounted for using the equity method

There is no change related to investments accounted for using the equity method as of 30 June 2019 compared to the scope applicable as of 31 December 2018.

Note 4 - Financial instruments

4.1 Financial instruments measured at fair value through profit or loss

Summary table

	30 June 2019		31 December 2018	
(in thousand EUR)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Trading portfolio	4 199 888	4 195 811	4 714 769	4 606 597
Financial instruments measured mandatorily at fair value through profit or loss	51 785 659	-	45 095 121	-
Financial instruments measured at fair value through profit or loss using fair value option	-	51 708 754	-	45 054 613
Total	**55 985 547**	**55 904 565**	**49 809 890**	**49 661 210**
o/w securities purchased/sold under resale/repurchase agreements	*5*	-	-	-

These assets and liabilities respectively include:

- unsecured, secured and repack notes measured at faire valur through profit and losses using fair value option;
- fully funded swaps hedging notes issued which are economically assimilated to loans with embedded derivatives measured mandatorily at fair value through profit and losses;
- options purchased in order to hedge the issued warrants;
- warrants issued by the Group.

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

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

As at 30 June 2019, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is 59 866 543 thousand of euros for the non-sold notes and the corresponding fully funded swaps (31 December 2018: 40 786 626 thousand of euros) and 7 779 040 thousand of euros for the non-sold warrants and the corresponding options (31 December 2018: 5 281 042 thousand of euros).

4.1.1 Trading portfolio

ASSETS

(in thousand EUR)	30 June 2019	31 December 2018
Bonds and other debt securities	3	-
Shares and other equity securities	7 533	5 566
Loans and securities purchased under resale agreements	5	88 747
Trading derivatives	4 192 347	4 620 456
Total	**4 199 888**	**4 714 769**

Out of which the breakdown for derivativies is the following:

(in thousand EUR)	30 June 2019	31 December 2018
Interest rate derivatives	123 959	121 835
Foreign exchange derivatives	115 972	163 269
Equity and index instruments	3 687 083	3 849 930
Commodities instruments	229 005	485 422
Other financial instruments	36 328	-
Total	**4 192 347**	**4 620 456**

LIABILITIES

(in thousand EUR)	30 June 2019	31 December 2018
Trading derivatives	4 195 383	4 605 870
Other trading instruments	428	727
Total	**4 195 811**	**4 606 597**

Out of which the breakdown for derivatives is the following:

(in thousand EUR)	30 June 2019	31 December 2018
Interest rate derivatives	114 328	265 652
Foreign exchange derivatives	107 230	154 108
Equity and index instruments	3 705 750	3 959 195
Commodities instruments	230 049	226 894
Other trading instruments	38 026	21
Total	**4 195 383**	**4 605 870**

4.1.2 Financial assets measured mandatorily at fair value through profit or loss

ASSETS

(in thousand EUR)	30 June 2019	31 December 2018
Bonds and other debt securities	-	5 178
Shares and other equity securities	68 743	27 810
Loans and receivables	51 716 916	45 062 133
Total	**51 785 659**	**45 095 121**

The loans and receivables recorded in the balance sheet under financial assets at fair value through profit or loss are mainly fully funded swaps and replicate all the structured notes issued by the Group. Differences between fully funded swaps and notes arise due to late settlements.

4.1.3 Financial instruments measured at fair value through profit or loss using fair value option

LIABILITIES

(in thousand EUR)	**30 June 2019**	**31 December 2018**
Structured notes	51 704 692	45 053 000
Other financial liabilities	4 062	1 613
Total	**51 708 754**	**45 054 613**

Financial liabilities measured at fair value through profit or loss using fair value option predominantly consist of structured notes issued by the Group. This classification has been made at Group level in order to avoid any accounting mismatch with the hedging instruments which are measured at fair value through profit or loss on the asset side (FFS and options). To also avoid an accounting mismatch, no own credit risk is recognized under “Unrealized or deferred capital gains and losses”.

As at 30 June 2019, the Group has issued secured and unsecured notes for a total amount of 51 704 692 thousand of euros (31 December 2018: 45 053 000 thousand of euros).

In addition to the guarantee on first demand granted by Société Générale S.A. on unsecured and secured notes, subscribers of the secured notes issued by the Group benefit from additional collateral assets securing the payment due under the notes terms, structured in form of a pledge governed by Luxembourg law. This pledge may only be enforced following a default of the Group or Société Générale in its role of guarantor.

Pledged collateral assets are deposited on an account held in the name of the Group with an authorised custodian not belonging to the Société Générale Group and are pledged in favour of the noteholders.

As at 30 June 2019, securities deposited at BNY Mellon as collateral for secured issuances amount to 4 243 480 thousand of euros (31 December 2018: 3 609 288 thousand of euros).

4.1.4 Net gains and losses on financial instruments at fair value through profit or loss

(in thousand EUR)	**1st half of 2019**	**1st half of 2018**
Net gain/loss on trading portfolio	(2 108)	662
Net gain/loss on financial instruments measured mandatorily at fair value through profit or loss	10 412 781	(1 548 529)
Net gain/loss on financial instruments measured using fair value option	(10 347 203)	1 630 544
Net gain/loss on derivative instruments	(17 777)	(46 728)
Net gain/loss on hedging transactions	(1 033)	(2 188)
Net gain/loss on fair value hedging derivatives	*(28 489)*	*11 477*
Revaluation of hedged items attributable to hedged risks	*27 441*	*(13 542)*
Ineffective portion of cash flow hedge	*15*	*(123)*
Net gain/loss on foreign exchange transactions	38 772	34 062
Total of the gains and losses on financial instruments at fair value through profit or loss	**83 432**	**67 823**
o/w dividends on financial instruments at fair value through profit or loss	*74 487*	*82 013*

Given that 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 net gains/loss shown above does not include the refinancing cost of these financial instruments, which is shown under interest expense and income.

4.2 Hedging derivatives

	30 June 2019		31 December 2018	
(In EUR thousand)	Assets	Liabilities	Assets	Liabilities
Fair value hedge	**-**	**205 939**	**3 378**	**184 591**
Interest rate instruments	-	205 939	3 372	184 591
Equity and index instruments	-	-	6	-
Cash flow hedge	**308**	**53 018**	**783**	**40 413**
Interest rate instruments	308	52 545	753	39 791
Other financial instruments	-	473	30	622
Total	**308**	**258 957**	**4 161**	**225 004**

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 on basis of the risk and on the hedged item. On the one hand, fair value hedge is applied for the liquidity buffer classified under “Bonds other debt securities”; on the other hand, cash flow hedge is used to hedge clients’ deposits.

4.3 Financial assets at fair value through other comprehensive income

Summary table

	30 June 2019	31 December 2018
Bonds and other debt securities (See 4.3.1.)	3 243 843	3 338 542
Total	**3 243 843**	**3 338 542**
o/w unrealized gain/loss through OCI, excluding deferred taxes and allowances for impairment losses	*51 629*	*54 836*
Allowances for impairment losses	*46*	*13*

4.3.1 Changes of the carrying amount

(in thousand EUR)	2019
Balance on 31 December 2019	**3 338 542**
Acquisitions	362 616
Disposals / redemptions	(473 602)
Transfers further to redeployment towards (of from) another accounting category	-
Others	(3 043)
Changes in fair value during the period	26 155
Change in related receivables	(6 825)
Balance on 30 June 2019	**3 243 843**

The difference between the amount disclosed under “Changes in fair value during the period” and the amount presented under “Revaluation of debt instruments at fair value through other comprehensive income“ for the six month period ended 30 June 2019, corresponds to the effective portion of the fair value hedge on the financial instruments at fair value through other comprehensive income that is recognized directly through profit and loss.

