Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

4,800,000 European Style Cash Settled Long Certificates

relating to the ordinary shares of par value US$0.50 each of HSBC Holdings plc

with a Daily Leverage of 5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$0.50 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by SG Issuer (the "**Issuer**") unconditionally and irrevocably guaranteed by Société Générale (the "**Guarantor**"), and is supplemental to and should be read in conjunction with a base listing document dated 19 June 2020 including such further base listing documents as may be issued from time to time (the "**Base Listing Document**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see "Placing and Sale" contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

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

The Certificates constitute general unsecured obligations of the Issuer and of no other person, and the guarantee dated 19 June 2020 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 22 September 2020.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

21 September 2020

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following are risk factors relating to the Certificates:

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute general unsecured obligations of the Issuer and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;

(c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;

(d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;

(e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;

(f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 29 to 33 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section of this document for more information;

(i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);

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

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

(m) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(n) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

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

(p) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 48 to 49 of this document for more information;

(q) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 35 to 37 of this document for more information;

(r) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;

(s) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(t) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(u) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

(v) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

(w) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

– Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and

– The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

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

(y) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(z) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

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

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

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

(bb) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986." Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(cc) risk factors relating to the BRRD

French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") entered into force on 2 July 2014. The BRRD has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the "**BRR Act 2015**"). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("**SRM**") and a Single Resolution Fund (the "**SRM Regulation**") has established a centralised power of resolution entrusted to a Single Resolution Board (the "**SRB**") in cooperation with the national resolution authorities.

Since 2014, the European Central Bank ("**ECB**") has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism ("**SSM**"). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States' resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the "**SSM Regulation**") and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the "**Resolution Authority**") with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions while minimising the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses).

Under the SRM Regulation, a centralised power of resolution is established and entrusted to the SRB acting in cooperation with the national resolution authorities. In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions' resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the "**Bail-in Power**"). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The application of any measure under the BRRD and the SRM Regulation or any suggestion of such application with respect to the Issuer, the Guarantor or the Group could materially adversely affect the rights of Certificate Holders, the price or value of an investment in the Certificates and/or the ability of the Issuer or the Guarantor to satisfy its obligations under any Certificates, and as a result investors may lose their entire investment.

Moreover, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power, the exercise of write-down/conversion powers or any other resolution tools by the Resolution Authority independently of a resolution measure or in combination with a resolution measure when it determines that the Issuer, the Guarantor or the Group will no longer be viable could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such powers.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The current regime will evolve as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts have been published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the "**BRRD II**"); and

- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity ("**TLAC**") of credit institutions and investment firms (the "**SRM II Regulation**" and, together with the BRRD II, the "**EU Banking Package Reforms**").

The EU Banking Package Reforms will introduce, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet ("**FSB TLAC Term Sheet**"), by adapting, among others, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC will be implemented in accordance with the FSB TLAC Term Sheet, which impose a level of "Minimum TLAC" that will be determined individually for each global systemically important bank ("**G-SIB**"), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets through January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator through January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

According to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**"), as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the "**CRR II**"), EU G-SIBs, such as Societe Generale, will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale will have to comply at the same time with TLAC and MREL requirements.

Consequently, criteria for MREL-eligible liabilities will be closely aligned with those laid down in the CRR, as amended by the CRR II for the TLAC-eligible liabilities, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet the MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance while only an additional return is linked to that derivative component and depends on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL will be set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance any may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The scope of liabilities used to meet the MREL will include, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in the BRRD, as amended by the BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that the MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail- in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements will apply to resolution groups with assets above EUR 100 billion (top-tier banks).

If the SRB finds that there could exist any obstacles to resolvability by the Issuer or the Guarantor and/or the Group, a higher MREL requirement could be imposed. Any failure by the Issuer or the Guarantor, as applicable, and/or the Group to comply with its MREL may have a material adverse effect on the Issuer’s business, financial conditions and results of operations.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	4,800,000 European Style Cash Settled Long Certificates relating to the ordinary shares of par value US$0.50 each of HSBC Holdings plc (the "**Underlying Stock**")
ISIN:	LU1986501531
Company:	HSBC Holdings plc (RIC: 0005.HK)
Underlying Price[3] and Source:	HK$29.30 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.50
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	4.60%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	15 September 2020
Closing Date:	21 September 2020
Expected Listing Date:	22 September 2020

[3] These figures are calculated as at, and based on information available to the Issuer on or about 21 September 2020. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 21 September 2020.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 13 September 2023
Expiry Date:	20 September 2023 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	19 September 2023 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 40 to 54 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: "**t**" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately

preceding the Expected Listing Date to the Valuation Date; and

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

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Underlying Stock Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Strategy and the value of the Certificate on that fifth Underlying Stock Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

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

Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 40 to 54 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the "Specific Definitions relating to the Leverage Strategy" section on pages 20 to 23 below.

Initial Exchange Rate[3]: 0.1752

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore

	Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.
Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 21 to 23 below and the "Description of Air Bag Mechanism" section on pages 46 to 47 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	Singapore Dollar ("**SGD**")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (the "**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day and Exchange	A "**Business Day**" is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are

Business Day:	open for business in Singapore. An "**Exchange Business Day**" is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

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

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

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

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

On Observation Date(1):

$$\mathrm{LSL_1} = 1000$$

On each subsequent Observation Date(t):

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

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

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

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

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

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

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

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

0.10%

Leverage 5

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

$\mathbf{Rate_t}$ means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:

$$\mathrm{Rate_t} = \mathrm{CashRate_t} + \%\mathrm{SpreadLevel_t}$$

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

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

where

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

$\mathbf{CashRate_t}$ means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page.

$\%\mathbf{SpreadLevel_t}$ means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND=or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page.

Provided that if such difference is negative, $\%\mathbf{SpreadLevel_t}$ should be 0%.

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

DayCountBasisRate 365

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

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

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

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

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

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

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

(1) for k = 1 :

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

(2) for k > 1 :

$$ILSL_{IR(k)} = Max\left[ILSL_{IR(k-1)} \times \left(1 + ILR_{IR(k-1),IR(k)} - IRC_{IR(k-1),IR(k)}\right), 0\right]$$

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

$$ILR_{IR(k-1),IR(k)} = Leverage \times \left(\frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1\right)$$

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

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

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

(1) for k=0

$$IS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$$

(2) for k=1 to n

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

(3) with respect to IR(C)

$$IS_{IR(C)} = S_{IRD}$$

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

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

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

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

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

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

(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying

Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(0)}}$ as of such Calculation Time.

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

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

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

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

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

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

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

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

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

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

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 19 June 2020, made by SG Issuer (the "**Issuer**") and Société Générale (the "**Guarantor**"); and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the "**Certificate Holders**") are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

(b) *Status and Guarantee*. The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a "**Guarantee Obligation**").

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the "**Code**").

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

(i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the "**Law**") on 11 December 2016;

(ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;

(iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and

(iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

(c) Transfer. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

(e) *Bail-In*. By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer's liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

(C) the cancellation of the Certificates; and/or

(D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the Regulator,

(the "**Statutory Bail-In**");

(ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the "**M&F Code**"):

(A) ranking:

(1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;

(2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and

(3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

(B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and

(C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself, and as if any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the

Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

"**Amounts Due**" means any amounts due by the Issuer under the Certificates.

"**Bail-In Power**" means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled and/or converted into shares or other securities or obligations of the obligor or any other person.

"**MREL**" means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

"**Relevant Resolution Authority**" means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

"**Regulator**" means the European Central Bank and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer.

2. Certificate Rights and Exercise Expenses

(a) *Certificate Rights*. Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

(i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

(a) *Potential Adjustment Event*. Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender

Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions*. "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(f) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

(a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting.

Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

(a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

(a) Delisting. If at any time, the Underlying Stock ceases to be listed on the Relevant

Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) Issuer's Determination. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

(a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer, Société Générale and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"**Change in law**" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

(b) *Early Termination for Holding Limit Event*. The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

"**Holding Limit Event**" means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

(c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the

SGX-ST.

(d) *Termination*. If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

15. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

16. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	HSBC Holdings plc
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	4,800,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 19 June 2020 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates
Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise,

	must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 22 September 2020.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

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

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

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

European style cash settled long certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) <u>For Certificate Holders who trade the Certificates intraday</u>: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) <u>For Certificate Holders who hold the Certificates overnight</u>: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

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

Illustration of the Calculation of Cash Settlement Amount

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

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

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

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

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

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

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

[7] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

[8] Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary shares of par value US$0.50 each of HSBC Holdings plc
Expected Listing Date:	**03/07/2018**
Expiry Date:	**18/07/2018**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.50 SGD**
Notional Amount per Certificate:	**0.50 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**4.60%**
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n**th** Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

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

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

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

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

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

$$\text{HFF}(2) = \text{HFF}(1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1;t)}{360}\right)$$

$$\text{HFF}(2) = 99.9797\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 4.60\% \times \frac{3}{360}\right)$$

$$\text{HFF}(2) = 99.9861\% \times 99.9967\% \times 99.9617\% \approx 99.9445\%$$

The same principle applies to the following Underlying Stock Business Days:

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

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7919% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9861%
5/7/2018	99.9722%
6/7/2018	99.9583%
9/7/2018	99.9167%
10/7/2018	99.9028%
11/7/2018	99.8889%
12/7/2018	99.8751%
13/7/2018	99.8612%
16/7/2018	99.8196%
17/7/2018	99.8057%
18/7/2018	99.7919%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

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

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

= 119.75%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.75% x 0.50 SGD

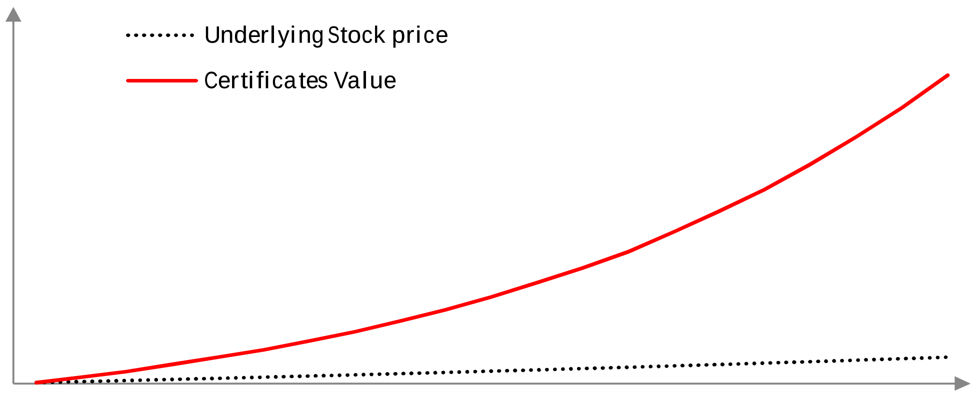
= 0.599 SGD

Illustration on how returns and losses can occur under different scenarios

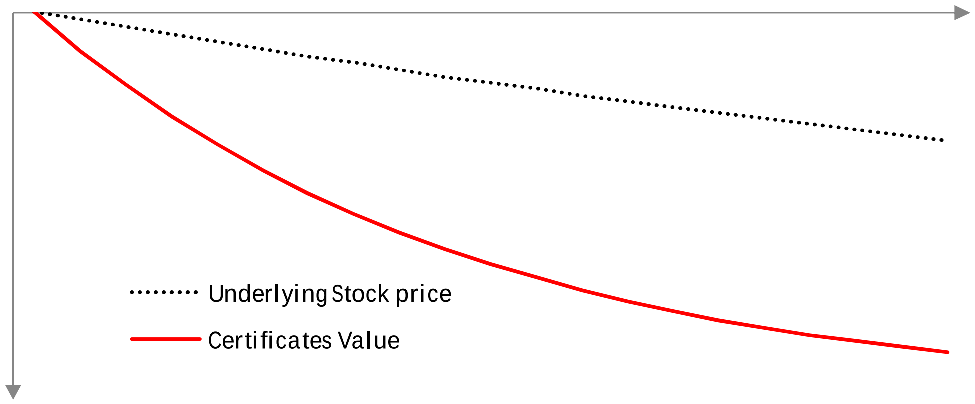
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

1. Illustrative examples

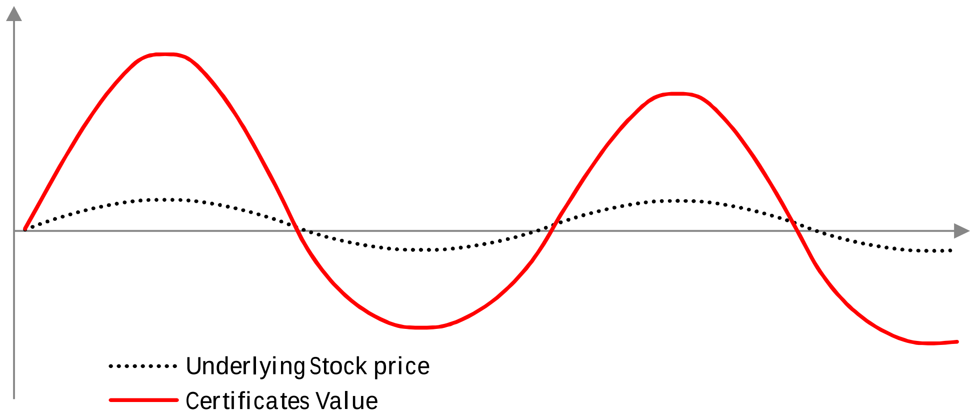
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

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

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.5	0.55	0.61	0.67	0.73	0.81
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.5	0.45	0.40	0.36	0.33	0.30
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	0.5	0.55	0.50	0.54	0.49	0.54
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

Description of Air Bag Mechanism

The Certificates integrate an "Air Bag Mechanism" which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period : during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its minimum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy, 30 minutes after the Air Bag trigger.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. Investors cannot sell or purchase any Certificates during this period.

Air Bag Mechanism timeline

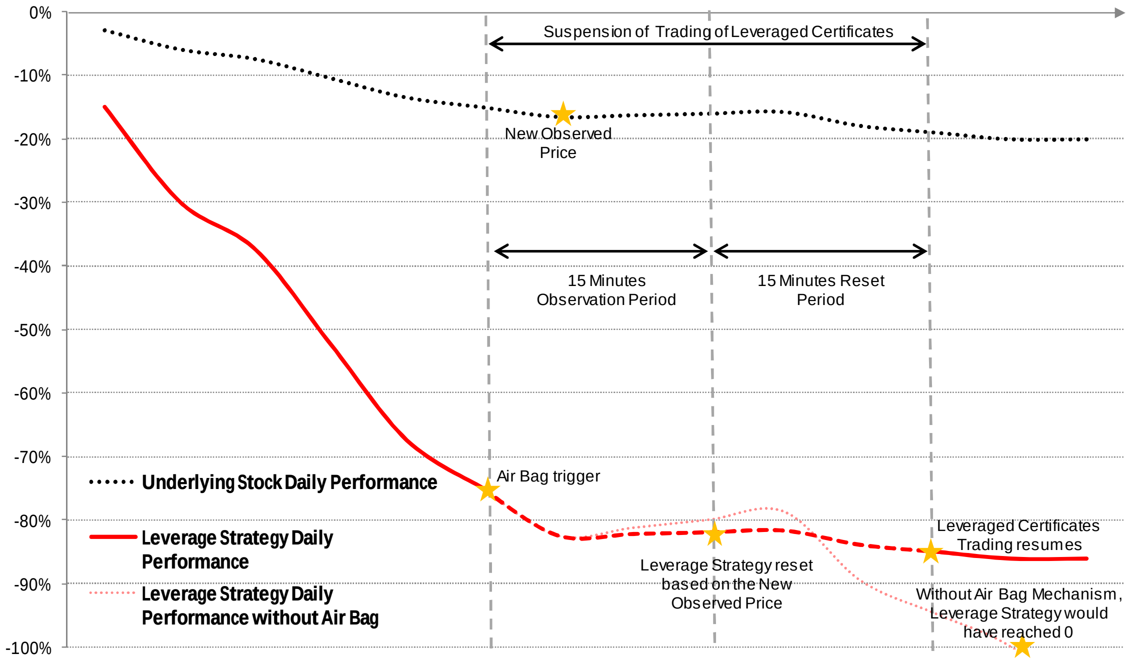
<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="5">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>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

With **Market Close** defined as:

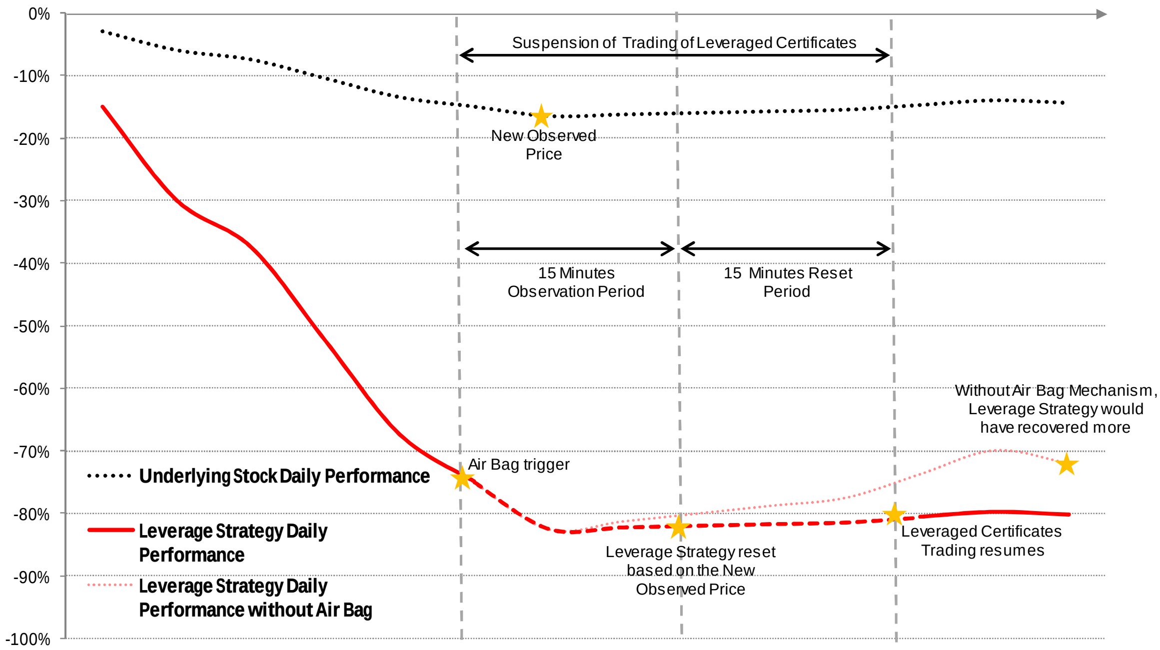
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

Illustrative examples of the Air Bag Mechanism[9]

Scenario 1 – Downward Trend after Air Bag trigger



Scenario 2 – Upward Trend after Air Bag trigger



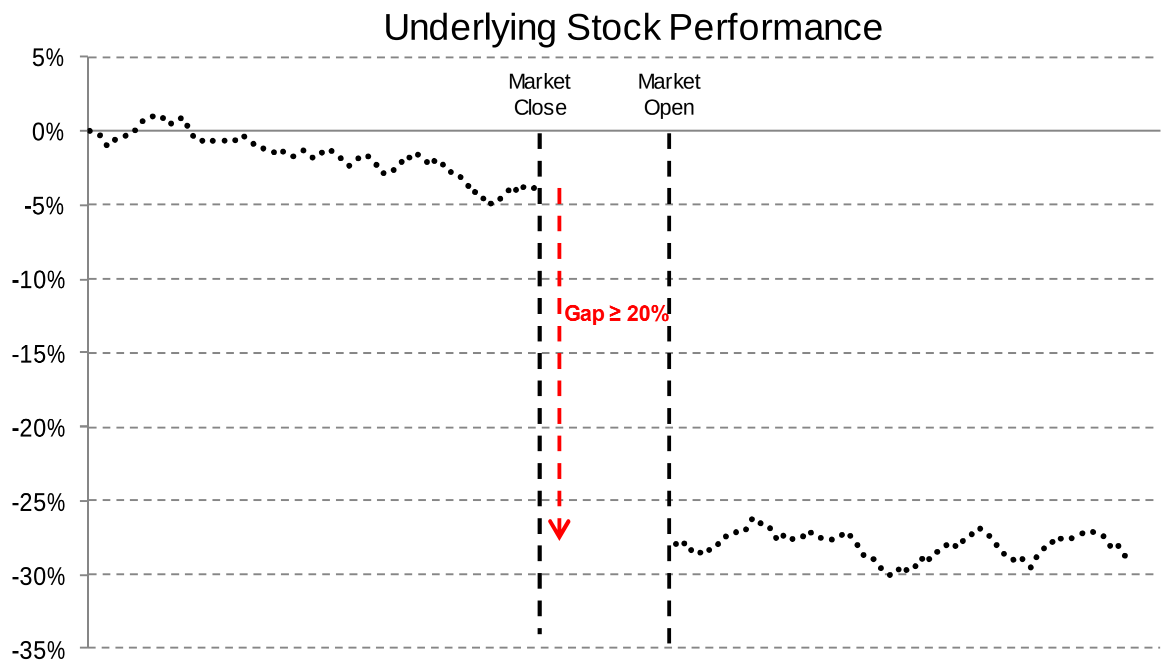
[9] The illustrative examples are not exhaustive.