4.3.2 Breakdown of unrealised gains and losses recognised directly in equity that will be reclassified subsequently into net income (excluding deferred taxes)

	30 June 2019		
(in thousand EUR)	**Cumulated unrealized gains and losses**	*o/w without adjustment for credit risk"*	*o/w adjustments for credit risk*
Unrealised gains	55 075	55 029	46
Unrealised losses	(3 400)	(3 400)	-
Total unrealised gains and losses on debt instruments	**51 675**	**51 629**	**46**

	31 December 2018		
(in thousand EUR)	**Cumulated unrealized gains and losses**	*o/w without adjustment for credit risk"*	*o/w adjustments for credit risk*
Unrealised gains	61 356	61 343	13
Unrealised losses	(6 507)	(6 507)	-
Total unrealised gains and losses on debt instruments	**54 849**	**54 836**	**13**

4.3.3 Net gains and losses of financial instruments at fair value through other comprehensive income

(in thousand EUR)	**30 June 2019**	**30 June 2018**
Net gains and losses on disposal of debt securities at fair value through OCI	-	-
Total	**-**	**-**

Most of the bonds of the liquidity buffer are hedged. Results generated from the sale of bonds and unwinding of the swaps are booked in "Net gains and losses on financial instruments at fair value through profit or loss".

4.4 Fair value of financial instruments measured at fair value

4.4.1 Valuations methods

4.4.1.1 FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For financial instruments recognized at fair value on the consolidated statement of financial position, 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 consolidated statement of financial position 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 do 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 and using valuation parameters that reflect current market conditions at the consolidated statement of financial position date. These valuation models are validated independently by the experts from the Market Risk Division 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 Mark Activities, in accordance with the methodologies defined by the Market Risk Division of SG Group.

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.

CVA is determined on the basis of the Group entity's positive expected exposure to the counterparty, the counterparty's probability of default (conditional to the entity not defaulting) and 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.

Observable data must be: independent, available, publically 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 high 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.

4.4.1.2 SHARES AND OTHER EQUITY SECURITIES

For listed shares, fair value is taken to be the quoted price on the consolidated statement of financial position 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.

4.4.1.3 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 consolidated statement of financial position 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 consolidated statement of financial position amounts include changes in the Group's issuer credit risk.

4.4.1.4 OTHER DEBTS

For listed financial instruments, fair value is taken as their closing quoted price on the consolidated statement of financial position 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).

4.4.1.5 LOANS AND RECEIVABLES

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.

4.4.2 Financial assets at fair value

	30 June 2019				31 December 2018			
(in thousand EUR)	(L1)	(L2)	(L3)	Total	(L1)	(L2)	(L3)	Total
Trading portfolio	7 533	3 993 794	198 561	**4 199 888**	5 566	4 591 535	117 668	**4 714 769**
Financial assets measured mandatorily at fair value through profit or loss	64 916	23 385 047	28 335 696	**51 785 659**	15 288	20 623 893	24 455 940	**45 095 121**
Hedging derivatives	-	308	-	**308**	-	4 161	-	**4 161**
Financial assets at fair value through other comprehensive income	3 243 843	-	-	**3 243 843**	3 338 542	-	-	**3 338 542**
Total	**3 316 292**	**27 379 149**	**28 534 257**	**59 229 698**	**3 359 396**	**25 219 589**	**24 573 608**	**53 152 593**

As at 30 June 2019, the fair value hierarchy of financial assets by instrument type is as follows:

	30 June 2019			
(in thousand EUR)	**(L1)**	**(L2)**	**(L3)**	**Total**
Trading portfolio	**7 533**	**3 993 794**	**198 561**	**4 199 888**
Bonds and other debt securities	-	3	-	**3**
Shares and other equity instruments	7 533	-	-	**7 533**
Loans, receivables and repurchase agreements	-	5	-	**5**
Trading derivatives	-	3 993 786	198 561	**4 192 347**
o/w Interest rate instruments	-	*123 959*	-	***123 959***
o/w Foreign exchange instruments	-	*115 972*	-	***115 972***
o/w Equity and index instruments	-	*3 524 850*	*162 233*	***3 687 083***
o/w Commodity instruments	-	*229 005*	-	***229 005***
o/w Other financial instruments	**-**	**-**	*36 328*	***36 328***
Financial assets measured mandatorily at fair value through profit or loss	**64 916**	**23 385 047**	**28 335 696**	**51 785 659**
Shares and other equity instruments	64 916	3 827	-	**68 743**
Loans and receivables	-	23 381 220	28 335 696	**51 716 916**
Hedging derivatives	**-**	**308**	**-**	**308**
Interest rate instruments	-	308	-	**308**
Financial assets at fair value through other comprehensive income	**3 243 843**	**-**	**-**	**3 243 843**
Debt instruments	3 243 843	-	-	**3 243 843**
Total financial assets at fair value	**3 316 292**	**27 379 149**	**28 534 257**	**59 229 698**

As at 31 December 2018, the fair value hierarchy of financial assets by instrument type is as follows:

	31 December 2018			
(in thousand EUR)	**(L1)**	**(L2)**	**(L3)**	**Total**
Trading portfolio	**5 566**	**4 591 535**	**117 668**	**4 714 769**
Bonds and other debt securities	-	-	-	**-**
Shares and other equity instruments	5 566	-	-	**5 566**
Loans, receivables and repurchase agreements	-	88 747	-	**88 747**
Trading derivatives	-	4 502 788	117 668	**4 620 456**
o/w Interest rate instruments	-	*121 835*	-	***121 835***
o/w Foreign exchange instruments	-	*163 269*	-	***163 269***
o/w Equity and index instruments	-	*3 732 262*	*117 668*	***3 849 930***
o/w Commodity instruments	-	*485 422*	-	***485 422***
Financial assets measured mandatorily at fair value through profit or loss	**15 288**	**20 623 893**	**24 455 940**	**45 095 121**
Bonds and other debt securities	-	-	-	**-**
Shares and other equity instruments	15 288	12 522	-	**27 810**
Loans and receivables	-	20 611 371	24 455 940	**45 067 311**
Financial assets measured using fair value option through profit or loss	**-**	**-**	**-**	**-**
Hedging derivatives	**-**	**4 161**	**-**	**4 161**
Interest rate instruments	-	4 125	-	**4 125**
Equity and index instruments	-	6	-	**6**
Other financial assets	-	30	-	**30**
Financial assets at fair value through other comprehensive income	**3 338 542**	**-**	**-**	**3 338 542**
Debt instruments	3 338 542	-	-	**3 338 542**
Total financial assets at fair value	**3 359 396**	**25 219 589**	**24 573 608**	**53 152 593**

4.4.3 Financial liabilities at fair value

	30 June 2019				31 December 2018			
(in thousand EUR)	**(L1)**	**(L2)**	**(L3)**	**Total**	**(L1)**	**(L2)**	**(L3)**	**Total**
Trading portfolio	**-**	3 993 803	202 008	**4 195 811**	-	4 488 929	117 668	**4 606 597**
Financial liabilities measured using fair value option through profit or loss	**-**	23 377 425	28 331 329	**51 708 754**	-	20 600 376	24 454 237	**45 054 613**
Hedging derivatives	**-**	258 957	-	**258 957**	-	225 004	-	**225 004**
Total	**-**	**27 630 185**	**28 533 337**	**56 163 522**	**-**	**25 314 309**	**24 571 905**	**49 886 214**

As at 30 June 2019, the fair value hierarchy of financial liabilities by instrument type is as follows:

	30 June 2019			
(in thousand EUR)	**(L1)**	**(L2)**	**(L3)**	**Total**
Trading portfolio	**-**	**3 993 803**	**202 008**	**4 195 811**
Other trading liabilities	-	428	-	**428**
Transaction derivatives	-	3 993 375	202 008	**4 195 383**
o/w Interest rate instruments	-	*114 328*	-	***114 328***
o/w Foreign exchange instruments	-	*107 230*	-	***107 230***
o/w Equity and index instruments	-	*3 540 821*	*164 929*	***3 705 750***
o/w Commodity instruments	-	*230 049*	-	***230 049***
o/w Other financial instruments	-	*947*	*37 079*	***38 026***
Financial liabilities at fair value through profit or loss	**-**	**23 377 425**	**28 331 329**	**51 708 754**
Hedging derivatives	**-**	**258 957**	**-**	**258 957**
Interest rate instruments	-	258 484	-	**258 484**
Other financial instruments	-	473	-	**473**
Total financial liabilities at fair value	**-**	**27 630 185**	**28 533 337**	**56 163 522**

As at 31 December 2018, the fair value hierarchy of financial liabilities by instrument type is as follows:

	31 December 2018			
(in thousand EUR)	**(L1)**	**(L2)**	**(L3)**	**Total**
Trading portfolio	**-**	**4 488 929**	**117 668**	**4 606 597**
Other trading liabilities	-	730	-	**730**
Transaction derivatives	-	4 488 199	117 668	**4 605 867**
o/w Interest rate instruments	-	*265 652*	-	***265 652***
o/w Foreign exchange instruments	-	*154 108*	-	***154 108***
o/w Equity and index instruments	-	*3 841 527*	*94 142*	***3 959 195***
o/w Commodity instruments	-	*226 894*	-	***226 894***
o/w Other financial instruments	-	*18*	*23 526*	***18***
Financial liabilities at fair value through profit or loss	**-**	**20 600 376**	**24 454 237**	**45 054 613**
Hedging derivatives	**-**	**225 004**	**-**	**225 004**
Interest rate instruments	-	224 382	-	**224 382**
Other financial instruments	-	622	-	**622**
Total financial liabilities at fair value	**-**	**25 314 309**	**24 571 905**	**49 886 214**

4.4.4 Transfers between level 1 and level 2

No transfer from level 1 to level 2 nor from level 2 to level 1 was identified in 2019 and 2018.

4.4.5 Level 3 reconciliation

Transfers from level 3 to level 2 and from level 2 to level 3.

As described in the beginning of this note, the consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For long maturities, these consensus data are not observable.

This is the case for the implied volatility used for the valuation of options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable parameters.

Transfers from level 2 to level 3 are determined at the end of each month and can occur in case of a modification within a parameter (no longer linked to the deal, modification of the observability rule of the parameter, etc.).

Financial liabilities at fair value

The following table describes the variation in Level 3 by financial instrument:

Financial liabilities at fair value through profit or loss	Balance at 01.01.2019	Acquisitions	Change in fair value	Reimbursements / Other	Transfers from Level 2 to Level 3	Transfers from Level 3 to Level 2	Offsetting of the assets and liabilities	Balance 30.06.2019
Designated at fair value through profit or loss	**24 454 237**	**21 693 529**	**4 258 082**	**(6 982 740)**	**401 684**	**(2 297 952)**	**(13 195 511)**	**28 331 329**
Equity and index instrument	15 031 014	18 559 296	3 293 959	(5 629 676)	269 139	(1 855 195)	(11 635 232)	18 033 305
Commodity instruments	40 872	93	1 366	(29 379)	-	-	2 451	15 403
Credit derivatives	4 488 869	1 338 946	429 010	(416 004)	37 917	(311 154)	(642 142)	4 925 442
Foreign exchange instruments	779 568	117 881	16 389	(71 615)	-	(10 259)	(12 114)	819 850
Interest rate instruments	2 624 147	1 449 474	421 111	(390 001)	75 488	(116 628)	(941 421)	3 122 170
Other financial instruments	1 489 767	227 839	96 247	(446 065)	19 140	(4 716)	32 947	1 415 159
Trading derivatives	**117 668**	**87 209**	**10 448**	**(22 460)**	**15 390**	**(1 479)**	**(4 768)**	**202 008**
Equity and index instruments	94 142	79 264	1 265	(18 900)	15 390	(1 479)	(4 753)	164 929
Other financial instruments	23 526	7 945	9 183	(3 560)	-	-	(15)	37 079

The variation in Level 3 financial assets fair value are in line with those of financial liabilities.

4.4.6 Estimates of main unobservable inputs

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

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

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

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

The main level 3 underlyings of the notes issued by the Group are:

- equity derivatives: options with long maturities and/or incorporating bespoke pay offs mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and of an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e.g. extrapolation from observable data, historical analysis);
- interest rate derivatives: exotic options, products sensitive to correlation between different interest rates, different exchange rates, between interest rates and exchange rates or, for quanto products for example (in which the instrument is settled in a currency different from the one of the underlying); they are liable to be classified as level 3 because the valuation parameters 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).

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

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

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

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

(in thousand EUR)

Cash instruments and derivatives [1]	**Assets**	**Liabilities**	**Main products**	**Valuation techniques used**	**Significant unobservable inputs**	**Range of inputs min & max**
Equities/funds	19 651 392	19 650 472	Simple and complex instruments or derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets of stocks	Equity volatilities	[4.4% ; 67.6%]
					Equity dividends	[0.0% ; 13.2%]
					Unobservable correlations	[-89.5%; 98.5%]
					Hedge fund volatilities	[8.5% ; 20.0%]
					Mutual fund volatilities	[1.5% ; 42.3%]
Rates and Forex	3 942 020	3 942 020	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	[-46.5% ; 90%]
			Forex derivatives	Forex option pricing models	Forex volatilities	[1.0% ; 32.8%]
			Interest rate derivatives whose notional is indexed to prepayment behaviour on European underlying assets	Prepayment modelling	Constant prepayment rates	[0.0% ; 20%]
			Inflation instruments and derivatives	Inflation pricing models	Correlations	[50.50% ; 88.9%]
Credit	4 925 442	4 925 442	Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	[0% ; 100%]
					Recovery rate variance for single name underlyings	[0% ; 100%]
			Other credit derivatives	Credit default models	Time to default correlations	[0% ; 100%]
					Quanto correlations	[-50% ; 40%]
					Credit spreads	[0 bps ; 1 000 bps]
Commodities	15 403	15 403	Derivatives on commodities baskets	Models on commodities options	Commodities correlations	[14% ; 96%]
Total	**28 534 257**	**28 533 337**				

[1] Hybrid instruments are broken down by main unobservable inputs.