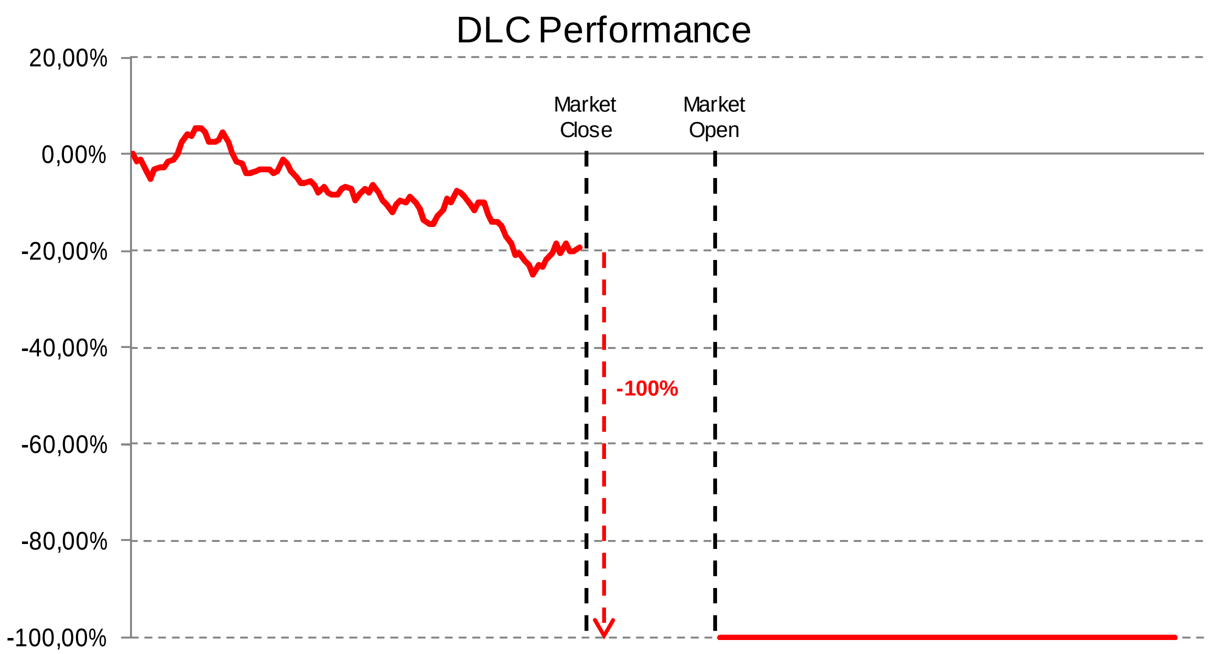
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

Scenario 1 – Overnight fall of the Underlying Stock

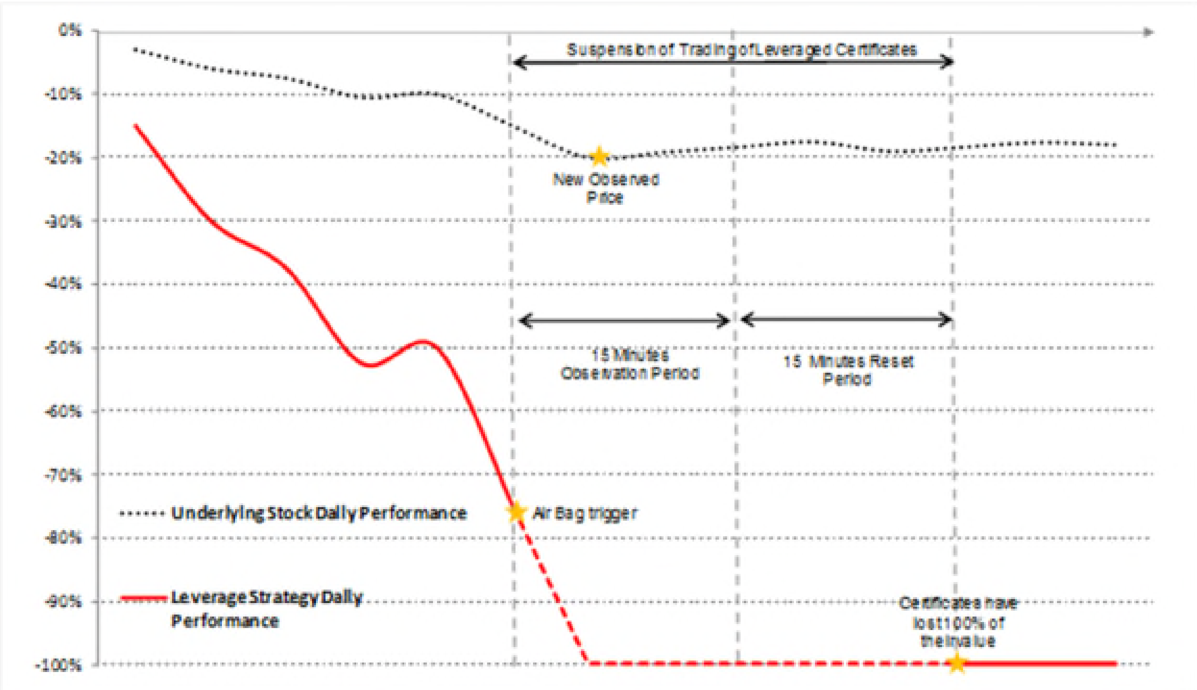
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.





Scenario 2 – Sharp intraday fall of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

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

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula :

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

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

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

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

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

1. Stock split

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

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

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t}$ = \$0

$\mathrm{DivExc_t}$ = \$0

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

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

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

As a consequence:

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

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.5	0.55	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$42.5, which is 15% below \$50, the Underlying Stock Reference Price.

2. Share Consolidation

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

S_{t-1} = \$100

S_t = \$202

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

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

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

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

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

As a consequence:

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

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.5	0.525	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $170, which is 15% below $200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

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

S_{t-1} = $100

S_t = $84

$Div_t = \$0$

$DivExc_t = \$0$

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

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

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

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.5	0.625	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

4. <u>Bonus Issues</u>

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

S_{t-1} = \$100

S_t = \$85

$Div_t = \$0$

$DivExc_t = \$0$

R = \$0

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

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

As a consequence:

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

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.5	0.55	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

5. <u>Extraordinary Dividend</u>

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

S_{t-1} = \$100

S_t = \$84

$Div_t = \$0$

$DivExc_t = \$20$

R = \$0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

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

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

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.5	0.625	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the "**HKExCL**") at http://www.hkex.com.hk and/or the Company's web-site at http://www.hsbc.com.The Issuer has not independently verified any of such information.*

HSBC Holdings plc (the "**Company**"), the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from approximately 3,800 offices in 66 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of $2.6tn at 31 December 2018, HSBC is one of the world's largest banking and financial services organisations.

The information set out in Appendix I of this document relates to the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries for the six month period ended 30 June 2020 and has been extracted and reproduced from an announcement by the Company dated 25 August 2020 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	10 ticks or S$0.20 whichever is greater
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Exchange Business Days immediately preceding the Expiry Date

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix II of this document is a reproduction of the press release dated 3 August 2020 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 2020.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 105 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.

2. Settlement of trades done on a normal "ready basis" on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed "Summary of the Issue" above.

3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2019 or the Guarantor since 30 June 2020, in the context of the issuance of Certificates hereunder.

5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

   None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the report, included herein, in the form and context in which it is included. Their report was not prepared exclusively for incorporation into this document.

   The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

(a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the latest financial reports (including the notes thereto) of the Guarantor;

(d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;

(e) the Base Listing Document;

(f) this document; and

(g) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (CWUMPO) or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

European Economic Area and the United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the

Certificates will be required to represent and agree that, it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates.

In respect of the United Kingdom, each dealer has further represented and agreed, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

(a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of Financial Services and Markets Act, as amended (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**") and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term "**United States**" includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term "**U.S. person**" means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") or any rules thereunder of the CFTC (the "**CFTC Rules**"), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not "Non-United States persons", shall be considered a U.S. person).

APPENDIX I

REPRODUCTION OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 OF HSBC HOLDINGS PLC AND ITS SUBSIDIARIES

The information set out below is a reproduction of the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries for the six month period ended 30 June 2020 and has been extracted and reproduced from an announcement by the Company dated 25 August 2020 in relation to the same.

Independent review report to HSBC Holdings plc

Report on the interim condensed consolidated financial statements

Our conclusion

We have reviewed HSBC Holdings plc's interim condensed consolidated financial statements (the 'interim financial statements') in the interim report of HSBC Holdings plc and its subsidiaries (the 'Group') for the six month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated balance sheet as at 30 June 2020;
- the consolidated income statement and consolidated statement of comprehensive income for the six month period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the notes to the financial statements and certain other information[1].

The interim financial statements included in the interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, 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 (UK) 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.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

London, United Kingdom

3 August 2020

1 *Certain other information comprises the following tables: "Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees" and "Distribution of financial instruments to which the impairment requirements of IFRS 9 are applied, by credit quality and stage allocation".*

Interim condensed financial statements

Consolidated income statement

		Half-year to		
		30 Jun	30 Jun	31 Dec
		2020	2019	2019
	*Notes**	**$m**	$m	$m
Net interest income		**14,509**	15,240	15,222
– interest income		**23,000**	27,750	26,945
– interest expense		**(8,491)**	(12,510)	(11,723)
Net fee income	*2*	**5,926**	6,124	5,899
– fee income		**7,480**	7,804	7,635
– fee expense		**(1,554)**	(1,680)	(1,736)
Net income from financial instruments held for trading or managed on a fair value basis		**5,768**	5,331	4,900
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss		**(1,290)**	2,196	1,282
Change in fair value of designated debt and related derivatives		**197**	88	2
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss		**80**	457	355
Gains less losses from financial investments		**466**	201	134
Net insurance premium income		**5,020**	6,323	4,313
Other operating income		**471**	2,072	885
Total operating income		**31,147**	38,032	32,992
Net insurance claims and benefits paid and movement in liabilities to policyholders		**(4,402)**	(8,660)	(6,266)
Net operating income before change in expected credit losses and other credit impairment charges		**26,745**	29,372	26,726
Change in expected credit losses and other credit impairment charges		**(6,858)**	(1,140)	(1,616)
Net operating income		**19,887**	28,232	25,110
Employee compensation and benefits		**(8,514)**	(9,255)	(8,747)
General and administrative expenses		**(4,918)**	(6,372)	(7,456)
Depreciation and impairment of property, plant and equipment and right-of-use assets		**(1,209)**	(1,010)	(1,090)
Amortisation and impairment of intangible assets		**(1,845)**	(512)	(558)
Goodwill impairment		**(41)**	—	(7,349)
Total operating expenses		**(16,527)**	(17,149)	(25,200)
Operating profit/(loss)		**3,360**	11,083	(90)
Share of profit in associates and joint ventures		**958**	1,324	1,030
Profit before tax		**4,318**	12,407	940
Tax expense		**(1,193)**	(2,470)	(2,169)
Profit/(loss) for the period		**3,125**	9,937	(1,229)
Attributable to:				
– ordinary shareholders of the parent company		**1,977**	8,507	(2,538)
– preference shareholders of the parent company		**45**	45	45
– other equity holders		**617**	664	660
– non-controlling interests		**486**	721	604
Profit/(loss) for the period		**3,125**	9,937	(1,229)
		$	$	$
Basic earnings per ordinary share	*4*	**0.10**	0.42	(0.13)
Diluted earnings per ordinary share	*4*	**0.10**	0.42	(0.13)

* *For Notes on the interim condensed financial statements, see page 98.*

Consolidated statement of comprehensive income

	Half-year to		
	30 Jun 2020	30 Jun 2019	31 Dec 2019
	$m	$m	$m
Profit/(loss) for the period	**3,125**	9,937	(1,229)
Other comprehensive income/(expense)			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Debt instruments at fair value through other comprehensive income	**1,747**	1,015	137
– fair value gains/(losses)	**2,654**	2,141	(348)
– fair value (gains)/losses transferred to the income statement on disposal	**(454)**	(794)	429
– expected credit recoveries/(losses) recognised in the income statement	**109**	(5)	114
– income taxes	**(562)**	(327)	(58)
Cash flow hedges	**476**	239	(33)
– fair value gains	**255**	241	310
– fair value losses/(gains) reclassified to the income statement	**364**	68	(354)
– income taxes and other movements	**(143)**	(70)	11
Share of other comprehensive income/(expense) of associates and joint ventures	**(115)**	73	(52)
– share for the period	**(115)**	85	(64)
– fair value (gains)/losses transferred to the income statement on disposal	**—**	(12)	12
Exchange differences	**(4,552)**	109	935
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit asset/liability	**1,182**	(45)	58
– before income taxes	**1,703**	(50)	33
– income taxes	**(521)**	5	25
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	**2,354**	(1,445)	(557)
– before income taxes	**2,936**	(1,816)	(823)
– income taxes	**(582)**	371	266
Equity instruments designated at fair value through other comprehensive income	**(123)**	268	98
– fair value gains/(losses)	**(122)**	265	99
– income taxes	**(1)**	3	(1)
Effects of hyperinflation	**72**	113	104
Other comprehensive expense for the period, net of tax	**1,041**	327	690
Total comprehensive income/(expense)	**4,166**	10,264	(539)
Attributable to:			
– ordinary shareholders of the parent company	**3,043**	8,741	(1,903)
– preference shareholders of the parent company	**45**	45	45
– other equity holders	**617**	664	660
– non-controlling interests	**461**	814	659
Total comprehensive income/(expense)	**4,166**	10,264	(539)

Consolidated balance sheet

		At	
		30 Jun 2020	31 Dec 2019
	Notes*	**$m**	$m
Assets			
Cash and balances at central banks		**249,673**	154,099
Items in the course of collection from other banks		**6,289**	4,956
Hong Kong Government certificates of indebtedness		**39,519**	38,380
Trading assets		**208,964**	254,271
Financial assets designated and otherwise mandatorily measured at fair value through profit and loss		**41,785**	43,627
Derivatives	8	**313,781**	242,995
Loans and advances to banks		**77,015**	69,203
Loans and advances to customers		**1,018,681**	1,036,743
Reverse repurchase agreements – non-trading		**226,345**	240,862
Financial investments	9	**494,109**	443,312
Prepayments, accrued income and other assets		**197,425**	136,680
Current tax assets		**821**	755
Interests in associates and joint ventures	10	**24,800**	24,474
Goodwill and intangible assets		**19,438**	20,163
Deferred tax assets		**4,153**	4,632
Total assets		**2,922,798**	2,715,152
Liabilities and equity			
Liabilities			
Hong Kong currency notes in circulation		**39,519**	38,380
Deposits by banks		**82,715**	59,022
Customer accounts		**1,532,380**	1,439,115
Repurchase agreements – non-trading		**112,799**	140,344
Items in the course of transmission to other banks		**6,296**	4,817
Trading liabilities		**79,612**	83,170
Financial liabilities designated at fair value		**156,608**	164,466
Derivatives	8	**303,059**	239,497
Debt securities in issue		**110,114**	104,555
Accruals, deferred income and other liabilities		**173,181**	118,156
Current tax liabilities		**1,141**	2,150
Liabilities under insurance contracts		**98,832**	97,439
Provisions	12	**3,209**	3,398
Deferred tax liabilities		**4,491**	3,375
Subordinated liabilities		**23,621**	24,600
Total liabilities		**2,727,577**	2,522,484
Equity			
Called up share capital		**10,346**	10,319
Share premium account		**14,268**	13,959
Other equity instruments		**20,914**	20,871
Other reserves		**(301)**	2,127
Retained earnings		**141,809**	136,679
Total shareholders' equity		**187,036**	183,955
Non-controlling interests		**8,185**	8,713
Total equity		**195,221**	192,668
Total liabilities and equity		**2,922,798**	2,715,152

* *For Notes on the interim condensed financial statements, see page 98.*

Consolidated statement of cash flows

	Half-year to		
	30 Jun 2020	30 Jun 2019	31 Dec 2019
	$m	$m	$m
Profit before tax	**4,318**	12,407	940
Adjustments for non-cash items:			
Depreciation, amortisation and impairment	**3,095**	1,522	8,997
Net gain from investing activities	**(405)**	(352)	(47)
Share of profits in associates and joint ventures	**(958)**	(1,324)	(1,030)
Gain on disposal of subsidiaries, businesses, associates and joint ventures	**—**	(828)	(101)
Change in expected credit losses gross of recoveries and other credit impairment charges	**6,875**	1,347	1,665
Provisions including pensions	**277**	1,012	1,411
Share-based payment expense	**195**	288	190
Other non-cash items included in profit before tax	**(718)**	(1,401)	(896)
Change in operating assets	**11,185**	(114,049)	9,818
Change in operating liabilities	**134,734**	136,627	(20,544)
Elimination of exchange differences[1]	**3,775**	(10,266)	6,524
Dividends received from associates	**120**	170	463
Contributions paid to defined benefit plans	**(335)**	(153)	(380)
Tax paid	**(2,373)**	(1,347)	(920)
Net cash from operating activities	**159,785**	23,653	6,090
Purchase of financial investments	**(271,830)**	(234,762)	(211,145)
Proceeds from the sale and maturity of financial investments	**225,733**	204,600	208,586
Net cash flows from the purchase and sale of property, plant and equipment	**(447)**	(532)	(811)
Net cash flows from purchase of customer and loan portfolios	**244**	435	683
Net investment in intangible assets	**(957)**	(951)	(1,338)
Net cash flow on (purchase)/disposal of subsidiaries, businesses, associates and joint ventures	**(409)**	(75)	(8)
Net cash from investing activities	**(47,666)**	(31,285)	(4,033)
Cancellation of shares	**—**	—	(1,000)
Net sales/(purchases) of own shares for market-making and investment purposes	**(48)**	27	114
Redemption of preference shares and other equity instruments	**(398)**	—	—
Subordinated loan capital repaid	**(1,538)**	(4,138)	(72)
Dividends paid to shareholders of the parent company and non-controlling interests	**(1,204)**	(4,271)	(5,502)
Net cash from financing activities	**(3,188)**	(8,382)	(6,460)
Net increase/(decrease) in cash and cash equivalents	**108,931**	(16,014)	(4,403)
Cash and cash equivalents at the beginning of the period[2]	**293,742**	312,911	296,723
Exchange differences in respect of cash and cash equivalents	**(7,455)**	(174)	1,422
Cash and cash equivalents at the end of the period[2]	**395,218**	296,723	293,742

1 *Adjustments to bring changes between opening and closing balance sheet amounts to average rates. This is not done on a line-by-line basis, as details cannot be determined without unreasonable expense.*
2 *At 31 December 2019, HSBC re-presented cash and cash equivalents to reflect a consistent global approach to these amounts. The net effect of these changes decreased cash and cash equivalents by $15.3bn at 30 June 2019.*

Consolidated statement of changes in equity

				Other reserves						
	Called up share capital and share premium	Other equity instru-ments	Retained earnings	Financial assets at FVOCI reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger and other reserves	Total share-holders' equity	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2020	24,278	20,871	136,679	(108)	(2)	(25,133)	27,370	183,955	8,713	192,668
Profit for the period	—	—	2,639	—	—	—	—	2,639	486	3,125
Other comprehensive income (net of tax)	—	—	3,506	1,654	465	(4,559)	—	1,066	(25)	1,041
– debt instruments at fair value through other comprehensive income	—	—	—	1,735	—	—	—	1,735	12	1,747
– equity instruments designated at fair value through other comprehensive income	—	—	—	(81)	—	—	—	(81)	(42)	(123)
– cash flow hedges	—	—	—	—	465	—	—	465	11	476
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	2,354	—	—	—	—	2,354	—	2,354
– remeasurement of defined benefit asset/ liability	—	—	1,195	—	—	—	—	1,195	(13)	1,182
– share of other comprehensive income of associates and joint ventures	—	—	(115)	—	—	—	—	(115)	—	(115)
– effects of hyperinflation	—	—	72	—	—	—	—	72	—	72
– exchange differences	—	—	—	—	—	(4,559)	—	(4,559)	7	(4,552)
Total comprehensive income for the period	—	—	6,145	1,654	465	(4,559)	—	3,705	461	4,166
Shares issued under employee remuneration and share plans	336	—	(329)	—	—	—	—	7	—	7
Dividends to shareholders	—	—	(662)	—	—	—	—	(662)	(542)	(1,204)
Cost of share-based payment arrangements	—	—	195	—	—	—	—	195	—	195
Other movements	—	43	(219)	12	—	—	—	(164)	(447)	(611)
At 30 Jun 2020	24,614	20,914	141,809	1,558	463	(29,692)	27,370	187,036	8,185	195,221
At 1 Jan 2019	23,789	22,367	138,191	(1,532)	(206)	(26,133)	29,777	186,253	7,996	194,249
Profit for the period	—	—	9,216	—	—	—	—	9,216	721	9,937
Other comprehensive income (net of tax)	—	—	(1,297)	1,202	237	92	—	234	93	327
– debt instruments at fair value through other comprehensive income	—	—	—	1,001	—	—	—	1,001	14	1,015
– equity instruments designated at fair value through other comprehensive income	—	—	—	201	—	—	—	201	67	268
– cash flow hedges	—	—	—	—	237	—	—	237	2	239
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	(1,445)	—	—	—	—	(1,445)	—	(1,445)
– remeasurement of defined benefit asset/ liability	—	—	(38)	—	—	—	—	(38)	(7)	(45)
– share of other comprehensive income of associates and joint ventures	—	—	73	—	—	—	—	73	—	73
– effects of hyperinflation	—	—	113	—	—	—	—	113	—	113
– exchange differences	—	—	—	—	—	92	—	92	17	109
Total comprehensive income for the period	—	—	7,919	1,202	237	92	—	9,450	814	10,264
Shares issued under employee remuneration and share plans	490	—	(475)	—	—	—	—	15	—	15
Shares issued in lieu of dividends and amounts arising thereon	—	—	1,160	—	—	—	—	1,160	—	1,160
Dividends to shareholders	—	—	(4,915)	—	—	—	—	(4,915)	(516)	(5,431)
Cost of share-based payment arrangements	—	—	255	—	—	—	—	255	—	255
Other movements	—	—	458	—	—	—	—	458	(96)	362
At 30 Jun 2019	24,279	22,367	142,593	(330)	31	(26,041)	29,777	192,676	8,198	200,874

Consolidated statement of changes in equity (continued)

	Called up share capital and share premium	Other equity instru-ments	Retained earnings	Other reserves: Financial assets at FVOCI reserve	Other reserves: Cash flow hedging reserve	Other reserves: Foreign exchange reserve	Other reserves: Merger and other reserves	Total share-holders' equity	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jul 2019	24,279	22,367	142,593	(330)	31	(26,041)	29,777	192,676	8,198	200,874
Profit for the period	—	—	(1,833)	—	—	—	—	(1,833)	604	(1,229)
Other comprehensive income (net of tax)	—	—	(462)	222	(33)	908	—	635	55	690
– debt instruments at fair value through other comprehensive income	—	—	—	145	—	—	—	145	(8)	137
– equity instruments designated at fair value through other comprehensive income	—	—	—	77	—	—	—	77	21	98
– cash flow hedges	—	—	—	—	(33)	—	—	(33)	—	(33)
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	(557)	—	—	—	—	(557)	—	(557)
– remeasurement of defined benefit asset/liability	—	—	43	—	—	—	—	43	15	58
– share of other comprehensive income of associates and joint ventures	—	—	(52)	—	—	—	—	(52)	—	(52)
– effects of hyperinflation	—	—	104	—	—	—	—	104	—	104
– exchange differences	—	—	—	—	—	908	—	908	27	935
Total comprehensive income for the period	—	—	(2,295)	222	(33)	908	—	(1,198)	659	(539)
Shares issued under employee remuneration and share plans	67	—	(20)	—	—	—	—	47	—	47
Shares issued in lieu of dividends and amounts arising thereon	—	—	1,527	—	—	—	—	1,527	—	1,527
Dividends to shareholders	—	—	(6,768)	—	—	—	—	(6,768)	(261)	(7,029)
Redemption of securities[1]	—	(1,496)	(12)	—	—	—	—	(1,508)	—	(1,508)
Transfers[2]	—	—	2,475	—	—	—	(2,475)	—	—	—
Cost of share-based payment arrangements	—	—	223	—	—	—	—	223	—	223
Cancellation of shares[3]	(68)	—	(1,000)	—	—	—	68	(1,000)	—	(1,000)
Other movements	—	—	(44)	—	—	—	—	(44)	117	73
At 31 Dec 2019	24,278	20,871	136,679	(108)	(2)	(25,133)	27,370	183,955	8,713	192,668

1 *In 2019, HSBC Holdings called and later redeemed $1,500m 5.625% perpetual subordinated capital securities on which there were $12m of external issuance costs.*

2 *Permitted transfers from the merger reserve to retained earnings were made when the investment in HSBC Overseas Holdings (UK) Limited was previously impaired. In 2019, an additional impairment of $2,475m was recognised and a permitted transfer of this amount was made from the merger reserve to retained earnings.*

3 *In August 2019, HSBC announced a share buy-back of up to $1.0bn, which was completed in September 2019.*

Notes on the interim condensed financial statements

1 Basis of preparation and significant accounting policies

(a) Compliance with International Financial Reporting Standards

Our interim condensed consolidated financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and IAS 34 'Interim Financial Reporting', as issued by the International Accounting Standards Board ('IASB') and as endorsed by the EU. Therefore, they include an explanation of events and transactions that are significant to an understanding of the changes in HSBC's financial position and performance since the end of 2019. These financial statements should be read in conjunction with the *Annual Report and Accounts 2019*.

At 30 June 2020, there were no unendorsed standards effective for the half-year to 30 June 2020 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to HSBC.

Standards applied during the half-year to 30 June 2020

There were no new standards or amendments to standards that had an effect on these interim condensed consolidated financial statements.

(b) Use of estimates and judgements

Management believes that our critical accounting estimates and judgements are those that relate to impairment of amortised cost and FVOCI debt financial assets, goodwill impairment, the valuation of financial instruments, deferred tax assets, provisions for liabilities, defined benefit obligations and interests in associates. There were no changes in the current period to the critical accounting estimates and judgements applied in 2019, which are stated on pages 47 and 242 of the *Annual Report and Accounts 2019.* However, the level of estimation uncertainty and judgement for the calculation of expected credit losses ('ECL') has increased since 31 December 2019 as a result of the economic effects of the Covid-19 outbreak as set out in 'Measurement uncertainty and sensitivity analysis' on page 56. In addition, as a result of the heightened economic uncertainty together with the plans announced in the 2020 business update and historical underperformance of certain businesses, the estimates and judgements with regard to the expected cash flows of cash generating units, which are applied to the impairment of non-financial assets other than goodwill, particularly intangible assets, have become more sensitive and resulted in significant impairment charges in the interim reporting period. See Note 11 'Goodwill and intangible assets'.

(c) Composition of Group

There were no material changes in the composition of the Group in the half-year to 30 June 2020.

(d) Future accounting developments

IFRS 17 'Insurance Contracts' was issued in May 2017, with amendments to the standard issued in June 2020. It has not been endorsed for use in the EU. The standard sets out the requirements that an entity should apply in accounting for insurance contracts it issues and reinsurance contracts it holds. Following the amendments, IFRS 17 is effective from 1 January 2023. The Group is in the process of implementing IFRS 17. Industry practice and interpretation of the standard are still developing. Therefore, the likely impact of its implementation remains uncertain.

(e) Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group and parent company have the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows, capital requirements and capital resources. These considerations include stressed scenarios that reflect the increasing uncertainty that the global Covid-19 pandemic has had on HSBC's operations, as well as considering potential impacts from other top and emerging risks, and the related impact on profitability, capital and liquidity.

(f) Accounting policies

Except as described above, the accounting policies that we applied for these interim condensed consolidated financial statements are consistent with those described on pages 240 to 251 of the *Annual Report and Accounts 2019*, as are the methods of computation.

2 Net fee income

	Footnotes	Half-year to 30 Jun 2020 Total $m	30 Jun 2019 Total $m	31 Dec 2019 Total $m
Net fee income by product				
Funds under management		**1,113**	1,067	1,110
Cards		**954**	968	1,007
Broking income		**743**	544	513
Credit facilities		**726**	805	813
Account services		**649**	1,034	969
Underwriting		**552**	446	383
Unit trusts		**455**	546	489
Global custody		**446**	342	375
Remittances		**325**	373	374
Imports/exports		**288**	338	324
Insurance agency commission		**171**	200	177
Other		**1,058**	1,141	1,101
Fee income		**7,480**	7,804	7,635
Less: fee expense		**(1,554)**	(1,680)	(1,736)
Net fee income		**5,926**	6,124	5,899
Net fee income by global business	1			
Wealth and Personal Banking		**2,691**	2,870	2,765
Commercial Banking		**1,630**	1,773	1,617
Global Banking and Markets		**1,608**	1,489	1,550
Corporate Centre		**(3)**	(8)	(33)

1 *A change in reportable segments was made in 2Q20. Comparative data have been re-presented accordingly. For further guidance, refer to Note 5 on page 100.*

3 Dividends

On 31 March 2020, HSBC announced that, in response to a request from the Bank of England through the UK's Prudential Regulation Authority, the Board had cancelled the fourth interim dividend for 2019 of $0.21 per ordinary share, which was scheduled to be paid on 14 April 2020. The Board also announced that until the end of 2020, HSBC will make no quarterly or interim dividend payments or accruals in respect of ordinary shares.

The Board intends to provide an update on the dividend policy at the year-end results for 2020, when the economic impact of the Covid-19 outbreak is better understood. We will also take into account the views of our shareholders, the interests of our other stakeholders and other factors, including our financial performance and capital position.

Dividends paid to shareholders of HSBC Holdings plc

	Half-year to 30 Jun 2020			30 Jun 2019			31 Dec 2019		
	Per share $	**Total $m**	**Settled in scrip $m**	Per share $	Total $m	Settled in scrip $m	Per share $	Total $m	Settled in scrip $m
Dividends paid on ordinary shares									
In respect of previous year:									
– fourth interim dividend	**—**	**—**	**—**	0.21	4,206	1,160	—	—	—
In respect of current year:									
– first interim dividend[1]	**—**	**—**	**—**	—	—	—	0.10	2,013	375
– second interim dividend	**—**	**—**	**—**	—	—	—	0.10	2,021	795
– third interim dividend	**—**	**—**	**—**	—	—	—	0.10	2,029	357
Total	**—**	**—**	**—**	0.21	4,206	1,160	0.30	6,063	1,527
Total dividends on preference shares classified as equity (paid quarterly)	**31.00**	**45**		31.00	45		31.00	45	
Total coupons on capital securities classified as equity		**617**			664			660	
Dividends to shareholders		**662**			4,915			6,768	

1 *At 30 June 2019, HSBC changed its accounting practice on the recognition of interim dividends to recognise them on the date of payment rather than the date of declaration, in line with generally accepted accounting practice.*

Interim condensed financial statements

Total coupons on capital securities classified as equity

	Footnotes	First call date	Per security	Half-year to 30 Jun 2020 Total $m	30 Jun 2019 Total $m	31 Dec 2019 Total $m
Perpetual subordinated contingent convertible securities	1					
– $1,500m issued at 5.625%	2	Nov 2019	$56.250	**—**	42	42
– $2,000m issued at 6.875%		Jun 2021	$68.750	**69**	69	69
– $2,250m issued at 6.375%		Sep 2024	$63.750	**72**	72	71
– $2,450m issued at 6.375%		Mar 2025	$63.750	**78**	78	78
– $3,000m issued at 6.000%		May 2027	$60.000	**90**	90	90
– $2,350m issued at 6.250%		Mar 2023	$62.500	**73**	73	74
– $1,800m issued at 6.500%		Mar 2028	$65.000	**59**	58	59
– €1,500m issued at 5.250%		Sep 2022	€52.500	**44**	45	43
– €1,000m issued at 6.000%		Sep 2023	€60.000	**33**	34	32
– €1,250m issued at 4.750%		July 2029	€47.500	**33**	34	34
– SGD1,000m issued at 4.700%		Jun 2022	SGD47.000	**17**	17	17
– SGD750m issued at 5.000%		Sep 2023	SGD50.000	**13**	14	14
– £1,000m issued at 5.875%		Sep 2026	£58.750	**36**	38	37
Total				**617**	664	660

1 *Discretionary coupons are paid twice a year on the perpetual subordinated contingent convertible securities, in denominations of 1,000 per security in each security's issuance currency.*
2 *This security was called by HSBC Holdings on 22 November 2019 and was redeemed and cancelled on 17 January 2020.*

4 Earnings per share

Basic earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding, excluding own shares held. Diluted earnings per ordinary share is calculated by dividing the basic earnings, which require no adjustment for the effects of dilutive potential ordinary shares, by the weighted average number of ordinary shares outstanding, excluding own shares held, plus the weighted average number of ordinary shares that would be issued on conversion of dilutive potential ordinary shares.

Profit/(loss) attributable to ordinary shareholders of the parent company

	Half-year to 30 Jun 2020 $m	30 Jun 2019 $m	31 Dec 2019 $m
Profit attributable to shareholders of the parent company	**2,639**	9,216	(1,833)
Dividend payable on preference shares classified as equity	**(45)**	(45)	(45)
Coupon payable on capital securities classified as equity	**(617)**	(664)	(660)
Profit/(loss) attributable to ordinary shareholders of the parent company	**1,977**	8,507	(2,538)

Basic and diluted earnings per share

		Half-year to								
		30 Jun 2020			30 Jun 2019			31 Dec 2019		
	Footnotes	**Profit $m**	**Number of shares (millions)**	**Amount per share $**	Profit $m	Number of shares (millions)	Amount per share $	Profit/(loss) $m	Number of shares (millions)	Amount per share $
Basic	1	**1,977**	**20,162**	**0.10**	8,507	20,124	0.42	(2,538)	20,191	(0.13)
Effect of dilutive potential ordinary shares			**58**			65			—	
Diluted	1	**1,977**	**20,220**	**0.10**	8,507	20,189	0.42	(2,538)	20,191	(0.13)

1 *Weighted average number of ordinary shares outstanding (basic) or assuming dilution (diluted).*

5 Segmental analysis

The Group Chief Executive, supported by the rest of the Group Executive Committee ('GEC'), is considered the Chief Operating Decision Maker ('CODM') for the purposes of identifying the Group's reportable segments. Global business results are assessed by the CODM on the basis of adjusted performance that removes the effects of significant items and currency translation from reported results. Therefore, we present these results on an adjusted basis as required by IFRSs. The 2019 adjusted performance information is presented on a constant currency basis. The income statements for the half-years to 30 June 2019 and 31 December 2019 are converted at the average rates of exchange for 2020, and the balance sheets at 30 June 2019 and 31 December 2019 at the prevailing rates of exchange on 30 June 2020.

Our operations are closely integrated and, accordingly, the presentation of data includes internal allocations of certain items of income and expense. These allocations include the costs of certain support services and global functions to the extent that they can be meaningfully attributed to global businesses. While such allocations have been made on a systematic and consistent basis, they necessarily involve a degree of subjectivity. Costs that are not allocated to global businesses are included in Corporate Centre.

Where relevant, income and expense amounts presented include the results of inter-segment funding along with inter-company and inter-business line transactions. All such transactions are undertaken on arm's length terms. The intra-Group elimination items for the global businesses are presented in Corporate Centre.

Change in reportable segments

Effective from 2Q20, we made the following realignments within our internal reporting to the GEC and CODM:

- We simplified our matrix organisational structure by combining Global Private Banking and Retail Banking and Wealth Management to form Wealth and Personal Banking.
- We reallocated our reporting of Balance Sheet Management, hyperinflation accounting in Argentina and Holdings net interest expense from Corporate Centre to the global businesses.

Comparative data have been re-presented accordingly.