4.5 Loans and receivables at amortised cost

	30 June 2019		31 December 2018	
(in thousand EUR)	**Carrying amount**	*o/w impairment*	**Carrying amount**	*o/w impairment*
Cash, due from central banks	6 700 366	-	5 173 455	-
Due from banks	11 620 626	*(301)*	10 018 941	*(353)*
Customers loans	26 870 838	*(27 180)*	25 802 754	*(36 456)*
Debt securities	5 719 093	*(11)*	5 642 478	*(13)*
Total	**50 910 923**	***(27 492)***	**46 637 628**	***(36 822)***
o/w securities purchased/sold under resale/repurchase agreements	*331*	-	*483*	-

4.5.1 Due from banks

(in thousand EUR)	30 June 2019	31 December 2018
Current accounts	697 045	462 021
Overnight deposits and loans and others	3	2
Term deposits and loans	10 896 095	9 537 355
Loans receivables by notes and securities	27 454	19 433
Securities purchased under resale agreements	330	483
Due form banks before impairment	**11 620 927**	**10 019 294**
Credit loss impairment	(301)	(353)
Total	**11 620 626**	**10 018 941**

4.5.2 Customer loans

(in thousand EUR)	30 June 2019	31 December 2018
Trade loans	1 852 044	2 016 893
Other customer loans	24 339 320	22 963 651
o/w housing loans	*1 294 882*	*1 276 805*
o/w other loans	*23 044 438*	*21 686 846*
Overdrafts	668 233	815 870
Related receivables	38 115	42 441
Customer loans before impairment	**26 897 712**	**25 838 855**
Impairment	(27 180)	(36 456)
Revaluation of hedged items	**306**	**355**
Total	**26 870 838**	**25 802 754**

BREAKDOWN OF OTHER CUSTOMER LOANS

(in thousand EUR)	**30 June 2019**	**31 December 2018**
Short-term loans	16 464 072	15 401 038
Equipment loans	358 686	-
Housing loans	1 294 882	1 276 805
Other loans	6 221 680	6 285 808
Total	**24 339 320**	**22 963 651**

4.5.3 Securities

(in thousand EUR)	**30 June 2019**	**31 December 2018**
Negociable certificates, bonds and other debt securities	5 712 783	5 638 135
Related receivables	6 321	4 356
Securities before impairment	**5 719 104**	**5 642 491**
Impairment	(11)	(13)
Total	**5 719 093**	**5 642 478**

4.6 Debts

(in thousand EUR)	**30 June 2019**	**31 December 2018**
Due to banks	23 330 242	19 726 269
Customer deposits	26 541 302	25 868 265
Debt securities issued	401 586	460 305
Subordinated debt	400 265	400 249
Total	**50 673 395**	**46 455 088**
o/w securities sold under repurchase agreement	*1 789 862*	*1 773 003*

4.6.1 Due to banks

(in thousand EUR)	**30 June 2019**	**31 December 2018**
Demand deposits and current accounts	183 786	558 560
Overnight deposits and borrowings	1 842	5 510
Term deposits and borrowings	21 327 608	17 378 265
Related payables	27 144	10 931
Securities sold under repurchase agreements	1 789 862	1 773 003
Total	**23 330 242**	**19 726 269**

4.6.2 Customer deposits

(in thousand EUR)	30 June 2019	31 December 2018
Other demand deposits	13 506 239	12 504 010
Other term deposits	13 015 877	13 353 333
Related payables	19 186	10 922
Total	**26 541 302**	**25 868 265**

4.6.3 Debt securities issued

(in thousand EUR)	30 June 2019	31 December 2018
Interbank certificates and negotiable debt instruments	401 110	454 626
Related payables	476	5 679
Total	**401 586**	**460 305**

4.7 Interest income and expense

(in thousand EUR)	1st half of 2019			1st half of 2018		
	Income	**Expense**	**Net**	**Income**	**Expense**	**Net**
Financial instruments at amortised cost	**345 914**	**(203 375)**	**142 539**	**315 944**	**(140 549)**	**175 395**
Central banks	-	(10 865)	(10 865)	-	(9 036)	(9 036)
Bonds and other debt securities	34 557	(10 820)	23 737	23 609	(6 483)	17 126
Due from/to banks	89 243	(119 313)	(30 070)	91 581	(52 334)	39 247
Customer loans and deposits	220 264	(56 527)	163 737	194 200	(62 060)	132 140
Subordinated debt	-	(5 850)	(5 850)	-	(5 847)	(5 847)
Securities lending/borrowing	1 850	-	1 850	81	-	81
Securities purchased/sold under resale/purchase agreements and borrowings secured by notes and securities	-	-	-	6 473	(4 789)	1 684
Lease agreements	**-**	**(274)**	**(274)**	**-**	**-**	**-**
Real estate lease agreements	-	(270)	(270)	-	-	-
Non-real estate lease agreements	-	(4)	(4)	-	-	-
Hedging derivatives	**4 902**	**(40 029)**	**(35 127)**	**5 803**	**(43 811)**	**(38 008)**
Financial instruments at fair value through other comprehensive income	**27 614**	**-**	**27 614**	**39 154**	**-**	**39 154**
Sub-total interest income/expense on financial instruments using the effective interest method	**378 430**	**(243 678)**	**134 752**	**360 899**	**(184 360)**	**176 539**
Financial instruments at fair value through profit or loss	**291**	**-**	**291**	**(274)**	**-**	**(274)**
Total Interest income and expense	**378 721**	**(243 678)**	**135 043**	**360 625**	**(184 360)**	**176 265**
o/w interest income from impaired financial assets	*1 984*	*-*	*1 984*	*1 387*	*-*	*1 387*

4.8 Impairment and provisions

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 forward-looking expected credit loss approach (12-month/lifetime) is based first and foremost on the incorporation of economic forecasts in probability of default.

The main macroeconomic variable used for SGBT is the economic growth of Luxembourg, For SGBT Group, the macroeconomic variables used include growth of France (Monaco) and growth of Switzerland.

IFRS 9 expected credit losses are calculated using the probabilised average of 3 macroeconomic scenarios, established by Group economists for all entities of the Group (base scenarios and current stress scenarios, plus an optimistic scenario).

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).

The method is not based on expert opinion; rather it is intended to be replicated over time and updated each quarter.

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.

On Private Banking perimeter, a simplified approach of expected credit losses calculation is deployed. This methodology is based on segmentation by homogeneous portfolio specification for which a provisioning rate is applied. These rates are reviewed by the business line on a quarterly basis.

Lastly, on an ancillary basis, loss allowances based on expert opinions 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 updated at each reporting date.

OVERVIEW OF IMPAIRMENT AND PROVISIONS

(in thousand EUR)	**30 June 2019**	**31 December 2018**
Impairment of financial assets at fair value through other comprehensive income	46	13
Impairment of financial assets at amortised cost	27 592	37 005
Total impairment on financial assets	**27 638**	**37 018**
Provisions for financing commitments	935	803
Provisions for guarantee commitments	291	302
Total credit loss impairment	**28 864**	**38 123**

4.8.1 Impairment of financial assets

BREAKDOWN OF FINANCIAL ASSETS IMPAIRMENT

(in thousand EUR)	Asset impairments as at 31 December 2018	Allocations	Write-backs available	Net allocations	Write-backs used	Currency and scope effects	Asset impairments as at 30 June 2019
Financial assets at fair value through OCI	**13**	**1**	**(5)**	**(4)**	**-**	**37**	**46**
Impairment on performing outstandings (Stage 1)	13	1	(5)	(4)	-	37	46
Financial instruments at amortised cost	**37 005**	**5 574**	**(14 622)**	**(9 048)**	**(434)**	**69**	**27 592**
Impairment on performing outstandings (Stage 1)	10 419	2 484	(2 037)	447	-	(8)	**10 858**
Impairment on under-performing outstandings (Stage 2)	968	361	(204)	157	-	(61)	**1 064**
Impairment on doubtful outstandings (Stage 3)	25 618	2 729	(12 381)	(9 652)	(434)	138	**15 670**
Total	**37 018**	**5 575**	**(14 627)**	**(9 052)**	**(434)**	**106**	**27 638**

The increase in write-backs for stage 3 financial instruments at amortised cost is mainly (12 105 thousand of euros) linked to the one client identified on the OFAC list on 4 April 2018. As of 30 of June 2019 the client is not on OFAC list anymore and the Group reversed the provision for impairment.