Our global businesses

We provide a comprehensive range of banking and related financial services to our customers in our three global businesses. The products and services offered to customers are organised by these global businesses:

- Wealth and Personal Banking ('WPB') provides a full range of retail banking and wealth products to our customers from personal banking to ultra high net worth individuals. Typically, customer offerings include retail banking products, such as current and savings accounts, mortgages and personal loans, credit cards, debit cards and local and international payment services. We also provide wealth management services, including insurance and investment products, global asset management services, investment management and Private Wealth Solutions for customers with more sophisticated and international requirements.
- Commercial Banking ('CMB') offers a broad range of products and services to serve the needs of our commercial customers, including small and medium-sized enterprises, mid-market enterprises and corporates. These include credit and lending, international trade and receivables finance, treasury management and liquidity solutions (payments and cash management and commercial cards), commercial insurance and investments. CMB also offers customers access to products and services offered by other global businesses, such as Global Banking and Markets, which include foreign exchange products, raising capital on debt and equity markets and advisory services.
- Global Banking and Markets ('GBM') provides tailored financial solutions to major government, corporate and institutional clients and private investors worldwide. The client-focused business lines deliver a full range of banking capabilities, including financing, advisory and transaction services, a markets business that provides services in credit, rates, foreign exchange, equities, money markets and securities services, and principal investment activities.

HSBC adjusted profit before tax and balance sheet data

		Half-year to 30 Jun 2020				
		Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	Footnotes	$m	$m	$m	$m	$m
Net operating income before change in expected credit losses and other credit impairment charges	1	11,251	7,000	8,178	48	26,477
– external		9,684	7,431	10,105	(743)	26,477
– inter-segment		1,567	(431)	(1,927)	791	–
of which: net interest income/(expense)		*8,032*	*4,883*	*2,372*	*(804)*	*14,483*
Change in expected credit losses and other credit impairment charges		(2,202)	(3,526)	(1,118)	(12)	(6,858)
Net operating income		9,049	3,474	7,060	36	19,619
Total operating expenses		(7,346)	(3,290)	(4,512)	206	(14,942)
Operating profit		1,703	184	2,548	242	4,677
Share of profit in associates and joint ventures		(8)	–	–	966	958
Adjusted profit before tax		1,695	184	2,548	1,208	5,635
		%	%	%	%	%
Share of HSBC's adjusted profit before tax		30.1	3.3	45.2	21.4	100.0
Adjusted cost efficiency ratio		65.3	47.0	55.2	(429.2)	56.4
Adjusted balance sheet data		$m	$m	$m	$m	$m
Loans and advances to customers (net)		429,487	344,567	243,355	1,272	1,018,681
Interests in associates and joint ventures		425	13	136	24,226	24,800
Total external assets		814,719	549,530	1,390,006	168,543	2,922,798
Customer accounts		775,870	418,263	337,573	674	1,532,380

HSBC adjusted profit before tax and balance sheet data (continued)

		Half-year to 30 Jun 2019[2]				
		Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	Footnotes	$m	$m	$m	$m	$m
Net operating income/(expense) before change in expected credit losses and other credit impairment charges	1	12,861	7,647	7,590	(283)	27,815
– external		10,747	8,087	10,258	(1,277)	27,815
– inter-segment		2,114	(440)	(2,668)	994	—
of which: net interest income/(expense)		*8,525*	*5,466*	*2,667*	*(1,761)*	*14,897*
Change in expected credit losses and other credit impairment (charges)/ recoveries		(527)	(478)	(97)	14	(1,088)
Net operating income/(expense)		12,334	7,169	7,493	(269)	26,727
Total operating expenses		(7,551)	(3,258)	(4,758)	(172)	(15,739)
Operating profit/(loss)		4,783	3,911	2,735	(441)	10,988
Share of profit in associates and joint ventures		41	—	—	1,244	1,285
Adjusted profit before tax		4,824	3,911	2,735	803	12,273
		%	%	%	%	%
Share of HSBC's adjusted profit before tax		39.3	31.9	22.3	6.5	100.0
Adjusted cost efficiency ratio		58.7	42.6	62.7	(60.8)	56.6
Adjusted balance sheet data		$m	$m	$m	$m	$m
Loans and advances to customers (net)		414,611	340,976	246,209	1,184	1,002,980
Interests in associates and joint ventures		451	12	14	23,046	23,523
Total external assets		729,032	506,223	1,319,642	148,668	2,703,565
Customer accounts		714,969	354,806	286,867	505	1,357,147

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
2 A change in reportable segments was made in 2Q20. Comparative data have been re-presented accordingly.

		Half-year to 31 Dec 2019[2]				
Net operating income/(expense) before change in expected credit losses and other credit impairment charges	1	12,492	7,379	7,113	(352)	26,632
– external		10,320	7,871	9,886	(1,445)	26,632
– inter-segment		2,172	(492)	(2,773)	1,093	—
of which: net interest income/(expense)		*8,769*	*5,409*	*2,533*	*(1,495)*	*15,216*
Change in expected credit losses and other credit impairment charges		(829)	(684)	(61)	20	(1,554)
Net operating income/(expense)		11,663	6,695	7,052	(332)	25,078
Total operating expenses		(7,685)	(3,498)	(4,656)	(609)	(16,448)
Operating profit/(loss)		3,978	3,197	2,396	(941)	8,630
Share of profit in associates and joint ventures		11	—	—	1,019	1,030
Adjusted profit before tax		3,989	3,197	2,396	78	9,660
		%	%	%	%	%
Share of HSBC's adjusted profit before tax		41.3	33.1	24.8	0.8	100.0
Adjusted cost efficiency ratio		61.5	47.4	65.5	(173.0)	61.8
Adjusted balance sheet data		$m	$m	$m	$m	$m
Loans and advances to customers (net)		428,834	336,345	240,411	1,071	1,006,661
Interests in associates and joint ventures		445	13	13	23,760	24,231
Total external assets		754,369	496,757	1,233,829	153,539	2,638,494
Customer accounts		735,301	377,691	285,954	710	1,399,656

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
2 A change in reportable segments was made in 2Q20. Comparative data have been presented accordingly.

Reported external net operating income is attributed to countries and territories on the basis of the location of the branch responsible for reporting the results or advancing the funds:

		Half-year to		
		30 Jun 2020	30 Jun 2019	31 Dec 2019
	Footnotes	**$m**	$m	$m
Reported external net operating income by country/territory	1	**26,745**	29,372	26,726
– UK		**4,166**	4,577	4,434
– Hong Kong		**8,703**	9,461	8,988
– US		**2,435**	2,293	2,178
– France		**697**	979	963
– other countries		**10,744**	12,062	10,163

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.

Adjusted results reconciliation

	Footnotes	Half-year to										
		30 Jun 2020			30 Jun 2019				31 Dec 2019			
		Adjusted	**Significant items**	**Reported**	Adjusted	Currency translation	Significant items	Reported	Adjusted	Currency translation	Significant items	Reported
		$m	**$m**	**$m**	$m	$m	$m	$m	$m	$m	$m	$m
Revenue	1	**26,477**	**268**	**26,745**	27,815	681	876	29,372	26,632	281	(187)	26,726
ECL		**(6,858)**	**—**	**(6,858)**	(1,088)	(52)	—	(1,140)	(1,554)	(62)	—	(1,616)
Operating expenses		**(14,942)**	**(1,585)**	**(16,527)**	(15,739)	(453)	(957)	(17,149)	(16,448)	(228)	(8,524)	(25,200)
Share of profit in associates and joint ventures		**958**	**—**	**958**	1,285	39	—	1,324	1,030	—	—	1,030
Profit before tax		**5,635**	**(1,317)**	**4,318**	12,273	215	(81)	12,407	9,660	(9)	(8,711)	940

1 *Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.*

Adjusted balance sheet reconciliation

	At			
	30 Jun 2020	31 Dec 2019		
	Reported and adjusted	Adjusted	Currency translation	Reported
	$m	$m	$m	$m
Loans and advances to customers (net)	**1,018,681**	1,006,661	30,082	1,036,743
Interests in associates and joint ventures	**24,800**	24,231	243	24,474
Total external assets	**2,922,798**	2,638,494	76,658	2,715,152
Customer accounts	**1,532,380**	1,399,656	39,459	1,439,115

Adjusted profit reconciliation

	Footnotes	Half-year to		
		30 Jun 2020	30 Jun 2019	31 Dec 2019
		$m	$m	$m
Adjusted profit before tax		**5,635**	12,273	9,660
Significant items		**(1,317)**	(81)	(8,711)
– customer redress programmes (revenue)		**26**	—	(163)
– disposals, acquisitions and investment in new businesses (revenue)		**(8)**	827	(59)
– fair value movements on financial instruments	1	**299**	50	34
– restructuring and other related costs (revenue)		**(49)**	—	—
– costs of structural reform	2	**—**	(91)	(67)
– customer redress programmes (operating expenses)		**(50)**	(610)	(671)
– impairment of goodwill and other intangible assets		**(1,025)**	—	(7,349)
– restructuring and other related costs (operating expenses)	3	**(505)**	(287)	(540)
– settlements and provisions in connection with legal and other regulatory matters		**(5)**	2	59
– currency translation on significant items			28	45
Currency translation			215	(9)
Reported profit before tax		**4,318**	12,407	940

1 *Includes fair value movements on non-qualifying hedges and debt valuation adjustments on derivatives.*
2 *Comprises costs associated with preparations for the UK's exit from the European Union.*
3 *Includes impairment of software intangible assets of $173m.*

6 Fair values of financial instruments carried at fair value

The accounting policies, control framework and hierarchy used to determine fair values at 30 June 2020 are consistent with those applied for the *Annual Report and Accounts 2019*.

Financial instruments carried at fair value and bases of valuation

	Valuation techniques			
	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
	$m	$m	$m	$m
Recurring fair value measurements				
At 30 Jun 2020				
Assets				
Trading assets	**141,930**	**63,169**	**3,865**	**208,964**
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**16,054**	**15,327**	**10,404**	**41,785**
Derivatives	**2,126**	**307,800**	**3,855**	**313,781**
Financial investments	**311,685**	**89,304**	**3,339**	**404,328**
Liabilities				
Trading liabilities	**63,204**	**16,303**	**105**	**79,612**
Financial liabilities designated at fair value	**1,059**	**150,541**	**5,008**	**156,608**
Derivatives	**2,002**	**297,332**	**3,725**	**303,059**
At 31 Dec 2019				
Assets				
Trading assets	186,653	62,639	4,979	254,271
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	18,626	15,525	9,476	43,627
Derivatives	1,728	239,131	2,136	242,995
Financial investments	261,341	93,018	3,218	357,577
Liabilities				
Trading liabilities	66,925	16,192	53	83,170
Financial liabilities designated at fair value	9,549	149,901	5,016	164,466
Derivatives	1,331	235,864	2,302	239,497

Balances from 2019 have been re-presented to disclose a consistent application of the levelling methodology, primarily for private debt and equity and real estate investments during the period. This resulted in $15.1bn and $2.9bn moving into Levels 2 and 3, respectively, from Level 1. The change has impacted the disclosure for 'Financial investments' and 'Financial assets designated and otherwise mandatorily measured at fair value'.

Transfers between Level 1 and Level 2 fair values

	Assets				Liabilities		
	Financial investments	Trading assets	Designated and otherwise mandatorily measured at fair value	Derivatives	Trading liabilities	Designated at fair value	Derivatives
	$m	$m	$m	$m	$m	$m	$m
At 30 Jun 2020							
Transfers from Level 1 to Level 2	**1,342**	**2,132**	**217**	**—**	**98**	**7,414**	**—**
Transfers from Level 2 to Level 1	**4,353**	**3,025**	**154**	**1**	**355**	**—**	**—**
At 31 Dec 2019							
Transfers from Level 1 to Level 2	7,965	3,304	—	24	278	—	—
Transfers from Level 2 to Level 1	4,184	2,726	673	111	220	—	117

Balances from 2019 have been re-presented to disclose a consistent application of the levelling methodology.

Transfers between levels of the fair value hierarchy are deemed to occur at the end of each quarterly reporting period. Transfers into and out of levels of the fair value hierarchy are primarily attributable to observability of valuation inputs and price transparency.

Fair value adjustments

We adopt the use of fair value adjustments when we take into consideration additional factors not incorporated within the valuation model that would otherwise be considered by a market participant. We classify fair value adjustments as either 'risk-related' or 'model-related'. The majority of these adjustments relate to GBM. Movements in the level of fair value adjustments do not necessarily result in the recognition of profits or losses within the income statement. For example, as models are enhanced, fair value adjustments may no longer be required. Similarly, fair value adjustments will decrease when the related positions are unwound, but this may not result in profit or loss.

Global Banking and Markets fair value adjustments

	Footnotes	At 30 Jun 2020 GBM $m	30 Jun 2020 Corporate Centre $m	31 Dec 2019 GBM $m	31 Dec 2019 Corporate Centre $m
Type of adjustment					
Risk-related		**1,230**	**149**	1,040	125
– bid-offer		**486**	**92**	428	79
– uncertainty		**101**	**1**	115	1
– credit valuation adjustment		**558**	**48**	355	38
– debt valuation adjustment		**(184)**	**—**	(126)	—
– funding fair value adjustment		**239**	**8**	241	7
– other		**30**	**—**	27	—
Model-related		**99**	**5**	71	3
– model limitation		**96**	**5**	68	3
– other		**3**	**—**	3	—
Inception profit (Day 1 P&L reserves)	1	**89**	**—**	72	—
		1,418	**154**	1,183	128

1 *See Note 8 on the interim condensed financial statements on page 110.*

Fair value adjustment changes were driven mainly by an increase in credit valuation adjustment ('CVA') due to widening credit spreads and changes to derivative exposures caused by interest rates moves.

For further details of our risk-related and model-related adjustments, see pages 267 and 268 of the *Annual Report and Accounts 2019.*

Fair value valuation bases

Financial instruments measured at fair value using a valuation technique with significant unobservable inputs – Level 3

	Assets: Financial investments $m	Trading assets $m	Designated and otherwise mandatorily measured at fair value through profit or loss $m	Derivatives $m	Total $m	Liabilities: Trading liabilities $m	Designated at fair value $m	Derivatives $m	Total $m
Private equity including strategic investments	**689**	**3**	**9,756**	**—**	**10,448**	**3**	**—**	**—**	**3**
Asset-backed securities	**1,095**	**674**	**98**	**—**	**1,867**	**—**	**—**	**—**	**—**
Loans held for securitisation	**—**	**1**	**—**	**—**	**1**	**—**	**—**	**—**	**—**
Structured notes	**—**	**3**	**—**	**—**	**3**	**36**	**5,003**	**—**	**5,039**
Derivatives with monolines	**—**	**—**	**—**	**75**	**75**	**—**	**—**	**—**	**—**
Other derivatives	**—**	**—**	**—**	**3,771**	**3,771**	**—**	**—**	**3,717**	**3,717**
Other portfolios	**1,555**	**3,184**	**550**	**9**	**5,298**	**66**	**5**	**8**	**79**
At 30 Jun 2020	**3,339**	**3,865**	**10,404**	**3,855**	**21,463**	**105**	**5,008**	**3,725**	**8,838**
Private equity including strategic investments	716	4	8,831	—	9,551	4	—	—	4
Asset-backed securities	874	934	28	—	1,836	—	—	—	—
Loans held for securitisation	—	1	39	—	40	—	—	—	—
Structured notes	—	3	—	—	3	47	5,016	—	5,063
Derivatives with monolines	—	—	—	66	66	—	—	—	—
Other derivatives	—	—	—	2,070	2,070	—	—	2,302	2,302
Other portfolios	1,628	4,037	578	—	6,243	2	—	—	2
At 31 Dec 2019	3,218	4,979	9,476	2,136	19,809	53	5,016	2,302	7,371

Balances from 2019 have been re-presented to disclose a consistent application of the levelling methodology. This resulted in an increase of $2.9bn of assets in Level 3. 'Other portfolios' increased by $1.4bn and 'Private equity including strategic investments' increased by $1.5bn.

The basis for determining the fair value of the financial instruments in the table above is explained on pages 268 and 269 of the *Annual Report and Accounts 2019*.

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

Movement in Level 3 financial instruments

		Assets				Liabilities		
		Financial investments	Trading assets	Designated and otherwise mandatorily measured at fair value through profit or loss	Derivatives	Trading liabilities	Designated at fair value	Derivatives
	Footnotes	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2020		**3,218**	**4,979**	**9,476**	**2,136**	**53**	**5,016**	**2,302**
Total gains/(losses) recognised in profit or loss		**(13)**	**(541)**	**(106)**	**2,237**	**—**	**(117)**	**2,105**
– net income from financial instruments held for trading or managed on a fair value basis		**—**	**(541)**	**—**	**2,237**	**—**	**—**	**2,105**
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss		**—**	**—**	**(106)**	**—**	**—**	**(117)**	**—**
– gains less losses from financial investments at fair value through other comprehensive income		**(13)**	**—**	**—**	**—**	**—**	**—**	**—**
Total gains/(losses) recognised in other comprehensive income	1	**(29)**	**(171)**	**(4)**	**(147)**	**(2)**	**(78)**	**(162)**
– financial investments: fair value gains/(losses)		**(19)**	**—**	**—**	**—**	**—**	**—**	**—**
– exchange differences		**(10)**	**(171)**	**(4)**	**(147)**	**(2)**	**(78)**	**(162)**
Purchases		**610**	**199**	**1,594**	**—**	**63**	**—**	**—**
New issuances		**—**	**—**	**—**	**—**	**2**	**1,091**	**—**
Sales		**(271)**	**(577)**	**(424)**	**—**	**(1)**	**—**	**—**
Settlements		**(401)**	**(22)**	**(170)**	**(262)**	**(12)**	**(853)**	**(307)**
Transfers out		**(22)**	**(797)**	**(63)**	**(139)**	**(5)**	**(275)**	**(270)**
Transfers in		**247**	**795**	**101**	**30**	**7**	**224**	**57**
At 30 Jun 2020		**3,339**	**3,865**	**10,404**	**3,855**	**105**	**5,008**	**3,725**
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 30 Jun 2020		**—**	**(7)**	**(140)**	**529**	**(3)**	**100**	**1,104**
– net income from financial instruments held for trading or managed on a fair value basis		**—**	**(7)**	**—**	**529**	**(3)**	**—**	**1,104**
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss		**—**	**—**	**(140)**	**—**	**—**	**100**	**—**
At 1 Jan 2019		2,796	6,759	7,080	2,423	58	5,328	1,756
Total gains/(losses) recognised in profit or loss		—	(2)	196	(9)	(4)	246	591
– net income from financial instruments held for trading or managed on a fair value basis		—	(2)	—	(9)	(4)	—	591
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss		—	—	196	—	—	246	—
Total gains/(losses) recognised in other comprehensive income ('OCI')	1	236	(18)	6	(6)	(1)	(6)	(10)
– financial investments: fair value gains/(losses)		238	—	—	—	—	—	—
– exchange differences		(2)	(18)	6	(6)	(1)	(6)	(10)
Purchases		336	1,145	1,214	—	5	118	—
New issuances		—	154	—	—	—	818	—
Sales		(7)	(487)	(87)	—	(9)	(180)	—
Settlements		(240)	(1,691)	(184)	94	—	(396)	(136)
Transfers out		(4)	(409)	(20)	(622)	(9)	(550)	(189)
Transfers in		179	222	40	50	9	18	21
At 30 Jun 2019		3,296	5,673	8,245	1,930	49	5,396	2,033
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 30 Jun 2019		—	2	67	257	(23)	(7)	(320)
– net income from financial instruments held for trading or managed on a fair value basis		—	2	—	257	(23)	—	(320)
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss		—	—	67	—	—	(7)	—

Movement in Level 3 financial instruments (continued)

	Footnotes	Assets				Liabilities		
		Financial investments	Trading assets	Designated at fair value through profit or loss	Derivatives	Trading liabilities	Designated at fair value	Derivatives
		$m	$m	$m	$m	$m	$m	$m
At 1 Jul 2019		3,296	5,673	8,245	1,930	49	5,396	2,033
Total gains/(losses) recognised in profit or loss		6	(110)	391	287	—	(51)	339
– net income from financial instruments held for trading or managed on a fair value basis		—	(110)	—	287	—	—	339
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss		—	—	391	—	—	(51)	—
– gains less losses from financial investments at fair value through other comprehensive income		10	—	—	—	—	—	—
– expected credit loss charges and other credit risk charges		(4)	—	—	—	—	—	—
Total gains/(losses) recognised in other comprehensive income ('OCI')	1	73	94	(10)	55	2	24	62
– financial investments: fair value gains/(losses)		63	—	—	—	—	—	—
– exchange differences		10	94	(10)	55	2	24	62
Purchases		357	1,061	1,292	—	3	39	—
New issuances		—	—	—	—	6	783	—
Sales		(49)	(408)	(189)	—	—	(13)	—
Settlements		(89)	(416)	(250)	(194)	(7)	(652)	(26)
Transfers out		(484)	(1,149)	(3)	(88)	—	(529)	(284)
Transfers in		108	234	—	146	—	19	178
At 31 Dec 2019		3,218	4,979	9,476	2,136	53	5,016	2,302
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 31 Dec 2019		(4)	(22)	465	279	—	57	(407)
– net income from financial instruments held for trading or managed on a fair value basis		—	(22)	—	279	—	—	(407)
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss		—	—	465	—	—	57	—
– loan impairment recoveries and other credit risk provisions		(4)	—	—	—	—	—	—

1 *Included in 'Financial investments: fair value gains/(losses)' in the current year and 'Exchange differences' in the consolidated statement of comprehensive income.*

Balances from 2019 have been re-presented to disclose a consistent application of the levelling methodology. The result of this is an increase of $2.9bn of assets in Level 3. 'Financial investments' increased by $1.2bn and 'Private equity including strategic investments financial assets designated and otherwise mandatorily measured at fair value' increased by $1.7bn.

Transfers between levels of the fair value hierarchy are deemed to occur at the end of each quarterly reporting period. Transfers into and out of levels of the fair value hierarchy are primarily attributable to observability of valuation inputs and price transparency.

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

The following table shows the sensitivity of Level 3 fair values to reasonably possible alternative assumptions:

Sensitivity of fair values to reasonably possible alternative assumptions

	Footnotes	**Reflected in profit or loss**		**Reflected in other comprehensive income**	
		Favourable changes	**Unfavourable changes**	**Favourable changes**	**Unfavourable changes**
		$m	**$m**	**$m**	**$m**
Derivatives, trading assets and trading liabilities	1	**271**	**(268)**	**—**	**—**
Financial assets and liabilities designated and otherwise mandatorily measured at fair value		**625**	**(625)**	**—**	**—**
Financial investments		**28**	**(28)**	**101**	**(104)**
At 30 Jun 2020		**924**	**(921)**	**101**	**(104)**
Derivatives, trading assets and trading liabilities	1	298	(303)	—	—
Financial assets and liabilities designated and otherwise mandatorily measured at fair value		545	(439)	—	—
Financial investments		43	(46)	74	(74)
At 30 Jun 2019		886	(788)	74	(74)
Derivatives, trading assets and trading liabilities	1	255	(230)	—	—
Financial assets and liabilities designated and otherwise mandatorily measured at fair value through profit or loss		618	(503)	—	—
Financial investments		48	(53)	81	(81)
At 31 Dec 2019		921	(786)	81	(81)

1 *'Derivatives, trading assets and trading liabilities' is presented as one category to reflect the manner in which these financial instruments are risk-managed.*

Balances from 2019 have been re-presented to disclose a consistent application of the levelling methodology. The result of this is an increase in 'Financial investments reflected through OCI' and 'Financial asset designated and mandatorily measured at fair value reflected in profit or loss' of $59m and $86m respectively.

The sensitivity analysis aims to measure a range of fair values consistent with the application of a 95% confidence interval. Methodologies take account of the nature of the valuation technique employed, as well as the availability and reliability of observable proxy and historical data.

When the fair value of a financial instrument is affected by more than one unobservable assumption, the table above reflects the most favourable or the most unfavourable change from varying the assumptions individually.

Key unobservable inputs to Level 3 financial instruments

The following table lists key unobservable inputs to Level 3 financial instruments and provides the range of those inputs at 30 June 2020. There has been no change to the key unobservable inputs to Level 3 financial instruments and inter-relationships therein, which are detailed on pages 271 and 272 of the *Annual Report and Accounts 2019*.

Quantitative information about significant unobservable inputs in Level 3 valuations

		Fair value				Full range of inputs	
		Assets	Liabilities		Key unobservable		
	Footnotes	$m	$m	Valuation technique	inputs	Lower	Higher
Private equity including strategic investments		10,448	3	See footnote 1	See footnote 1		
Asset-backed securities		1,867	–				
– CLO/CDO	2	113	–	Market proxy	Prepayment rate	0%	9%
			–	Market proxy	Bid quotes	0	99
– other ABSs		1,754	–	Market proxy	Bid quotes	0	100
Loans held for securitisation		1	–				
Structured notes		3	5,039				
– equity-linked notes		–	3,988	Model – option model	Equity volatility	6%	161%
				Model – option model	Equity correlation	22%	92%
– FX-linked notes		–	579	Model – option model	FX volatility	1%	34%
– other		3	472				
Derivatives with monolines		75	–	Model – discounted cash flow	Credit spread	1.6%	2.1%
Other derivatives		3,771	3,717				
– interest rate derivatives							
securitisation swaps		283	869	Model – discounted cash flow	Prepayment rate	6%	7%
long-dated swaptions		1,778	735	Model – option model	IR volatility	7%	33%
other		412	335				
– FX derivatives							
FX options		109	191	Model – option model	FX volatility	1%	49%
other		142	139				
– equity derivatives							
long-dated single stock options		750	821	Model – option model	Equity volatility	0%	131%
other		192	551				
– credit derivatives							
other		105	76				
Other portfolios		5,298	79				
– structured certificates		1,488	–	Model – discounted cash flow	Credit volatility	11%	11%
– repurchase agreements		778	63				
– other	3	3,032	16				
At 30 Jun 2020		21,463	8,838				

Quantitative information about significant unobservable inputs in Level 3 valuations (continued)

	Footnotes	Fair value Assets $m	Fair value Liabilities $m	Valuation technique	Key unobservable inputs	Full range of inputs Lower	Full range of inputs Higher
Private equity including strategic investments		9,551	4	See footnote 1	See footnote 1	n/a	n/a
Asset-backed securities		1,836	—				
– CLO/CDO	2	373	—	Market proxy	Prepayment rate	0%	9%
				Market proxy	Bid quotes	0	100
– other ABSs		1,463	—	Market proxy	Bid quotes	0	101
Loans held for securitisation		40	—				
Structured notes		3	5,063				
– equity-linked notes		—	3,768	Model – option model	Equity volatility	5%	90%
				Model – option model	Equity correlation	9%	93%
– FX-linked notes		—	1,046	Model – option model	FX volatility	1%	23%
– other		3	249				
Derivatives with monolines		66	—	Model – discounted cash flow	Credit spread	0.4%	2%
Other derivatives		2,070	2,302				
– interest rate derivatives							
securitisation swaps		314	640	Model – discounted cash flow	Prepayment rate	6%	7%
long-dated swaptions		838	51	Model – option model	IR volatility	8%	22%
other		255	155				
– FX derivatives							
FX options		93	218	Model – option model	FX volatility	1%	25%
other		119	104				
– equity derivatives							
long-dated single stock options		230	293	Model – option model	Equity volatility	0%	89%
other		78	712				
– Credit derivatives							
Other		143	129				
Other portfolios		6,243	2				
– structured certificates		1,515	—	Model – discounted cash flow	Credit volatility	4%	4%
– repurchase agreements		1,604	—				
– other	3	3,124	2				
At 31 Dec 2019		19,809	7,371				

1 *See notes on page 271 of the* Annual Report and Accounts 2019.
2 *Collateralised loan obligation/collateralised debt obligation.*
3 *'Other' includes a range of smaller asset holdings.*

Balances from 2019 have been re-presented to disclose a consistent application of the levelling methodology. The result of this is an increase of $2.9bn of assets in Level 3. 'Other portfolios' increased by $1.4bn and 'Private equity including strategic investments' increased by $1.5bn.

7 Fair values of financial instruments not carried at fair value

The bases for measuring the fair values of loans and advances to banks and customers, financial investments, deposits by banks, customer accounts, debt securities in issue, subordinated liabilities and non-trading repurchase and reverse repurchase agreements are explained on pages 273 and 274 of the *Annual Report and Accounts 2019*.

Fair values of financial instruments not carried at fair value on the balance sheet

	At 30 Jun 2020 Carrying amount $m	**At 30 Jun 2020 Fair value $m**	At 31 Dec 2019 Carrying amount $m	At 31 Dec 2019 Fair value $m
Assets				
Loans and advances to banks	**77,015**	**77,122**	69,203	69,247
Loans and advances to customers	**1,018,681**	**1,018,036**	1,036,743	1,037,543
Reverse repurchase agreements – non-trading	**226,345**	**226,402**	240,862	240,906
Financial investments – at amortised cost	**89,781**	**96,434**	85,735	89,061
Liabilities				
Deposits by banks	**82,715**	**82,718**	59,022	58,951
Customer accounts	**1,532,380**	**1,533,284**	1,439,115	1,439,512
Repurchase agreements – non-trading	**112,799**	**112,803**	140,344	140,344
Debt securities in issue	**110,114**	**110,474**	104,555	104,936
Subordinated liabilities	**23,621**	**26,599**	24,600	29,246

Other financial instruments not carried at fair value are typically short term in nature and reprice to current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value.

8 Derivatives

Notional contract amounts and fair values of derivatives by product contract type held by HSBC

	Notional contract amount		Fair value amount					
	Assets and liabilities		Assets			Liabilities		
	Trading	Hedging	Trading	Hedging	Total	Trading	Hedging	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Foreign exchange	**7,383,599**	**36,888**	**83,704**	**366**	**84,070**	**84,600**	**729**	**85,329**
Interest rate	**17,590,866**	**165,107**	**291,177**	**2,522**	**293,699**	**274,938**	**3,550**	**278,488**
Equities	**648,250**	**—**	**10,697**	**—**	**10,697**	**11,836**	**—**	**11,836**
Credit	**329,551**	**—**	**3,661**	**—**	**3,661**	**5,000**	**—**	**5,000**
Commodity and other	**134,410**	**—**	**2,764**	**—**	**2,764**	**3,516**	**—**	**3,516**
Gross total fair values	**26,086,676**	**201,995**	**392,003**	**2,888**	**394,891**	**379,890**	**4,279**	**384,169**
Offset					**(81,110)**			**(81,110)**
At 30 Jun 2020	**26,086,676**	**201,995**	**392,003**	**2,888**	**313,781**	**379,890**	**4,279**	**303,059**
Foreign exchange	8,207,629	31,899	84,083	455	84,538	84,498	740	85,238
Interest rate	17,895,349	177,006	183,668	1,208	184,876	175,095	2,031	177,126
Equities	1,077,347	—	9,053	—	9,053	11,237	—	11,237
Credit	345,644	—	4,744	—	4,744	5,597	—	5,597
Commodity and other	93,245	—	1,523	—	1,523	2,038	—	2,038
Gross total fair values	27,619,214	208,905	283,071	1,663	284,734	278,465	2,771	281,236
Offset					(41,739)			(41,739)
At 31 Dec 2019	27,619,214	208,905	283,071	1,663	242,995	278,465	2,771	239,497

The notional contract amounts of derivatives held for trading purposes and derivatives designated in qualifying hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date, not amounts at risk. Derivative assets and liabilities increased during 1H20, reflecting changes in yield curves and the market environment.

Derivatives valued using models with unobservable inputs

The following table shows the difference between the fair value at initial recognition, which is the transaction price, and the value that would have been derived had valuation techniques used for subsequent measurement been applied at initial recognition, less subsequent releases.

Unamortised balance of derivatives valued using models with significant unobservable inputs

		Half-year to		
		30 Jun	30 Jun	31 Dec
		2020	2019	2019
	Footnotes	**$m**	$m	$m
Unamortised balance at beginning of period		**73**	86	99
Deferral on new transactions		**106**	90	55
Recognised in the income statement during the period		**(87)**	(78)	(76)
– amortisation		**(51)**	(36)	(44)
– subsequent to unobservable inputs becoming observable		**(1)**	(6)	3
– maturity, termination or offsetting derivative		**(35)**	(36)	(35)
Exchange differences		**(3)**	—	1
Other		**—**	1	(6)
Unamortised balance at end of period	*1*	**89**	99	73

1 This amount is yet to be recognised in the consolidated income statement.

Hedge accounting derivatives

The notional contract amounts of derivatives held for hedge accounting purposes indicate the nominal value of transactions outstanding at the balance sheet date, not amounts at risk.

Notional contract amounts of derivatives held for hedging purposes by product type

	At 30 Jun 2020		At 31 Dec 2019	
	Cash flow hedges	**Fair value hedges**	Cash flow hedges	Fair value hedges
	$m	**$m**	$m	$m
Foreign exchange	**26,374**	**14**	21,385	14
Interest rate	**39,590**	**125,517**	54,253	122,753
Total	**65,964**	**125,531**	75,638	122,767

The Group applies hedge accounting in respect of certain consolidated net investments. Hedging is undertaken using forward foreign exchange contracts or by financing with foreign currency borrowings. At 30 June 2020, the notional contract values of outstanding financial instruments designated as hedges of net investments in foreign operations were $10,500m (31 December 2019: $10,500m).

9 Financial investments

Carrying amounts of financial investments

	Footnotes	30 Jun 2020 $m	31 Dec 2019 $m
Financial investments measured at fair value through other comprehensive income		**404,328**	357,577
– treasury and other eligible bills		**130,389**	95,043
– debt securities		**271,859**	260,536
– equity securities		**1,997**	1,913
– other instruments	1	**83**	85
Debt instruments measured at amortised cost		**89,781**	85,735
– treasury and other eligible bills		**12,192**	10,476
– debt securities		**77,589**	75,259
At the end of the period		**494,109**	443,312

1 *'Other instruments' are comprised of loans and advances.*

10 Interests in associates and joint ventures

At 30 June 2020, the carrying amount of HSBC's interests in associates and joint ventures was $24,800m (31 December 2019: $24,474m).

Principal associates of HSBC

	At			
	30 Jun 2020		31 Dec 2019	
	Carrying amount	**Fair value**[1]	Carrying amount	Fair value[1]
	$m	**$m**	$m	$m
Bank of Communications Co., Limited	**19,630**	**8,718**	18,982	10,054
The Saudi British Bank	**4,139**	**3,644**	4,370	5,550

1 *Principal associates are listed on recognised stock exchanges. The fair values are based on the quoted market prices of the shares held (Level 1 in the fair value hierarchy).*

Bank of Communications Co., Limited

The Group's investment in Bank of Communications Co. Limited ('BoCom') is classified as an associate. Significant influence in BoCom was established via representation on BoCom's Board of Directors and participation in a Resource and Experience Sharing agreement ('RES'). Under the RES, HSBC staff have been seconded to assist in the maintenance of BoCom's financial and operating policies. Investments in associates are recognised using the equity method of accounting in accordance with IAS 28 whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of BoCom's net assets. An impairment test is required if there is any indication of impairment.

Impairment testing

At 30 June 2020, the fair value of the Group's investment in BoCom had been below the carrying amount for approximately eight years. As a result, the Group performed an impairment test on the carrying amount, which confirmed that there was no impairment at 30 June 2020 as the recoverable amount, as determined by a value-in-use ('VIU') calculation, was higher than the carrying value.

	At					
	30 Jun 2020			31 Dec 2019		
	VIU	**Carrying value**	**Fair value**	VIU	Carrying value	Fair value
	$bn	**$bn**	**$bn**	$bn	$bn	$bn
BoCom	**20.5**	**19.6**	**8.7**	21.5	19.0	10.1

The decrease in VIU for the first half of 2020 was principally driven by BoCom's actual performance, which was lower than earlier forecasts due to the impact of the Covid-19 outbreak and the disruption to global economic activity, and downward revisions to management's best estimates of BoCom's future earnings.

In future periods, the VIU may increase or decrease depending on the effect of changes to model inputs. The main model inputs are described below and are based on factors observed at the period-end. The factors that could result in a change in the VIU and an impairment include a short-term underperformance by BoCom, a change in regulatory capital requirements, or an increase in uncertainty regarding the future performance of BoCom resulting in a downgrade of the future asset growth or profitability. An increase in the discount rate as a result of an increase in the risk premium or risk-free rates could also result in a reduction of VIU and an impairment. At the point where the carrying value exceeds the VIU, impairment would be recognised.

If the Group did not have significant influence in BoCom, the investment would be carried at fair value rather than the current carrying value.

Basis of recoverable amount

The impairment test was performed by comparing the recoverable amount of BoCom, determined by a VIU calculation, with its carrying amount. The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36. Significant management judgement is required in arriving at the best estimate. There are two main components to the VIU calculation. The first component is management's best estimate of BoCom's earnings, which is based on explicit forecasts over the short to medium term. This results in forecast earnings growth that is lower than recent historical actual growth and also reflects the uncertainty arising from the current economic outlook. Earnings beyond the short to medium term are then extrapolated in perpetuity using a long-term growth rate to derive a terminal value, which comprises the majority of the VIU. The second component is the capital maintenance charge ('CMC'), which is management's forecast of the earnings that need to be withheld in order for BoCom to meet regulatory capital requirements over the forecast period (i.e. CMC is deducted when arriving at management's estimate of future earnings available to ordinary shareholders). The principal inputs to the CMC calculation include estimates of asset growth, the ratio of risk-weighted assets to total assets and the expected minimum regulatory capital requirements. An increase in the CMC as a result of a change to these principal inputs would reduce VIU. Additionally, management considers other factors (including qualitative factors) to ensure that the inputs to the VIU calculation remain appropriate.