4.8.2 Provisions for credit risk

BREAKDOWN OF PROVISIONS

(in thousand EUR)	Amounts as at 31 December 2018	Allocations	Write-backs available	Net allocations	Write-backs used	Currency and scope effects	Amounts as at 30 June 2019
Financing commitments	**803**	**536**	**(330)**	**206**		**(74)**	**935**
Provisions on performing outstandings (Stage 1)	803	536	(330)	206	-	(76)	**933**
Provisions on under-performing outstandings (Stage 2)	-	-	-	-	-	2	**2**
Guarantee commitments	**302**	**137**	**(267)**	**(130)**	**-**	**119**	**291**
Provisions on performing outstandings (Stage 1)	301	124	(267)	(143)	-	59	**217**
Provisions on under-performing outstandings (Stage 2)	1	13	-	13	-	60	**74**
Total	**1 105**	**673**	**(597)**	**76**	**-**	**45**	**1 226**

4.8.3 Cost of risk

(in thousand EUR)	**30 June 2019**	**30 June 2018**
Counterparty risk		
Net allocation to impairment losses	9 052	(7 780)
on financial assets at FVOCI	*4*	*41*
on financial instruments at amortised costs	*9 048*	*(7 821)*
Net allocation to provisions	(76)	601
on financing commitments	*(206)*	*857*
on guarantee commitments	*130*	*(256)*
Losses on bad loans not recovered	(25)	(59)
Amounts recovered on bad loans	-	1
Total	**8 951**	**(7 237)**

4.9 - Fair value of financial instruments measured at amortised cost

The Group considers that the fair value of the financial instruments measured at amortised cost approximates the carrying amounts as at 30 June 2019.

Note 5 - Other activities

5.1 Fee income and expense

	1st half of 2019			1st half of 2018		
(in thousand EUR)	Income	Expenses	**Net**	Income	Expenses	**Net**
Transactions with banks	**276**	**(14 872)**	**(14 596)**	**1 403**	**(18 152)**	**(16 749)**
Transactions with customers	**36 949**	**-**	**36 949**	**57 565**	**-**	**57 565**
Financial instruments operations	**76 546**	**(20 132)**	**56 414**	**58 655**	**(28 329)**	**30 326**
Securities transactions	*39 904*	*(19 941)*	*19 963*	*34 496*	*(26 025)*	*8 471*
Primary market transactions	*30 066*	*-*	*30 066*	*15 008*	*-*	*15 008*
Foreign exchange transactions and financial derivatives	*6 576*	*(191)*	*6 385*	*9 151*	*(2 304)*	*6 847*
Loan and guarantee commitments	**21 606**	**(21 601)**	**5**	**19 902**	**(15 830)**	**4 072**
Services	**82 999**	**-**	**82 999**	**82 774**	**-**	**82 774**
Asset management fees	*30 548*	*-*	*30 548*	*30 962*	*-*	*30 962*
Fees on payment means	*1 535*	*-*	*1 535*	*1 378*	*-*	*1 378*
Insurance products fees	*1 164*	*-*	*1 164*	*1 292*	*-*	*1 292*
Underwriting fees of UCITS funds	*1 853*	*-*	*1 853*	*1 995*	*-*	*1 995*
Other services	*47 899*	*-*	*47 899*	*47 147*	*-*	*47 147*
Others	**15 786**	**(32 324)**	**(16 538)**	**16 956**	**(29 888)**	**(12 932)**
Total	**234 162**	**(88 929)**	**145 233**	**237 255**	**(92 199)**	**145 056**

5.2 Other assets and liabilities

Other assets

(in thousand EUR)	30 June 2019	31 December 2018
Guarantee deposits paid[1]	270 469	326 382
Settlement accounts on securities transactions	231 852	102 647
Prepaid expenses	30 009	11 994
Amounts receivable and prepayments	181 726	196 480
Accrued income	6 125	45 470
Other[2]	37 090	164 446
Gross amount	**757 271**	**847 419**
Impairment	(100)	(183)
Net amount	**757 171**	**847 236**

[1] Mainly relates to guarantee deposits paid on financial instruments.
[2] Mainly relates to transitory accounts for coupon and dividend payments in relation to bonds and other financial instruments.

Other liabilities

(in thousand EUR)	30 June 2019	31 December 2018
Guarantee deposits received[1]	13 875	9 160
Settlement accounts on securities transactions	458 015	67 448
Other securities transactions	14	21
Expenses payable on employee benefits	23 046	24 210
Deferred income	15 771	9 520
Lease liability[2]	117 666	-
Amounts payables and sundry creditors	807 803	1 173 339
Total	**1 436 190**	**1 283 698**

[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.

5.3 Insurance activities

5.3.1 Insurance contract related liabilities

(in thousand EUR)	30 June 2019	31 December 2018
Underwriting reserves of insurance companies	211 654	246 124

5.3.1.1 UNDERWRITING RESERVES OF INSURANCE COMPANIES

(in thousand EUR)	30 June 2019	31 December 2018
Life insurance underwriting reserves	142 392	137 498
Non-life insurance underwriting reserves	69 262	108 626
Total	**211 654**	**246 124**
Attributable to reinsurers	(169)	(169)
Underwriting reserves of insurance companies (including provisions for deferred profit-sharing) net of the share attributable to reinsurers	**211 485**	**245 955**

5.3.1.2 STATEMENT OF CHANGES IN UNDERWRITING RESERVES

(in thousand EUR)	Life insurance underwriting reserves	Non-life insurance underwriting reserves
Reserves at 31 December 2018	**137 498**	**108 626**
Allocation to insurance reserves	4 894	-
Transfers and allocation adjustments	-	(39 364)
Reserves at 30 June 2019	**142 392**	**69 262**

5.3.1.3 BREAKDOWN OF UNDERWRITING RESERVES OF INSURANCE COMPANIES BY RESIDUAL MATURITY

(in thousand EUR)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total as at 30 June 2019
Underwriting reserves of insurance companies	-	17 639	70 552	123 463	211 654

(in thousand EUR)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total as at 31 December 2018
Underwriting reserves of insurance companies	-	32 706	130 820	82 598	246 124

5.3.2 Investments of insurance activities

(in thousand EUR)	30 June 2019	31 December 2018
Available-for-sale financial assets	**504 429**	**479 659**
Debt instruments	349 888	332 366
Equity instruments	154 541	147 293
Due from banks	**48 964**	**49 086**
Total investments of insurance companies before elimination of intercompany transactions	**553 393**	**528 745**
Elimination of intercompany transactions	**(48 959)**	**(49 086)**
Total investments of insurance companies after elimination of intercompany transactions	**504 434**	**479 659**

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) are placed in a separate category which excludes trading assets and assets measured using the fair value option through profit or loss.