Key assumptions in value-in-use calculation

We used a number of assumptions in our VIU calculation, in accordance with the requirements of IAS 36:

- Long-term profit growth rate: 3% (31 December 2019: 3%) for periods after 2023, which does not exceed forecast GDP growth in mainland China and is consistent with forecasts by external analysts.
- Long-term asset growth rate: 3% (31 December 2019: 3%) for periods after 2023, which is the rate that assets are expected to grow to achieve long-term profit growth of 3%.
- Discount rate: 11.24% (31 December 2019: 11.24%), which is based on a capital asset pricing model ('CAPM') calculation for BoCom, using market data. Management also compares the rate derived from the CAPM with discount rates from external sources. The discount rate used is within the range of 10.3% to 15.0% (31 December 2019: 10.0% to 15.0%) indicated by external sources.
- Expected credit losses as a percentage of customer advances: ranges from 0.95% to 1.10% (31 December 2019: 0.95%) in the short to medium term, reflecting increases due to the Covid-19 outbreak and BoCom's actual results. For periods after 2023, the ratio is 0.76% (31 December 2019: 0.76%), which is slightly higher than the historical average.
- Risk-weighted assets as a percentage of total assets: ranges from 61% to 62% (31 December 2019: 61%) in the short to medium term, reflecting increases that may arise from higher expected credit losses as a percentage of customer advances. For periods after 2023, the ratio is 61% (31 December 2019: 61%). These rates are similar to BoCom's actual results in recent years and forecasts disclosed by external analysts.
- Operating income: ranges from 1.3% to 6.2% (31 December 2019: 4.9% to 9.4%) in the short to medium term, and are lower than BoCom's actual results in recent years and the forecasts disclosed by external analysts, reflecting pressures from the Covid-19 outbreak and industry developments in mainland China.
- Cost-income ratio: ranges from 36.2% to 36.6% (31 December 2019: 37.1% to 38.8%) in the short to medium term. These rates are similar to BoCom's actual results and slightly higher than the forecasts disclosed by external analysts.
- Effective tax rate: ranges from 11.0% to 17.9% (31 December 2019:12.0% to 17.0%) in the short to medium term, reflecting BoCom's actual results and an expected increase towards the long-term assumption. For periods after 2023, the rate is 22.5% (31 December 2019: 22.5%), which is slightly higher than the historical average.
- Capital requirements: Capital adequacy ratio: 11.5% (31 December 2019: 11.5%) and tier 1 capital adequacy ratio: 9.5% (31 December 2019: 9.5%), based on the minimum regulatory requirements.

The following table shows the change to each key assumption in the VIU calculation that on its own would reduce the headroom to nil:

Key assumption	Changes to key assumption to reduce headroom to nil
• Long-term profit growth rate	Decrease by 36 basis points
• Long-term asset growth rate	Increase by 32 basis points
• Discount rate	Increase by 41 basis points
• Expected credit losses as a percentage of customer advances	Increase by 6 basis points
• Risk-weighted assets as a percentage of total assets	Increase by 234 basis points
• Operating income	Decrease by 62 basis points
• Cost-income ratio	Increase by 139 basis points
• Long-term effective tax rate	Increase by 320 basis points
• Capital requirements – capital adequacy ratio	Increase by 44 basis points
• Capital requirements – tier 1 capital adequacy ratio	Increase by 137 basis points

The following table further illustrates the impact on VIU of reasonably possible changes to key assumptions. This reflects the sensitivity of the VIU to each key assumption on its own and it is possible that more than one favourable and/or unfavourable change may occur at the same time. The selected rates of reasonably possible changes to key assumptions are largely based on external analysts' forecasts, which can change period to period.

Sensitivity of VIU to reasonably possible changes in key assumptions

	Favourable change			Unfavourable change		
		Increase in VIU	VIU		Decrease in VIU	VIU
	bps	$bn	$bn	bps	$bn	$bn
At 30 Jun 2020						
Long-term profit growth rate	**—**	**—**	**20.5**	**(50)**	**(1.2)**	**19.3**
Long-term asset growth rate	**(50)**	**1.3**	**21.8**	**—**	**—**	**20.5**
Discount rate	**(24)**	**0.6**	**21.1**	**86**	**(1.8)**	**18.7**
Expected credit losses as a percentage of customer advances	**2020 to 2023: 93 2024 onwards: 75**	**0.5**	**21.0**	**2020 to 2023: 108 2024 onwards: 92**	**(2.2)**	**18.3**
Risk-weighted assets as a percentage of total assets	**(190)**	**0.5**	**21.0**	**93**	**(0.5)**	**20.0**
Operating income	**64**	**1.0**	**21.5**	**(69)**	**(0.9)**	**19.6**
Cost-income ratio	**(205)**	**1.5**	**22.0**	**179**	**(1.3)**	**19.2**
Long-term effective tax rate	**(433)**	**1.2**	**21.7**	**250**	**(0.7)**	**19.8**
Capital requirements – capital adequacy ratio	**—**	**—**	**20.5**	**266**	**(6.0)**	**14.5**
Capital requirements – tier 1 capital adequacy ratio	**—**	**—**	**20.5**	**289**	**(4.5)**	**16.0**
At 31 Dec 2019						
Long-term profit growth rate	—	—	21.5	(50)	(1.3)	20.2
Long-term asset growth rate	(50)	1.4	22.9	—	—	21.5
Discount rate	(54)	1.4	22.9	56	(1.2)	20.3
Expected credit losses as a percentage of customer advances	2019 to 2023: 90 2024 onwards: 70	1.0	22.5	2019 to 2023: 108 2024 onwards: 81	(1.2)	20.3
Risk-weighted assets as a percentage of total assets	(96)	0.4	21.9	12	—	21.5
Operating income	14	0.3	21.8	(102)	(1.8)	19.7
Cost-income ratio	(175)	1.0	22.5	95	(1.2)	20.3
Long-term effective tax rate	(352)	1.0	22.5	250	(0.7)	20.8
Capital requirements – capital adequacy ratio	—	—	21.5	337	(8.2)	13.3
Capital requirements – tier 1 capital adequacy ratio	—	—	21.5	322	(6.0)	15.5

Considering the interrelationship of the changes set out in the table above, management estimates that the reasonably possible range of VIU is $17.3bn to $21.9bn (31 December 2019: $18.5bn to $22.8bn). The range is based on the favourable/unfavourable change in the earnings in the short to medium term and long-term expected credit losses as a percentage of customer advances, as set out in the table above. All other long-term assumptions, the discount rate and the basis of the CMC have been kept unchanged when determining the reasonably possible range of the VIU.

The Saudi British Bank

The Group's investment in The Saudi British Bank ('SABB') is classified as an associate. In June 2019, the merger between SABB and Alawwal bank ('Alawwal') became effective, which reduced HSBC's 40% interest in SABB to 29.2%. HSBC remained the largest shareholder in SABB. Significant influence in SABB is established via representation on the Board of Directors. Investments in associates are recognised using the equity method of accounting in accordance with IAS 28, as described previously for BoCom.

Impairment testing

SABB's share price has declined during the period due to oil price volatility and global economic uncertainty arising from the Covid-19 outbreak. At 30 June 2020, the fair value of the Group's investment in SABB ($3.6bn) was below the carrying amount ($4.1bn). As a result, the Group performed an impairment test on the carrying amount, which confirmed no impairment. However, the recoverable amount as determined by a VIU calculation indicated no remaining headroom.

If SABB generates lower profitability (relative to historical trends) over the medium term, there is a risk that our investment in SABB could become impaired.

The basis of recoverable amount

The impairment test was performed by comparing the recoverable amount of SABB, determined by a VIU calculation, with its carrying amount. The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36, which requires significant management judgement. A key component to the VIU calculation is management's best estimate of SABB's earnings, which is based on explicit forecasts over the short to medium term. This reflects the uncertainty arising from the current economic outlook. Earnings beyond the short to medium term are then extrapolated in perpetuity using a long-term growth rate to derive a terminal value, which comprises the majority of the VIU. Additionally, management considers other factors (including qualitative factors) to ensure that the inputs to the VIU calculation remain appropriate.

Key assumptions in value-in-use calculation

We used a number of assumptions in our VIU calculation, in accordance with the requirements of IAS 36:

- Long-term profit growth rate: 2.55% for periods after 2023. This does not exceed forecast GDP growth in Saudi Arabia.
- Long-term asset growth rate: 2.55% for periods after 2023. This is the rate that assets are expected to grow to achieve long-term profit growth of 2.55%.
- Discount rate: 10.2%. This is based on a CAPM calculation for Saudi Arabia using market data. Management also compares the rate derived from the CAPM with cost of capital rates from external sources.
- Management's judgement in estimating the cash flows of SABB: Cash flow projections have considered the scale of the entity following the merger with Alawwal, current market conditions and our macroeconomic outlook.

Sensitivity of VIU to reasonably possible changes in key assumptions

At 30 June 2020, the Group's investment in SABB was sensitive to reasonably possible adverse changes in key assumptions supporting the recoverable amount. The most sensitive inputs to the impairment test are set out in the following table.

Input	Reasonably possible change
• Cash flow projections	Cash flow projections decrease by 5%. This could result in an impairment of $0.1bn.
• Discount rate	Discount rate increases by 50bps. This could result in an impairment of $0.1bn.

11 Goodwill and intangible assets

	Footnotes	30 Jun 2020 $m	31 Dec 2019 $m
Goodwill		5,482	5,590
Present value of in-force long-term insurance business		9,379	8,945
Other intangible assets	1	4,577	5,628
At the end of the period		**19,438**	20,163

1 *Included within other intangible assets is capitalised software with a net carrying amount of $3,861m (31 December 2019: $4,829m).*

We considered the pervasive macroeconomic deterioration caused by the outbreak of Covid-19, along with the impact on forecast profitability in some businesses, to be an indicator of goodwill and capitalised software impairment. As a result, interim impairment tests were performed at 30 June 2020.

Goodwill

Impairment test at 30 June 2020

An interim impairment test was performed by comparing the estimated recoverable amount of a cash generating unit ('CGU') carrying goodwill, determined by a VIU calculation, with its carrying amount. At 30 June 2020, the goodwill allocated to Middle East and North Africa – WPB ($41m) was fully impaired.

As disclosed on page 290 of our *Annual Report and Accounts 2019*, a reasonable change in a single key assumption would not result in impairment of goodwill in our former Europe – RBWM CGU. Though taken together, a combination of reasonable changes in forecast cash flows (30% decrease) and an increase in the discount rate (by 100bps) could result in a recoverable amount that is lower than the CGU's carrying amount. The sensitivity profile of our new Europe – WPB CGU at 30 June 2020 is the same. Details regarding our change in global businesses are set out in Note 5.

No other CGUs are sensitive to changes in key assumptions that would result in impairment.

Other intangible assets

Impairment test at 30 June 2020

An impairment test was performed at 30 June 2020 by comparing the net carrying amount of capitalised software assets with their recoverable amounts. Recoverable amounts were determined by calculating an estimated VIU or fair value, as appropriate, for each underlying business that carries software assets. Our cash flow forecasts have been updated for changes in the external outlook, although current economic and geopolitical risks increase the inherent estimation uncertainty.

We recognised $1.2bn of capitalised software impairment related principally to businesses within HSBC Bank plc, our non-ring-fenced bank in Europe. This impairment reflected underperformance and deterioration in the future forecasts of these businesses, substantially relating to prior periods.

Key assumptions in VIU calculation

We used a number of assumptions in our VIU calculation, in accordance with the requirements of IAS 36:

- Management's judgement in estimating future cash flows: We considered past business performance, the scale of the current impact from the Covid-19 outbreak on our operations, current market conditions and our macroeconomic outlook to estimate future earnings. As required by IFRSs, estimates of future cash flows exclude estimated cash inflows or outflows that are expected to arise from restructuring initiatives before an entity has a constructive obligation to carry out the plan, and would therefore have recognised a provision for restructuring costs. For some businesses, this means that the benefit of certain strategic actions are not included in this impairment assessment, including capital releases.
- Long-term growth rates: The long-term growth rate is used to extrapolate the cash flows in perpetuity because of the long-term perspective of the businesses within the Group. Rates do not exceed forecast inflation for the countries and territories within which the Group operates.
- Discount rates: Rates are based on a CAPM calculation considering market data for the businesses and geographies in which the Group operates. Discount rates ranged from 8.5% to 9.7% for HSBC Bank plc's businesses.

Future software capitalisation

We will continue to invest in digital capabilities to meet our strategic objectives. However, software capitalisation within businesses where impairment was identified will not resume until the performance outlook for each business indicates future profits are sufficient to support capitalisation. The cost of additional software investment in these businesses will be recognised as an operating expense until such time.

12 Provisions

	Footnotes	Restructuring costs	Legal proceedings and regulatory matters	Customer remediation	Other provisions	Total
		$m	$m	$m	$m	$m
Provisions (excluding contractual commitments)						
At 31 Dec 2019		356	605	1,646	280	2,887
Additions		103	20	75	109	307
Amounts utilised		(128)	(70)	(436)	(91)	(725)
Unused amounts reversed		(38)	(29)	(38)	(44)	(149)
Exchange and other movements		(58)	(8)	(99)	25	(140)
At 30 Jun 2020		235	518	1,148	279	2,180
Contractual commitments	1					
At 31 Dec 2019						511
Net change in expected credit loss provision and other movements						518
At 30 Jun 2020						1,029
Total provisions						
At 31 Dec 2019						3,398
At 30 Jun 2020						3,209

1 *The contractual commitments provision includes off-balance sheet loan commitments and guarantees, for which expected credit losses are provided under IFRS 9.*

Further details of 'Legal proceedings and regulatory matters' are set out in Note 14. Legal proceedings include civil court, arbitration or tribunal proceedings brought against HSBC companies (whether by way of claim or counterclaim); or civil disputes that may, if not settled, result in court, arbitration or tribunal proceedings. 'Regulatory matters' refers to investigations, reviews and other actions carried out by, or in response to, the actions of regulators or law enforcement agencies in connection with alleged wrongdoing by HSBC.

Customer remediation refers to HSBC's activities to compensate customers for losses or damages associated with a failure to comply with regulations or to treat customers fairly. Customer remediation is often initiated by HSBC in response to customer complaints and/or industry developments in sales practices, and is not necessarily initiated by regulatory action. Further details of customer remediation are set out in this note.

Further disclosure on 'ECL on undrawn loan commitments and financial guarantees' can be found in the 'Credit risk' section of the 'Interim management report' on page 54.

Payment protection insurance

At 30 June 2020, $613m (31 December 2019: $1.1bn) of the customer remediation provision relates to the estimated liability for redress in respect of the possible mis-selling of PPI policies in previous years. Payments totalling $376m were made during the first six months of 2020.

At 30 June 2020, contact was made with customers who collectively held 3.0 million policies, representing 56% of total policies sold. A total of 5.4 million PPI policies have been sold since 2000, generating estimated revenue of $3.2bn at 30 June 2020. The gross written premiums on these policies were approximately $4.2bn.

As at 30 June 2020, there were an estimated 42,700 complaints still requiring assessment. Historical claim handling processes are monitored on a regular basis, and there remains potential for this review process to lead to additional rework costs in the future. Although the deadline for bringing complaints has passed, customers can still commence litigation for PPI mis-selling. Provision has been made for the best estimate of any obligation to pay compensation in respect of an estimated 43,000 future claims. However, the volume and quality of future claims through legal channels, and the amount of any compensation to be paid, remain uncertain. The provision also includes claims made by the Official Receiver to pursue redress amounts in respect of bankrupt and insolvent customers.

The estimated liability for redress for both single and regular premium policies is calculated on the basis of a refund of the total premiums paid by the customer plus simple interest of 8% per annum (or the rate inherent to the related loan product where higher). Further estimated redress levels are based on historical redress paid to customers per policy.

The PPI provision is based upon assumptions and estimates taken from historical experience. The profile of cases yet to be assessed, whether those submitted prior to the complaints deadline or subsequently via the legal channels, could therefore vary, leading to different uphold rates or average redress levels being used to arrive at the provision.

We continued to monitor available information up until the date of the approval of the financial statements to ensure that the provision estimate was appropriate.

Sensitivity to key assumptions

An increase/decrease in customer redress volumes of 10,000 received through legal channels would increase/decrease the redress provision by approximately $16m, based on observed settlement rates and average redress during the first half of 2020.

13 Contingent liabilities, contractual commitments and guarantees

		At	
		30 Jun	31 Dec
		2020	2019
	Footnotes	**$m**	$m
Guarantees and contingent liabilities:			
– financial guarantees		**18,328**	20,214
– performance and other guarantees		**73,078**	75,933
– other contingent liabilities		**1,094**	1,576
At the end of the period		**92,500**	97,723
Commitments:	1		
– documentary credits and short-term trade-related transactions		**6,201**	6,316
– forward asset purchases and forward deposits placed		**91,849**	56,326
– standby facilities, credit lines and other commitments to lend		**740,023**	734,966
At the end of the period		**838,073**	797,608

1 *Includes $648,156m of commitments at 30 June 2020 (31 December 2019: $600,029m), to which the impairment requirements in IFRS 9 are applied where HSBC has become party to an irrevocable commitment.*

The preceding table discloses the nominal principal amounts of off-balance sheet liabilities and commitments for the Group, which represent the maximum amounts at risk should the contracts be fully drawn upon and the clients default. As a significant portion of guarantees and commitments are expected to expire without being drawn upon, the total of the nominal principal amounts is not indicative of future liquidity requirements. The expected credit loss provision relating to guarantees and commitments under IFRS 9 is disclosed in Note 12.

The majority of the guarantees have a term of less than one year, while guarantees with terms of more than one year are subject to HSBC's annual credit review process.

Contingent liabilities arising from legal proceedings, regulatory and other matters against Group companies are disclosed in Notes 12 and 14.

14 Legal proceedings and regulatory matters

HSBC is party to legal proceedings and regulatory matters in a number of jurisdictions arising out of its normal business operations. Apart from the matters described below, HSBC considers that none of these matters are material. The recognition of provisions is determined in accordance with the accounting policies set out in Note 1 of the *Annual Report and Accounts 2019.* While the outcomes of legal proceedings and regulatory matters are inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of these matters as at 30 June 2020 (see Note 12). Where an individual provision is material, the fact that a provision has been made is stated and quantified, except to the extent that doing so would be seriously prejudicial. Any provision recognised does not constitute an admission of wrongdoing or legal liability. It is not practicable to provide an aggregate estimate of potential liability for our legal proceedings and regulatory matters as a class of contingent liabilities.

Bernard L. Madoff Investment Securities LLC

Bernard L. Madoff ('Madoff') was arrested in December 2008 and later pleaded guilty to running a Ponzi scheme. His firm, Bernard L. Madoff Investment Securities LLC ('Madoff Securities'), is being liquidated in the US by a trustee (the 'Trustee').

Various non-US HSBC companies provided custodial, administration and similar services to a number of funds incorporated outside the US whose assets were invested with Madoff Securities. Based on information provided by Madoff Securities as at 30 November 2008, the purported aggregate value of these funds was $8.4bn, including fictitious profits reported by Madoff.

Based on information available to HSBC, the funds' actual transfers to Madoff Securities minus their actual withdrawals from Madoff Securities during the time HSBC serviced the funds are estimated to have totalled approximately $4bn. Various HSBC companies have been named as defendants in lawsuits arising out of Madoff Securities' fraud.

US litigation: The Trustee has brought lawsuits against various HSBC companies and others in the US Bankruptcy Court for the Southern District of New York (the 'US Bankruptcy Court'), seeking recovery of transfers from Madoff Securities to HSBC in an amount not yet pleaded or determined. HSBC and other parties to the actions have moved to dismiss the Trustee's claims. The US Bankruptcy Court granted HSBC's motion to dismiss with respect to certain of the Trustee's claims in November 2016. In February 2019, the US Court of Appeals for the Second Circuit (the 'Second Circuit Court of Appeals') reversed that dismissal. Following the US Supreme Court's denial of certiorari in June 2020, the cases were remanded to the US Bankruptcy Court, where they are now pending.