	30 June 2019			
(in thousand EUR)	**Basic instruments except trading transactions and fair value option**	**Other instruments**	**Total**	**Fair value**
Financial assets at fair value	349 888	154 541	504 429	504 429
Total carrying amount at the end of the period	**349 888**	**154 541**	**504 429**	**504 429**

5.3.3 Fair value hierarchy of "Available-for-sale" financial assets from insurance activities

	30 June 2019			
(in thousand EUR)	**(L1)**	**(L2)**	**(L3)**	**Total**
Available-for-sale financial assets	502 228	-	2 201	504 429
Total	**502 228**	**-**	**2 201**	**504 429**

	31 December 2018			
(in thousand EUR)	**(L1)**	**(L2)**	**(L3)**	**Total**
Available-for-sale financial assets	477 404	-	2 255	479 659
Total	**477 404**	**-**	**2 255**	**479 659**

(in thousand EUR)	2019
Balance as of 31 December 2018	**479 659**
Disposals / redemptions	(75 356)
Change in scope and others	-
Gains and losses on changes in fair value recognised directly in equity during the period	15 224
Impairment losses on equity instruments recognised in profit and loss	(54)
Balance as of 30 June 2019	**504 429**

5.3.4 Unrealised gains and losses net of deferred tax on available-for-sale financial assets recognized in other comprehensive income

(in thousand EUR)	30 June 2019		
	Capital gains	**Capital losses**	**Net revaluation**
Unrealised gains and losses of insurance companies	**32 551**	**(763)**	**31 788**
On equity instruments available-for-sale	*19 201*	*(318)*	*18 883*
On debt instruments available-for-sale and assets reclassified as loans and receivables	*13 350*	*(445)*	*12 905*

(in thousand EUR)	31 December 2018		
	Capital gains	**Capital losses**	**Net revaluation**
Unrealised gains and losses of insurance companies	**19 639**	**(3 075)**	**16 564**
On available-for-sale equity instruments	*11 899*	*(318)*	*11 581*
On debt instruments available-for-sale and assets reclassified as loans and receivables	*7 740*	*(2 757)*	*4 983*

5.3.5 Net income from insurance activities

(in thousand EUR)	**1st half of 2019**	**1st half of 2018**
Net premiums	51 547	52 352
Net income from investments	4 107	3 449
Cost of benefits (including changes in reserves)	(36 523)	(41 496)
Other net technical income (expense)	(2 308)	(2 500)
Net income from insurance activities	**16 823**	**11 805**
Funding costs	(1 410)	(1 434)
Net banking income of insurance companies	**15 413**	**10 371**

(in thousand EUR)	**1st half of 2019**
Dividend income on equity instruments	307
Interest income	3 617
On available-for-sale financial assets	*3 617*
Other net interest income	-
Net gains and losses on financial instruments at fair value through profit or loss	(820)
Net gains and losses on available-for-sale financial instruments	1 003
Capital gains and losses on sale of debt instruments	-
Total net income from investments	**4 107**

5.3.6 Management of insurance risks

Risk division breakdown of investments by rating of basic instruments
The following table shows the carrying amounts after eliminating intercompany transactions.

	30 June 2019		
(in thousand EUR)	**Available-for-sale financial assets**	**Due from banks**	**Total**
AAA	34 727	-	34 727
AA+ / AA / AA-	184 920	-	184 920
A+ / A / A-	140 502	48 964	189 466
BBB+ / BBB / BBB-	144 280	-	144 280
BB+ / BB / BB-	-	-	-
B+ / B / B-	-	-	-
CCC+ / CCC / CCC-	-	-	-
CC+ / CC / CC-	-	-	-
Lower than CC-	-	-	-
Without rating	-	-	-
Total before impairment	**504 429**	**48 964**	**553 393**
Elimination of intercompany transactions	-	(48 959)	(48 959)
Carrying amount	**504 429**	**5**	**504 434**

	31 December 2018		
(in thousand EUR)	**Available-for-sale financial assets**	**Due from banks**	**Total**
AAA	31 792	-	31 792
AA+ / AA / AA-	154 214	-	154 214
A+ / A / A-	96 823	49 086	145 909
BBB+ / BBB / BBB-	133 324	-	133 324
BB+ / BB / BB-	6 870	-	6 870
B+ / B / B-	1 444	-	1 444
CCC+ / CCC / CCC-	-	-	-
CC+ / CC / CC-	-	-	-
Lower than CC-	-	-	-
Without rating	55 192	-	55 192
Total before impairment	**479 659**	**49 086**	**528 745**
Elimination of intercompany transactions	-	(49 086)	(49 086)
Carrying amount	**479 659**	**-**	**479 659**

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.

5.4 Income and expenses from other activities

(in thousand EUR)	1st half of 2019	1st half of 2018
Income from other activities		
Real estate leasing	2	-
Other activities	2 857	8 136
Sub-total	**2 859**	**8 136**
Expenses from other activities		
Expenses from other activities	(4 027)	(7 154)
Sub-total	**(4 027)**	**(7 154)**
Total	**(1 168)**	**982**

Note 6 - Personnel expenses and employee benefits

6.1 Personnel expenses

(in thousand EUR)	**1st half of 2019**	**1st half of 2018**
Employee compensation	(90 165)	(89 478)
Social security charges and payroll taxes	(8 766)	(8 352)
Net pension expenses - defined contribution plans	(1 812)	(2 341)
Net pension expenses - defined benefit plans	(5 881)	(5 883)
Employee profit-sharing and incentives	(60)	-
Total	**(106 684)**	**(106 054)**
Including net expenses from share-based payments	*(991)*	*(1 484)*

6.2 Details of provisions for employee benefits

Details on provisions for employee benefits are presented in Note 9.3.

Note 7 - Income tax

7.1 Income Tax

(in thousand EUR)	1st half of 2019	1st half of 2018
Current taxes	(2 611)	(19 935)
Deferred taxes	(12 684)	(7 637)
Total taxes	**(15 295)**	**(27 572)**

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

(in thousand EUR)	1st half of 2019	1st half of 2018
Income before tax excluding net income from companies accounted for by the equity method	173 064	175 454
Statutory tax rate	24.94%	26,01%
Theoretical income tax	**(43 162)**	**(45 636)**
Tax effect of non-taxable income and non-taxable dividend income	25 879	25 975
Tax effect of non-deductible expenses	2	(1 136)
Tax without basis[1]	9 903	(7 578)
Provisions for tax adjustments	-	-
Sub-consolidated results taxed at other rates	5 084	7 078
Previous year corrections	-	-
Other items	(317)	1 362
Total current taxes	**(2 611)**	**(19 935)**

On the 24 April 2019 the effective tax rate for Luxembourg has changed to 24.94% (26,01% as at 31 December 2018) with retrospective application starting the 1st of January 2019.

7.2 Tax assets and liabilities

Tax assets are broken down as follows:

(in thousand EUR)	30 June 2019	31 December 2018
Current tax assets	11 998	5 759
Deferred tax assets	10 530	13 579
o/w deferred tax assets on tax loss carry forwards	*9 914*	*12 687*
o/w deferred tax assets on temporary differences	*616*	*892*
Total	**22 528**	**19 338**

The tax rate applicable for Luxembourg entities in the calculation of deffered tax assets and liabilities as at 30 June 2019 is 24.94% (26,01% as at 31 December 2018).

[1] Refers to tax expenses of fiscally integrated entities.

Tax liabilities are broken down as follows:

(in thousand EUR)	**30 June 2019**	**31 December 2018**
Current tax liabilities	3 593	25 681
Deferred tax liabilities and provision for income tax adjustments[1]	152 345	130 925
Total	**155 938**	**156 606**

[1] Since 1 January 2019, provision for income tax adjustments are presented under "Tax liabilities" as a consequence of the application of IFRIC 23 "Uncertainties over Income Tax Treatments" (cf. Note 2.2.1.2).

Note 8 - Shareholders' equity

8.1 Equity - Own funds (Group share)

(in thousand EUR)	30 June 2019	31 December 2018
Share capital	1 389 043	1 389 043
Share premium	2 817	2 817
Consolidation reserve	556 635	530 685
Unrealised or deferred capital gains or losses	20 202	37 182
Legal reserve	138 905	138 905
Special reserve for Net Wealth Tax reduction	207 569	218 566
Retained earnings	476 283	548 437
Net income for the year	163 040	296 545
Total	**2 954 494**	**3 162 180**

Share capital

As at 30 June 2019 and 31 December 2018, the fully subscribed share capital amounted to 1 389 042 648 euros divided into 11 024 148 registered shares with a nominal value of 126 euros each.

Share premium

As at 30 June 2019 and 31 December 2018, total additional paid-in capital amounted to 2 816 500 euros.

Retained earnings

Other reserves and retained earnings is composed of (i) retained earnings and (ii) other statutory reserves of the mother company reserves.

Consolidation reserves

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

Unrealised or deferred capital gains or losses

Unrealised or deferred capital gains or losses are composed of (i) translation reserves, (ii) change in fair value of assets available-for-sale, (iii) change in fair value of hedging derivatives, (iv) consolidated reserves and (v) actuarial gains and losses on post-employment defined benefits plans.

(in thousand EUR)	30 June 2019	31 December 2018
Translation reserve	(1 570)	(1 279)
Revaluation of debt instruments at fair value through other comprehensive income	51 675	54 849
Revaluation reserve of available-for-sale financial assets (cf. Note 5.3.4.)	31 788	16 564
Revaluation of hedging derivatives	(44 846)	(30 194)
Unrealized gains and losses of entities accounted for using the equity method	6 822	3 909
Tax related	(10 975)	(11 452)
Unrealized or deferred gains (losses) that may be reclassified subsequently to profit and loss	**32 894**	**32 397**
Actuarial gains (losses) on defined benefits plans	(16 977)	8 994
Unrealised gains and losses of entities accounted for using the equity method	-	13
Tax related	4 285	(4 222)
Unrealized or deferred gains (losses) that will not be reclassified subsequently to profit and loss	**(12 692)**	**4 785**
Total unrealized or deferred capital gains and losses	**20 202**	**37 182**

Legal reserve

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

As at 30 June 2019 and 31 December 2018, the legal reserve reached 10% of the capital and amounted to 138 905 thousand of euros.

Special reserve for Net Wealth Tax reduction

For the reporting periods ended 31 December 2013 to 30 June 2019, the Group reduced its net wealth tax charge in accordance with the tax legislation; i.e. by setting up an unavailable reserve in an amount equal to five times the amount of the net wealth tax reduction. The lock-in period on this reserve is five years starting on January 1 of the year following the year in which the net wealth tax has been reduced.

(in thousand EUR)	30 June 2019	31 December 2018
2013	-	52 280
2014	49 939	49 939
2015	1 484	1 484
2016	30 981	30 981
2017	41 356	41 356
2018	42 526	42 526
2019	41 283	-
Total	**207 569**	**218 566**

8.2 Dividends proposed and paid

	1st half of 2019	1st half of 2018
Declared and paid during the period		
Dividends on ordinary shares (in thousand EUR)	359 000	298 000
Dividends per share (in EUR)	33	27

Note 9 - Additional disclosures

9.1 Segment reporting

1st half of 2019 *(in thousand EUR)*	**Corporate and Investment Banking**	**Private Banking**	**Corporate Center**	**Life Insurance**	**Securities Services**	**Total**
Net banking income	**53 816**	**203 371**	**41 522**	**12 706**	**67 948**	**379 363**
Staff expenses	(21 927)	(80 042)	(818)	(272)	(3 625)	(106 684)
Other operating expenses	(27 950)	(61 742)	(418)	(388)	(3 030)	(93 528)
Amortisation, depreciation and impairment of tangible and intangible fixed assets and right-of-used assets	(4 153)	(14 866)	(246)	(101)	(797)	(20 163)
Gross operating income	**(214)**	**46 721**	**40 040**	**11 945**	**60 496**	**158 988**
Cost of risk	10 509	(1 527)	33	(10)	(54)	8 951
Operating income	**10 295**	**45 194**	**40 073**	**11 935**	**60 442**	**167 939**
Net income from investments accounted for using the equity method	-	-	-	5 267	-	5 267
Net income/expense from other assets	912	911	1 479	912	911	5 125
Consolidated net income before tax	**11 207**	**46 105**	**41 552**	**18 114**	**61 353**	**178 331**
Tax expenses	(3 899)	(10 588)	(244)	(321)	(243)	(15 295)
Consolidated net income	**7 308**	**35 517**	**41 308**	**17 793**	**61 110**	**163 036**
Non-controlling interests	*(4)*	-	-	-	-	*(4)*
Consolidated net income, Group share	*7 312*	*35 517*	*41 308*	*17 793*	*61 110*	*163 040*

30 June 2019

(in thousand EUR)	Corporate and Investment Banking	Private Banking	Corporate Center	Insurance Activities	Securities Services	Total
Total assets	**72 985 203**	**37 226 708**	**462 579**	**545 801**	**459 496**	**111 679 787**
Total liabilities and equity	**74 138 483**	**34 696 743**	**1 517 008**	**545 801**	**781 752**	**111 679 787**

1st half of 2018

(in thousand EUR)	International Retail Banking	Financial Services	Corporate and Investment Banking	Private Banking	Corporate Center	Insurance Activities	Securities Services	Total
Net banking income	**4 901**	**10 936**	**125 039**	**116 482**	**17 929**	**8 742**	**117 902**	**401 931**
Staff expenses	(524)	(1 052)	(4 242)	(65 490)	76	(7)	(34 815)	**(106 054)**
Other operating expenses	(2 593)	(2 453)	(29 103)	(40 580)	(605)	(797)	(27 885)	**(104 016)**
Amortisation, depreciation and impairment of tangible and intangible fixed assets	(83)	(67)	(188)	(6 980)	(55)	(55)	(1 104)	**(8 532)**
Gross operating income	**1 701**	**7 364**	**91 506**	**3 432**	**17 345**	**7 883**	**54 098**	**183 329**
Cost of risk	(955)	-	(1 716)	(4 683)	-	-	117	**(7 237)**
Operating income	**746**	**7 364**	**89 790**	**(1 251)**	**17 345**	**7 883**	**54 215**	**176 092**
Net income from investments accounted for using the equity method	-	-	-	-	-	6 533	-	**6 533**
Net income/expense from other assets	-	-	-	(638)	-	-	-	**(638)**
Consolidated Net Income before tax	**746**	**7 364**	**89 790**	**(1 889)**	**17 345**	**14 416**	**54 215**	**181 987**
Tax expenses	-	-	(13 939)	(6 735)	(4 824)	(2 064)	(10)	**(27 572)**
Consolidated net income	**746**	**7 364**	**75 851**	**(8 624)**	**12 521**	**12 352**	**54 205**	**154 415**
Non-controlling interests	-	-	(78)	-	-	-	-	**(78)**
Consolidated net income, Group share	**746**	**7 364**	**75 929**	**(8 624)**	**12 521**	**12 352**	**54 205**	**154 493**

31 December 2018

(in thousand EUR)	Corporate and Investment Banking	Private Banking	Corporate Center	Life Insurance	Securities Services	Total
Total assets	**64 712 219**	**9 209 937**	**26 764 873**	**551 220**	**38 960**	**101 277 209**
Total liabilities and equity	**70 415 965**	**13 485 218**	**16 125 479**	**551 220**	**699 327**	**101 277 209**

9.2 Other operating expenses

General and administrative expenses can be broken down as follows:

(in thousand EUR)	1st half of 2019	1st half of 2018
IT expenses[1]	(18 170)	(20 778)
Telecommunication expenses	(1 816)	(1 575)
Marketing, advertising and public relations	(2 287)	(3 337)
Professional fees	(14 465)	(13 775)
Premises and equipment leases[1]	(1 854)	(11 308)
Service and maintenance	(4 668)	(4 938)
Administrative expenses	(625)	(700)
VAT and other taxes	(16 394)	(13 604)
Training	(445)	(298)
Insurance fees	(365)	(541)
Data provider fees	(4 263)	(3 056)
Re-charge fees	(26 549)	(28 306)
Other operating expenses	(1 627)	(1 800)
Total	**(93 528)**	**(104 016)**