Fairfield Sentry Limited, Fairfield Sigma Limited and Fairfield Lambda Limited (together, 'Fairfield') (in liquidation since July 2009) have brought a lawsuit in the US against fund shareholders, including HSBC companies that acted as nominees for clients, seeking restitution of redemption payments. In December 2018, the US Bankruptcy Court issued an opinion, which ruled in favour of the defendants' motion to dismiss in respect of certain claims by the liquidators for Fairfield and granted a motion by the liquidators to file amended complaints. As a result of that opinion, all claims against one of the HSBC companies were dismissed, and certain claims against the remaining HSBC defendants were also dismissed. In May 2019, the liquidators appealed certain issues from the US Bankruptcy Court to the US District Court for the Southern District of New York (the 'New York District Court') and, in January 2020, the liquidators filed amended complaints on the claims remaining in the US Bankruptcy Court. In March 2020, HSBC and other parties to the action moved to dismiss the amended complaints in the US Bankruptcy Court.

UK litigation: The Trustee has filed a claim against various HSBC companies in the High Court of England and Wales, seeking recovery of transfers from Madoff Securities to HSBC in an amount not yet pleaded or determined. The deadline for service of the claim has been extended to September 2020 for UK-based defendants and November 2020 for all other defendants.

Cayman Islands litigation: In February 2013, Primeo Fund ('Primeo') (in liquidation since April 2009) brought an action against HSBC Securities Services Luxembourg ('HSSL') and Bank of Bermuda (Cayman) Limited (now known as HSBC Cayman Limited), alleging breach of contract and breach of fiduciary duty and claiming damages and equitable compensation. The trial concluded in February 2017 and, in August 2017, the court dismissed all claims against the defendants. In September 2017, Primeo appealed to the Court of Appeal of the Cayman Islands and, in June 2019, the Court of Appeal of the Cayman Islands dismissed Primeo's appeal. In August 2019, Primeo filed a notice of appeal to the UK Privy Council, which has listed the hearing for April 2021.

Luxembourg litigation: In April 2009, Herald Fund SPC ('Herald') (in liquidation since July 2013) brought an action against HSSL before the Luxembourg District Court, seeking restitution of cash and securities that Herald purportedly lost because of Madoff Securities' fraud, or money damages. The Luxembourg District Court dismissed Herald's securities restitution claim, but reserved Herald's cash restitution claim and its claim for money damages. Herald has appealed this judgment to the Luxembourg Court of Appeal, where the matter is pending. In late 2018, Herald brought additional claims against HSSL and HSBC Bank plc before the Luxembourg District Court, seeking further restitution and damages.

In October 2009, Alpha Prime Fund Limited ('Alpha Prime') brought an action against HSSL before the Luxembourg District Court, seeking the restitution of securities, or the cash equivalent, or money damages. In December 2018, Alpha Prime brought additional claims before the Luxembourg District Court seeking damages against various HSBC companies. These matters are currently pending before the Luxembourg District Court.

In December 2014, Senator Fund SPC ('Senator') brought an action against HSSL before the Luxembourg District Court, seeking restitution of securities, or the cash equivalent, or money damages. In April 2015, Senator commenced a separate action against the Luxembourg branch of HSBC Bank plc asserting identical claims before the Luxembourg District Court. In December 2018, Senator brought additional claims against HSSL and HSBC Bank plc Luxembourg branch before the Luxembourg District Court, seeking restitution of Senator's securities or money damages. These matters are currently pending before the Luxembourg District Court.

Ireland litigation: In November 2013, Defender Limited brought an action against HSBC Institutional Trust Services (Ireland) Limited ('HTIE') and others, based on allegations of breach of contract and claiming damages and indemnification for fund losses. The trial commenced in October 2018. In December 2018, the Irish High Court issued a judgment in HTIE's favour on a preliminary issue, holding that Defender Limited had no effective claim against HTIE. This judgment concluded the trial without further issues in dispute being heard. In February 2019, Defender Limited appealed the decision. In July 2020, the Irish Supreme Court ruled in part in favour of Defender Limited and returned the case to the High Court for further proceedings.

There are many factors that may affect the range of possible outcomes, and any resulting financial impact, of the various Madoff-related proceedings described above, including but not limited to the multiple jurisdictions in which the proceedings have been brought. Based upon the information currently available, management's estimate of the possible aggregate damages that might arise as a result of all claims in the various Madoff-related proceedings is up to or exceeding $500m, excluding costs and interest. Due to uncertainties and limitations of this estimate, any possible damages that might ultimately arise could differ significantly from this amount.

Anti-money laundering and sanctions-related matters

In December 2012, among other agreements, HSBC Holdings agreed to an undertaking with the UK Financial Services Authority, which was replaced by a Direction issued by the UK Financial Conduct Authority ('FCA') in 2013, and again in July 2020, and consented to a cease-and-desist order with the US Federal Reserve Board ('FRB'), both of which contained certain forward-looking anti-money laundering ('AML') and sanctions-related obligations. HSBC also agreed to retain an independent compliance monitor (who is, for FCA purposes, a 'Skilled Person' under section 166 of the Financial Services and Markets Act and, for FRB purposes, an 'Independent Consultant') to produce periodic assessments of the Group's AML and sanctions compliance programme (the 'Skilled Person/ Independent Consultant'). In December 2012, HSBC Holdings also entered into an agreement with the Office of Foreign Assets Control ('OFAC') regarding historical transactions involving parties subject to OFAC sanctions. HSBC's engagement with the Skilled Person appointed pursuant to the 2013 Direction was terminated in February 2020 and a new Skilled Person with a narrower mandate has been appointed to assess the remaining areas that require further work in order for HSBC to transition fully to business-as-usual financial crime risk management. The Independent Consultant will continue to carry out an annual OFAC compliance review at the FRB's discretion. The role of the Skilled Person/Independent Consultant is discussed on page 145 of the *Annual Report and Accounts 2019*.

Through the Skilled Person/Independent Consultant's prior reviews, as well as internal reviews conducted by HSBC, certain potential AML and sanctions compliance issues have been identified that HSBC is reviewing further with the FRB, FCA and/or OFAC. The Financial Crimes Enforcement Network of the US Treasury Department, as well as the Civil Division of the US Attorney's Office for the Southern District of New York, are investigating the collection and transmittal of third-party originator information in certain payments instructed over HSBC's proprietary payment systems. The FCA is also conducting an investigation into HSBC Bank plc's and HSBC UK Bank plc's compliance with UK money laundering regulations and financial crime systems and controls requirements. HSBC is cooperating with all of these investigations.

In May 2014, a shareholder derivative action was filed by a shareholder of HSBC Holdings purportedly on behalf of HSBC Holdings, HSBC Bank USA N.A. ('HSBC Bank USA'), HSBC North America Holdings Inc. and HSBC USA Inc. (the 'Nominal Corporate Defendants') in New York state court against certain current and former directors and officers of the Nominal Corporate Defendants (the 'Individual Defendants'). The complaint alleges that the Individual Defendants breached their fiduciary duties to the Nominal Corporate Defendants and caused a waste of corporate assets by allegedly permitting and/or causing the conduct underlying the five-year deferred prosecution agreement with the US Department of Justice ('DoJ'), entered into in December 2012. In November 2015, the New York state court granted the Nominal Corporate Defendants' motion to dismiss, but the appellate court reversed the decision in November 2018 and reinstated the action. In June 2020, the parties reached an agreement to resolve this derivative action. In July 2020, the court granted preliminary approval of the settlement, under which HSBC will receive a payment from directors and officers liability insurance carriers and will continue for a period of time certain corporate governance practices. The final settlement approval hearing has been scheduled for October 2020.

Since November 2014, a number of lawsuits have been filed in federal courts in the US against various HSBC companies and others on behalf of plaintiffs who are, or are related to, victims of terrorist attacks in the Middle East or of cartel violence in Mexico. In each case, it is alleged that the defendants aided and abetted the unlawful conduct of various sanctioned parties in violation of the US Anti-Terrorism Act. Currently, 10 actions remain pending in federal courts in New York or the District of Columbia. In March, September and October 2019, the courts granted HSBC's motions to dismiss in three of these cases. The plaintiffs have appealed the decisions in two of these cases and are seeking certification to appeal in the third case. HSBC has filed motions to dismiss in three further cases, two of which were granted in June 2020, while the third remains pending. The four remaining actions are at a very early stage.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

London interbank offered rates, European interbank offered rates and other benchmark interest rate investigations and litigation

Euro interest rate derivatives: In December 2016, the European Commission (the 'EC') issued a decision finding that HSBC, among other banks, engaged in anti-competitive practices in connection with the pricing of euro interest rate derivatives in early 2007. The EC imposed a fine on HSBC based on a one-month infringement. HSBC appealed the decision and, in September 2019, the General Court of the European Union (the 'General Court') issued a decision largely upholding the EC's findings on liability but annulling the fine. HSBC and the EC have both appealed the General Court's decision to the European Court of Justice.

US dollar Libor: Beginning in 2011, HSBC and other panel banks have been named as defendants in a number of private lawsuits filed in the US with respect to the setting of US dollar Libor. The complaints assert claims under various US laws, including US antitrust and racketeering laws, the US Commodity Exchange Act ('US CEA') and state law. The lawsuits include individual and putative class actions, most of which have been transferred and/or consolidated for pre-trial purposes before the New York District Court.

In 2017 and 2018, HSBC reached agreements with plaintiffs to resolve putative class actions brought on behalf of the following five groups of plaintiffs: persons who purchased US dollar Libor-indexed bonds; persons who purchased US dollar Libor-indexed exchange-traded instruments; US-based lending institutions that made or purchased US dollar Libor-indexed loans (the 'Lender class'); persons who purchased US dollar Libor-indexed interest rate swaps and other instruments directly from the defendant banks and their affiliates (the 'OTC class'); and persons who purchased US dollar Libor-indexed interest rate swaps and other instruments from certain financial institutions that are not the defendant banks or their affiliates. During 2018, the New York District Court granted final approval of the settlements with the OTC and Lender classes. The remaining settlements are subject to final court approval. Additionally, a number of other US dollar Libor-related actions remain pending against HSBC in the New York District Court and the Second Circuit Court of Appeals.

Intercontinental Exchange ('ICE') Libor: Between January and March 2019, HSBC and other panel banks were named as defendants in three putative class actions filed in the New York District Court on behalf of persons and entities who purchased instruments paying interest indexed to US dollar ICE Libor from a panel bank. The complaints allege, among other things, misconduct related to the suppression of this benchmark rate in violation of US antitrust and state law. In July 2019, the three putative class actions were consolidated, and the plaintiffs filed a consolidated amended complaint. In March 2020, the court granted the defendants' joint motion to dismiss in its entirety. The plaintiffs have appealed.

Singapore interbank offered rate ('Sibor'), Singapore swap offer rate ('SOR') and Australia bank bill swap rate ('BBSW'): In July and August 2016, HSBC and other panel banks were named as defendants in two putative class actions filed in the New York District Court on behalf of persons who transacted in products related to the Sibor, SOR and BBSW benchmark rates. The complaints allege, among other things, misconduct related to these benchmark rates in violation of US antitrust, commodities and racketeering laws, and state law.

In the Sibor/SOR litigation, following a decision on the defendants' motion to dismiss in October 2018, the claims against a number of HSBC entities were dismissed, and The Hongkong and Shanghai Banking Corporation Limited ('HBAP') remained as the only HSBC defendant in this action. In October 2018, HBAP filed a motion for reconsideration of the decision based on the issue of personal jurisdiction. This motion was denied in April 2019. Also in October 2018, the plaintiffs filed a third amended complaint naming only the Sibor panel members, including HBAP, as defendants. The court dismissed the third amended complaint in its entirety in July 2019 against all defendants. In August 2019, the plaintiffs filed an appeal to the Second Circuit Court of Appeals, which remains pending.

In the BBSW litigation, in November 2018, the court dismissed all foreign defendants, including all the HSBC entities, on personal jurisdiction grounds. In April 2019, the plaintiffs filed an amended complaint, which the defendants moved to dismiss. In February 2020, the court again dismissed the plaintiffs' amended complaint against all the HSBC entities.

There are many factors that may affect the range of outcomes, and the resulting financial impact, of these matters, which could be significant.

Foreign exchange-related investigations and litigation

Various regulators and competition authorities around the world, including in the EU, Brazil and South Africa, are conducting investigations and reviews into trading by HSBC and others on the foreign exchange markets. HSBC is cooperating with these investigations and reviews.

In January 2018, HSBC Holdings entered into a three-year deferred prosecution agreement with the Criminal Division of the DoJ (the 'FX DPA'), regarding fraudulent conduct in connection with two particular transactions in 2010 and 2011. This concluded the DoJ's investigation into HSBC's historical foreign exchange activities. Under the terms of the FX DPA, HSBC has a number of ongoing obligations, including implementing enhancements to its internal controls and procedures in its Global Markets business, which will be the subject of annual reports to the DoJ. In addition, HSBC agreed to pay a financial penalty and restitution.

In December 2016, Brazil's Administrative Council of Economic Defense initiated an investigation into the onshore foreign exchange market and identified a number of banks, including HSBC, as subjects of its investigation.

In June 2020, the Competition Commission of South Africa, having initially referred a complaint for proceedings before the South African Competition Tribunal in February 2017, filed a revised complaint against 28 financial institutions, including HSBC Bank plc and HSBC Bank USA, for alleged anti-competitive behaviour in the South African foreign exchange market.

In October 2018, HSBC Holdings and HSBC Bank plc received an information request from the EC concerning potential coordination in foreign exchange options trading. In May 2020, HSBC was informed that the EC had discontinued its investigation and does not intend to take further action.

In late 2013 and early 2014, various HSBC companies and other banks were named as defendants in various putative class actions consolidated in the New York District Court. The consolidated complaint alleged, among other things, that the defendants conspired to manipulate the WM/Reuters foreign exchange benchmark rates. In September 2015, HSBC reached an agreement with the plaintiffs to resolve the consolidated action, and the court granted final approval of the settlement in August 2018.

A putative class action complaint making similar allegations on behalf of retail customers of foreign exchange products was filed in the US District Court for the Northern District of California in 2015, and was subsequently transferred to the New York District Court where it remains pending. In 2017, putative class action complaints making similar allegations on behalf of purported indirect purchasers of foreign exchange products were filed in New York and were subsequently consolidated in the New York District Court. In April 2020, HSBC reached an agreement with the plaintiffs to resolve the indirect purchaser action. The settlement remains subject to final court approval.

In September 2018, various HSBC companies and other banks were named as defendants in two motions for certification of class actions filed in Israel alleging foreign exchange-related misconduct. In July 2019, the Tel Aviv Court allowed the plaintiffs to consolidate their claims and, in September 2019, the plaintiffs filed a motion for certification of the consolidated class action.

In November and December 2018, complaints alleging foreign exchange-related misconduct were filed in the New York District Court and the High Court of England and Wales against HSBC and other defendants by certain plaintiffs that opted out of the US class action settlement. In May 2020, the court granted in part and denied in part the defendants' motion to dismiss the US opt-out actions. These matters remain at an early stage. It is possible that additional civil actions will be initiated against HSBC in relation to its historical foreign exchange activities.

There are many factors that may affect the range of outcomes, and the resulting financial impact, of these matters, which could be significant.

Precious metals fix-related litigation

Gold: Beginning in March 2014, numerous putative class actions were filed in the New York District Court and the US District Courts for the District of New Jersey and the Northern District of California, naming HSBC and other members of The London Gold Market Fixing Limited as defendants. The complaints allege that, from January 2004 to June 2013, the defendants conspired to manipulate the price of gold and gold derivatives for their collective benefit in violation of US antitrust laws, the US CEA and New York state law. The actions were consolidated in the New York District Court. The defendants' motion to dismiss the consolidated action was granted in part and denied in part in October 2016. In June 2017, the court granted the plaintiffs leave to file a third amended complaint, naming a new defendant. The court has denied the pre-existing defendants' request for leave to file a joint motion to dismiss, and discovery is proceeding.

Beginning in December 2015, numerous putative class actions under Canadian law were filed in the Ontario and Quebec Superior Courts of Justice against various HSBC companies and other financial institutions. The plaintiffs allege that, among other things, from January 2004 to March 2014, the defendants conspired to manipulate the price of gold and gold derivatives in violation of the Canadian Competition Act and common law. These actions are at an early stage.

Silver: Beginning in July 2014, numerous putative class actions were filed in federal district courts in New York, naming HSBC and other members of The London Silver Market Fixing Limited as defendants. The complaints allege that, from January 2007 to December 2013, the defendants conspired to manipulate the price of silver and silver derivatives for their collective benefit in violation of US antitrust laws, the US CEA and New York state law. The actions were consolidated in the New York District Court. The defendants' motion to dismiss the consolidated action was granted in part and denied in part in October 2016. In June 2017, the court granted the plaintiffs leave to file a third amended complaint, which names several new defendants. The court has denied the pre-existing defendants' request for leave to file a joint motion to dismiss, and discovery is proceeding.

In April 2016, two putative class actions under Canadian law were filed in the Ontario and Quebec Superior Courts of Justice against various HSBC companies and other financial institutions. The plaintiffs in both actions allege that, from January 1999 to August 2014, the defendants conspired to manipulate the price of silver and silver derivatives in violation of the Canadian Competition Act and common law. The Ontario action is at an early stage. The Quebec action has been temporarily stayed.

Platinum and palladium: Between late 2014 and early 2015, numerous putative class actions were filed in the New York District Court, naming HSBC and other members of The London Platinum and Palladium Fixing Company Limited as defendants. The complaints allege that, from January 2008 to November 2014, the defendants conspired to manipulate the price of platinum group metals ('PGM') and PGM-based financial products for their collective benefit in violation of US antitrust laws and the US CEA. In March 2017, the defendants' motion to dismiss the second amended consolidated complaint was granted in part and denied in part. In June 2017, the plaintiffs filed a third amended complaint. In March 2020, the court granted the defendants' motion to dismiss the third amended complaint but granted the plaintiffs leave to re-plead certain claims. The plaintiffs have filed an appeal.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

Film finance litigation

In July and November 2015, two actions were brought by individuals against HSBC Private Bank (UK) Limited ('PBGB') in the High Court of England and Wales seeking damages on various alleged grounds, including breach of duty to the claimants, in connection with their participation in certain Ingenious film finance schemes. These actions are ongoing.

In December 2018, a separate action was brought against PBGB in the High Court of England and Wales by multiple claimants seeking damages for alleged unlawful means conspiracy and dishonest assistance in connection with lending provided by PBGB to third parties in respect of certain Ingenious film finance schemes in which the claimants participated. In June 2019, a similar claim was issued against PBGB in the High Court of England and Wales by additional claimants. These actions are ongoing.

In June 2020, two separate claims were issued against HSBC UK Bank plc (as successor to PBGB's business) by two separate groups of investors in Eclipse film finance schemes in connection with PBGB's role in facilitating the design, promotion and operation of such schemes. Only one of these claims has been served to date. These matters are at an early stage.

In February 2020, a claim was issued against HSBC UK Bank plc (as successor to PBGB's business) by two individuals in relation to the Zeus film finance schemes. Separately, in June 2020, HSBC UK Bank plc received an application for disclosure of documents by a law firm acting on behalf of a number of investors in the Zeus schemes. These matters are at an early stage.

It is possible that additional actions or investigations will be initiated against HSBC UK Bank plc as a result of PBGB's historical involvement in the provision of certain film finance-related services.