9.3 Provisions

(in thousand EUR)	Provisions as at 31 December 2018	Allocations	Write-backs available	Net allocation	Write-backs used	Actuarial gains and losses	Currency and other changes	Provisions as at 30 June 2019
Provisions for employee benefits	58 813	4 374	(3 589)	785	(41)	17 157	232	**76 946**
Provision for litigations	3 205	106	-	106	-	-		**3 311**
Provision for financing commitments	803	536	(330)	206	-	-	(74)	**935**
Provision for Guarantee commitments	301	137	(267)	(130)	-	-	119	**290**
Provision for restructuring	2 500	-	(500)	(500)	-	-	-	**2 000**
Other provisions [2]	21 536	-	-	-	(1 546)	-	(18 954)	**1 036**
Total	**87 158**	**5 153**	**(4 686)**	**467**	**(1 587)**	**17 157**	**(18 677)**	**84 518**

[1] The decrease between 2018 and 2019 is related to the first-time application of IFRS 16 “Leases” (see Note 2.2.1.1.).
[2] Since 1 January 2019, provisions related to ongoing with foreign tax authorities are presented under “Tax liabilities” as a consequence of the application of IFRIC 23 “Uncertaintities over income tax treatments” (Note 2.2.1.2).

9.4 Tangible, intangible fixed assets and rights-of-use

Further to the first application of IFRS 16 standard « Leases » on 1st January 2019, the Group booked right-of-use assets representing the right-of-use generated by the leases included in the caption Tangible and intangible fixed assets and right-of-use assets (cf. Note 2.2.1).

9.4.1 Changes in tangible, intangible fixed assets and in right-of-use assets

(in thousand EUR)	Gross book value at 31 December 2018	Impact of the application of IFRS 16	Acquisitions	Disposals	Changes in translation, consolidation scope and reclassifications	**Gross value at 30 June 2019**	Depreciation and amortisation of assets at 31 December 2018	Allocations to amortisation and depreciation in 2019	Impairment of assets in 2019	Write-backs from amortisation and depreciation in 2019	Changes in translation, consolidation scope and reclassifications	**Net book value at 30 June 2019**	Net book value at 31 December 2018
Intangible assets	77 949	-	5 818	(258)	190	83 699	(38 608)	(5 924)	-	66	(36)	39 197	39 341
Tangible assets	88 757	-	3 698	(3 088)	658	90 025	(58 829)	(3 265)	-	1 268	24	29 223	29 928
Rights-of-use	-	129 441	11	-	(640)	128 812	-	(10 974)	-	-	(172)	117 666	-
Total tangible and intangible fixed assets	**166 706**	**129 441**	**9 527**	**(3 346)**	**208**	**302 536**	**(97 437)**	**(20 163)**	-	**1 334**	**(184)**	**186 086**	**69 269**

9.4.2 Breakdown of minimum payments receivable on operating lease assets

The minimum lease payments receivable on operating lease assets are nil for the Société Générale Bank & Trust S.A. as at 30 June 2019 and 31 December 2018, as all lessor entities contracts are concluded within Société Générale Bank & Trust S.A..

9.5 Leases

BREAKDOWN BY MATURITY OF THE LEASE LIABILITY

(in thousand EUR)	30 June 2019
Lease liability	**117 666**
In less than 3 months	*-*
In 3 months to less 12 months	*122*
In 1 to 5 years	*17 529*
In more than 5 years	*100 015*

CASH FLOWS RELATED TO LEASES

(in thousand EUR)	30 June 2019	31 December 2018
Total cash flows related to leases[1]	*(794)*	-

DETAILS OF THE EXPENSES ON LEASES

	30 June 2019		
(in thousand EUR)	Real estate	IT	Others
Lease	**(10 242)**	**(1 292)**	**(230)**
Interest expenses on lease liabilities	(270)	-	-
Depreciation charge for right-of-use assets	(9 632)	(1 156)	(186)
Expense relating to short-term leases	(335)	(135)	(29)
Expense relating to leases of low-value assets	(5)	(1)	(15)
Expense relating to variable lease payments	-	-	-
Sub-lease	**-**	**-**	**-**

9.6 Information of risk and litigation

Every quarter, the Group reviews in detail the disputes presenting a significant risk. These disputes may lead to the recording of a provision if it becomes probable or certain that the Group will incur an outflow of resources for the benefit of a third party without receiving at least the equivalent value in exchange.

For each dispute described in the present chapter, 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.

Société Générale 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 authorised fraudulent transfers. The Official Stanford Investors Committee ("OSIC") was permitted to intervene and filed a complaint against Société Générale Private Banking Suisse and the other defendants seeking similar relief.

[1] Cash flows include rentals payments, commissions, payments made in advance and restoration costs.

The motion by Société Générale Private Banking Suisse to dismiss these claims on grounds of lack of jurisdiction was denied by the Court by order filed 5 June 2014. Société Générale Private Banking 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 action. The plaintiffs sought leave to appeal this decision, which the Court of appeal denied on 20 April 2018.

On 22 December 2015, the OSIC filed a motion for partial summary judgment seeking return of a transfer of USD 95 million to Société Générale Private Banking 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. Société Générale Private Banking Suisse has opposed this motion.

Societe Generale and certain of its subsidiaries are defendants in an action pending in the US Bankruptcy Court in Manhattan brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"). The action is similar to those brought by the BLMIS Trustee against numerous institutions and seeks recovery of amounts allegedly received by the SG entities indirectly from BLMIS through so-called "feeder funds" that were invested in BLMIS and from which the SG entities received redemptions. The suit alleges that the amounts that the SG entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. The BLMIS Trustee seeks to recover, in the aggregate, approximately 150 million of USD from the SG entities. The SG entities are defending the action. In decisions dated 22 November 2016 and 3 October 2018, the Court rejected most of the claims brought by the BLMIS Trustee. The Trustee appealed to the US Court of Appeals for the Second Circuit. By order dated 25 February 2019, the Second Circuit vacated the judgments and remanded for further proceedings. By order dated 23 April 2019, the Second Circuit has stayed the mandate, pending disposition of Defendant-Appellees' impending petition for review by the United States Supreme Court.

9.7 Risk Management linked with financial instruments

The following table details the geographical breakdown of provisions and impairment for credit risk in accordance with the new model for estimating expected credit losses introduced by IFRS 9.

The scope of this table includes:

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

Geographical breakdown of provisions and impairment for credit risk

	30 June 2019				31 December 2018			
(in thousand EUR)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Luxembourg	(215)	14	240	**39**	6 578	753	13 515	**20 846**
Western Europe (excl. Luxembourg)	10 644	876	14 181	**25 701**	2 715	-	-	**2 715**
Eastern Europe EU	10	-	-	**10**	9	-	-	**9**
Eastern Europe (excl. EU)	708	245	-	**953**	1 071	32	12 105	**13 208**
North America	134	-	-	**134**	421	-	-	**421**
Latin America and Caribbean	65	-	-	**65**	99	-	-	**99**
Asia Pacific	151	-	-	**151**	547	-	-	**547**
Africa and Middle East	557	5	1 250	**1 812**	82	-	-	**82**
Total	**12 054**	**1 140**	**15 671**	**28 865**	**11 522**	**785**	**25 620**	**37 927**

9.8 Events after the reporting date

There is no subsequent significant event that occurred after the reporting date.