Based on the facts currently known, it is not practicable to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

Other regulatory investigations, reviews and litigation

HSBC Holdings and/or certain of its affiliates are subject to a number of other investigations and reviews by various regulators and competition and law enforcement authorities, as well as litigation, in connection with various matters relating to the firm's businesses and operations, including:

- investigations by tax administration, regulatory and law enforcement authorities in Argentina, India and elsewhere in connection with allegations of tax evasion or tax fraud, money laundering and unlawful cross-border banking solicitation;
- an investigation by the US Commodity Futures Trading Commission regarding interest rate swap transactions related to bond issuances;
- an investigation by the Swiss Competition Commission in connection with the setting of Euribor and Japanese yen Libor;
- an investigation by the FCA in connection with collections and recoveries operations in the UK;
- an information request from the UK Competition and Markets Authority concerning the financial services sector;
- putative class actions brought in the New York District Court relating to the Mexican government bond market, the US government-sponsored enterprise bond market, and the market for US dollar-denominated supranational sovereign and agency bonds;
- two group actions pending in the US courts and a claim issued in the High Court of England and Wales in connection with HSBC Bank plc's role as a correspondent bank to Stanford International Bank Ltd from 2003 to 2009; and
- litigation brought against various HSBC companies in the US courts relating to residential mortgage-backed securities, based primarily on (a) claims brought against HSBC Bank USA in connection with its role as trustee on behalf of various securitisation trusts; and (b) claims against several HSBC companies seeking that the defendants repurchase various mortgage loans.

There are many factors that may affect the range of outcomes, and the resulting financial impact, of these matters, which could be significant.

15 Transactions with related parties

There were no changes in the related party transactions described in the *Annual Report and Accounts 2019* that have had a material effect on the financial position or performance of HSBC in the half-year to 30 June 2020. All related party transactions that took place in the half-year to 30 June 2020 were similar in nature to those disclosed in the *Annual Report and Accounts 2019*.

16 Events after the balance sheet date

In its assessment of events after the balance sheet date, HSBC has considered and concluded that no material events have occurred resulting in adjustments to the financial statements.

17 Interim Report 2020 and statutory accounts

The information in this *Interim Report 2020* is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. This *Interim Report 2020* was approved by the Board of Directors on 3 August 2020. The statutory accounts of HSBC Holdings plc for the year ended 31 December 2019 have been delivered to the Registrar of Companies in England and Wales in accordance with section 447 of the Companies Act 2006. The Group's auditor PricewaterhouseCoopers LLP ('PwC') has reported on those accounts. Its report was unqualified, did not include a reference to any matters to which PwC drew attention by way of emphasis without qualifying its report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

APPENDIX II

REPRODUCTION OF THE PRESS RELEASE DATED 3 AUGUST 2020 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

The information set out below is a reproduction of the press release dated 3 August 2020 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 2020.

SOCIETE GENERALE

RESULTS AT JUNE 30TH 2020

Press release
Paris, August 3rd 2020

Q2 20 AND H1 20 PERFORMANCE MARKED BY THE COVID CRISIS; REBOUND FROM MID-MAY

French Retail Banking and International Retail Banking activities impacted in the first half of Q2 20; rebound from mid-May
Resilient activities in Insurance, Private Banking and Transaction Banking
Good performance in Financing & Advisory and Fixed Income & Currencies; ongoing unfavourable market conditions for structured products in April and May and gradual recovery from mid-May
Non-cash exceptional items related to the review of the trajectory of Global Markets & Investor Services: impairment of goodwill for EUR -684m and deferred tax assets for EUR -650m
Group net income of EUR -1,264m in Q2 20 (EUR -1,590m in H1 20) and Group net income restated for non-cash exceptional items of EUR +70m in Q2 20

SHARP DECLINE IN COSTS

Decline in operating expenses of -9.6% in Q2 20 and -5.8% in H1 20, reinforcing the objective **of underlying operating expenses of EUR 16.5bn in 2020**
Objective to decrease costs in the medium term

HALF OF THE COST OF RISK IMPACTED BY IFRS9 EFFECTS AND COUNTERPARTY RATING DOWNGRADES

Net cost of risk of EUR 1,279m in Q2 20 (x4 vs. Q2 19), including EUR 653m related to provisions for expected credit losses in Stage 1 and Stage 2; Cost of risk at 81 basis points in H1 20
2020 cost of risk expected to be at the low end of the 70 to 100 basis points range

SOLID CAPITAL AND LIQUIDITY POSITION

CET1 ratio of 12.5%[(1)] (12.6% pro-forma[(2)]) at June 30th 2020, i.e. nearly 350 basis points above the regulatory requirement
81% of the financing programme achieved; LCR of 167%[(3)]
CET1 ratio expected to be at the high-end of the 11.5% to 12% range at end-2020

FINALISATION OF THE STRATEGIC REVIEW OF STRUCTURED PRODUCTS

Maintain a global leadership position in Equity structured products, recognised by our clients, and reduce the associated risk profile; improving the profitability of Global Markets through a reduction in costs of around EUR 450 million by 2022-2023

Frédéric Oudéa, the Group's Chief Executive Officer, commented:
"During the first half of 2020, Societe Generale successfully adapted to the consequences of the health crisis and was therefore able to effectively support its customers and employees, thereby strengthening its position as a trusted partner. While April and May were heavily impacted by the reduction in activity of numerous economies around the world, the rebound in activities from mid-May is very encouraging. Drawing on a very solid capital base and a loan portfolio confirming its intrinsic quality, the Group will continue to adapt its activities to the new post-COVID crisis environment, extending in particular the efforts to reduce costs. The Group is already working on new initiatives to build its next strategic stage (2021-2023) focused around three priority objectives, customer centricity, corporate social responsibility and operational efficiency based on digital technologies."

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*The footnote * in this document corresponds to data adjusted for changes in Group structure and at constant exchange rates*
(1) *including 20 basis points for IFRS9 phasing*
(2) *pro-forma for the announced disposal of SG Finans (+10 basis points)*
(3) *quarterly average*

1. GROUP CONSOLIDATED RESULTS

In EURm	Q2 20	Q2 19	Change		H1 20	H1 19	Change	
Net banking income	**5,296**	**6,284**	**-15.7%**	**-13.5%***	**10,466**	**12,475**	**-16.1%**	**-14.2%***
Operating expenses	**(3,860)**	**(4,270)**	**-9.6%**	**-7.7%***	**(8,538)**	**(9,059)**	**-5.8%**	**-4.0%***
Underlying operating expenses(2)	*(3,984)*	*(4,152)*	*-4.0%*	*-2.0%*	*(8,185)*	*(8,500)*	*-3.7%*	*-1.8%*
Gross operating income	**1,436**	**2,014**	**-28.7%**	**-25.9%***	**1,928**	**3,416**	**-43.6%**	**-41.6%***
Underlying gross operating income(1)	*1,312*	*2,132*	*-38.5%*	*-36.2%*	*2,281*	*3,975*	*-42.6%*	*-40.9%*
Net cost of risk	**(1,279)**	**(314)**	**x 4.1**	**x 4.1***	**(2,099)**	**(578)**	**x 3.6**	**x 3.7***
Operating income	**157**	**1,700**	**-90.8%**	**-90.4%***	**(171)**	**2,838**	**n/s**	**n/s**
Underlying operating income(1)	*33*	*1,836*	*-98.2%*	*-98.2%*	*182*	*3,415*	*-94.7%*	*-94.6%*
Net profits or losses from other assets	**4**	**(80)**	**n/s**	**n/s**	**84**	**(131)**	**n/s**	**n/s**
Underlying net profits or losses from other assets(1)	*4*	*4*	*+0.0%*	*-0.8%*	*161*	*6*	*x 26*	*x 80.3*
Impairment losses on goodwill	**(684)**	**0**	**n/s**	**n/s**	**(684)**	**0**	**n/s**	**n/s**
Income tax	(658)	(390)	**+68.7%**	**-69.4%***	(612)	(645)	**-5.1%**	**+3.0%***
Reported Group net income	**(1,264)**	**1,054**	**n/s**	**n/s**	**(1,590)**	**1,740**	**n/s**	**n/s**
Underlying Group net income(1)	***8***	***1,247***	***-99.3%***	***-99.4%***	***0***	***2,332***	***-100.0%***	***n/s***
ROE	-10.9%	6.9%			-7.2%	5.5%		
ROTE	-6.5%	8.3%			-5.3%	6.9%		
Underlying ROTE (1)	*-1.3%*	*9.7%*			*-1.3%*	*9.1%*		

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

Societe Generale's Board of Directors, which met on July 31st, 2020 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q2 and H1 2020.

The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 10.5).

Net banking income

Q2 2020 was heavily impacted by the Covid-19 global health crisis and its economic consequences. As a result, the Group's net banking income was down -15.7% vs. Q2 19. It was down -16.1% in H1 20 vs. H1 19.

Marked by the lockdown in April and May and the recovery in activity from mid-May, French Retail Banking's net banking income (excluding PEL/CEL provision) was down -13.5% vs. Q2 19 (-10.8% excluding adjustment for tax related to commissions of EUR +61 million in Q2 19) and -7.5% vs. H1 19.

International Retail Banking & Financial Services saw revenues fall by -10.8%* vs. Q2 19 and -4.7%* vs. H1 19. International Retail Banking revenues were 8.9%* lower in Q2 20, reflecting a significant decline in activity in April and May and a rebound in June. Insurance revenues were down -7.9% (-7.1%*) vs. Q2 19 given the unfavourable conditions in the financial markets, while Financial Services to Corporates' revenues were down -20.9% (-17.7%*) vs. Q2 19.

Global Banking & Investor Solutions' net banking income fell by -17.0% in Q2 and by -22.2% in H1 in an exceptional market environment that impacted Global Markets' revenues.

Operating expenses

Operating expenses declined -9.6% in Q2 20 vs. Q2 19, to EUR 3,860 million, and -5.8%, to EUR 8,538 million in H1 20. Underlying costs came to EUR 3,984 million in Q2 20 and EUR 8,185 million in H1 20.

All the businesses saw substantially lower costs in Q2 20: -8.5% in French Retail Banking, -7%* in International Retail Banking & Financial Services and -18.0% in Global Banking & Investor Solutions (-9.2% when restated for the restructuring provision recorded in Q2 19 for EUR 227 million and the increase in the resolution fund of EUR +38 million in Q2 20).

The trend was also downward in H1 20: -5.3% in French Retail Banking, -2.0%* in International Retail Banking & Financial Services and -10.0% in Global Banking & Investor Solutions.

Underlying operating expenses are expected of around EUR 16.5 billion in 2020.

Cost of risk

The Group's commercial cost of risk (expressed as a fraction of outstanding loans) amounted to 97 basis points in Q2 20, higher than in Q1 20 (65 basis points) and Q2 19 (25 basis points), or EUR 1,279 million. The net cost of risk in respect of loans classified in Stage 1 (performing) and Stage 2 (underperforming) amounted to EUR 653 million including EUR 490 million for the impact related to the review of macro-economic scenarios on the estimate of credit losses.

French Retail Banking's cost of risk amounted to 85 basis points. The cost of risk of International Retail Banking & Financial Services and Global Banking & Investor Solutions came to 125 basis points and 95 basis points respectively.

The commercial cost of risk stood at 81 basis points in H1 20 and is expected to be at the bottom of the range of between 70 to 100 basis points for 2020.

The gross doubtful outstandings ratio amounted to 3.2%[(1)] at June 30th 2020, and 3.1% at March 31st 2020. The Group's gross coverage ratio for doubtful outstandings stood at 54%[(2)] at June 30th 2020 (55% at March 31st 2020).

Net profits or losses from other assets

Net profits or losses from other assets totalled EUR +4 million in Q2 20 and EUR +84 million in H1 20, including EUR -77 million related to the application of IFRS 5 as part of the implementation of the Group's refocusing plan in Q1 20.

Impairment loss on goodwill/Income tax

The Group recorded two non-cash exceptional items due to the review of the financial trajectory of Global Markets & Investor Services: a EUR -684 million expense in respect of the goodwill impairment of the Global Markets & Investor Services CGU and a EUR -650 million expense in respect of the impairment of deferred tax assets.

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(1) *NPL ratio calculated according to the new EBA methodology*

(2) *Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings*

Group net income

In EURm	Q2 20	Q2 19	H1 20	H1 19
Reported Group net income	(1,264)	1 054	(1,590)	1,740
Underlying Group net income[1]	8	1,247	0	2,332

In %	Q2 20	Q2 19	S1-20	S1-19
ROTE (reported)	-6.5%	8.3%	-5.3%	6.9%
Underlying ROTE[1]	-1.3%	9.7%	-1.3%	9.1%

Earnings per share is negative and amounts to EUR -2.25 in H1 20 (EUR 1.69 in H1 19). Underlying earnings per share comes to EUR -0.38 over the same period.

[1] *Adjusted for exceptional items and the linearisation of IFRIC 21*

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 60.7 billion at June 30th, 2020 (EUR 63.5 billion at December 31st, 2019). Net asset value per share was EUR 61.8 and tangible net asset value per share was EUR 54.3.

The consolidated balance sheet totalled EUR 1,453 billion at June 30th, 2020 (EUR 1,356 billion at December 31st, 2019). The net amount of customer loan outstandings at June 30th, 2020, including lease financing, was EUR 447 billion (EUR 430 billion at December 31st, 2019) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 440 billion, vs. EUR 410 billion at December 31st, 2019 (excluding assets and securities sold under repurchase agreements).
At end-June 2020, the parent company had issued EUR 21.5 billion of medium/long-term debt, having an average maturity of 5.7 years and an average spread of 61 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 551 million. At June 30th, 2020, the Group had issued a total of EUR 22 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 180% at end-Juin 2020, vs. 119% at end-December 2019. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-June 2020.

The Group's **risk-weighted assets** (RWA) amounted to EUR 360.7 billion at June 30th, 2020 (vs. EUR 345.0 billion at end-December 2019) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 80.9% of the total, at EUR 291.9 billion, up 3.3% vs. December 31st, 2019.

At June 30th, 2020, the Group's **Common Equity Tier 1** ratio stood at 12.5% (12.6% pro forma for the announced disposal amounting to 10 basis points), i.e. 350 basis points above the regulatory requirement of 9.05% as at June 30th, 2020. This ratio includes an effect of +20 basis points for phasing of the IFRS 9 impact. Excluding this effect, the ratio amounts to 12.3%. The Tier 1 ratio stood at 14.6% at end-June 2020 (15.1% at end-December 2019) and the total capital ratio amounted to 17.7% (18.3% at end-December 2019). All of the effects in Q2 20 are presented in Appendix 10.

The CET1 ratio is expected to be at the top of the range of between 11.5% and 12% at end-2020.

With a level of 28.5%(1) of RWA and 8.2%(1) of leveraged exposure at end-June 2020, the Group's TLAC ratio is above the FSB's requirements for 2022. At June 30th, 2020, the Group was also above its MREL requirements of 8.51% of the TLOF(2) (which, in December 2017, represented a level of 24.4% of RWA), which were used as a reference for the SRB calibration.

The **leverage ratio** stood at 4.2%(3) at June 30th, 2020 (4.3% at end-December 2019).

The Group is rated by four rating agencies: (i) FitchRatings - long-term rating "A-", rating watch stable, senior preferred debt rating "A", short-term rating "F1"; (ii) Moody's – long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1"; (iii) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (iv) S&P Global Ratings - long-term rating (senior preferred debt) "A", negative outlook, short-term rating "A-1".

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(1) *Including 2.5% of senior preferred debt*
(2) *Total Liabilities and Own Funds*
(3) *4.4% including the "quick fix" in respect of the exclusion of deposits with central banks announced by the ECB at end-June, not yet applicable (estimation based on deposits with the ECB only)*

3. FRENCH RETAIL BANKING

In EURm	Q2 20	Q2 19	Change	H1 20	H1 19	Change
Net banking income	1,754	1,994	-12.0%	3,634	3,910	-7.1%
Net banking income excl. PEL/CEL	*1,749*	*2,021*	*-13.5%*	*3,654*	*3,949*	*-7.5%*
Operating expenses	(1,233)	(1,348)	-8.5%	(2,683)	(2,834)	-5.3%
Gross operating income	**521**	**646**	**-19.3%**	**951**	**1,076**	**-11.6%**
Gross operating income excl. PEL/CEL	*516*	*673*	*-23.3%*	*971*	*1,115*	*-12.9%*
Net cost of risk	(442)	(129)	+242.6%	(691)	(223)	+209.9%
Operating income	**79**	**517**	**-84.7%**	**260**	**853**	**-69.5%**
Net profits or losses from other assets	5	1	+400,0%	136	2	x 68
Reported Group net income	**60**	**356**	**-83.1%**	**279**	**590**	**-52.7%**
RONE	**2.1%**	**12.6%**		**4.9%**	**10.5%**	
Underlying RONE (1)	**1.4%**	**1.4%**		**6.0%**	**11.5%**	

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

After the substantial impact of the lockdown on activity in April and May, French Retail Banking's commercial performance improved from mid-May.

Customers substantially reduced their activity during April and May: accordingly, the level of bank card transactions and corporate credit transfers during this period was well below the average level observed in Q2 2019. Loan production was focused in particular on State Guaranteed Loans (PGE), with a slowdown in production on other categories. Customer activity gradually picked up from mid-May, which resulted in the level of bank card transactions and corporate credit transfers in June close to the monthly average levels in Q2 19.

The networks continued to develop their digital offer in Q2. Societe Generale expanded its offering for Professional and VSE customers, with the acquisition of Shine, the neobank for entrepreneurs. It also launched the third generation of its digital application.

Boursorama consolidated its position as the leading online bank in France, with around 2.37 million clients at end-June 2020 and provided further evidence of the agility of its online banking model with a comprehensive offering. In a crisis environment, the commercial momentum remained robust. Boursorama's contribution to Group net income was positive in Q2, driven by a decline in acquisition costs and a record activity in stock market activity.

Net inflow for wealthy clients remained robust at EUR 1.1 billion in Q2 (EUR 1.6 billion in H1), taking assets under management to EUR 67.3 billion (including Crédit du Nord) at end-June 2020.
Life insurance outstandings totalled EUR 93 billion, with the unit-linked share accounting for 26% of outstandings.
The networks continued to develop their insurance business, with a penetration rate of 21.6% on Personal Protection and 9.8% on Property/Casualty insurance.

Average investment loan outstandings (including leases), largely bolstered by State Guaranteed Loans, rose 16.7% vs. Q2 19 to EUR 81.2 billion (+8.5% excluding State Guaranteed Loans).
Average outstanding loans to individuals were up 7.4% at EUR 122.3 billion: after a sharp decline in consumer and housing loan production in April and May, production was strong from mid-May.
As a result, average loan outstandings climbed 11.2% (+8.3% excluding PGE) vs. Q2 19 to EUR 216.0 billion.

Average outstanding balance sheet deposits[1] were 11.3% higher than in Q2 19 at EUR 228.7 billion, still driven by sight deposits (+18.3% vs. Q2 19)[2].
As a result, the average loan/deposit ratio stood at 94% in Q2 20 (stable vs. Q2 19).

In this exceptional period, French Retail Banking is fully supporting the economy, accompanying individual, corporate and professional customers. The Group was extremely reactive in setting up the State Guaranteed Loan (PGE). As of July 24th, around 86,100 applications had been received for a total amount of EUR 19 billion at Group level.

Net banking income excluding PEL/CEL

Q2 20: revenues (excluding PEL/CEL) totalled EUR 1,749 million, heavily impacted by the effects of the lockdown on customer activity (-13.5% vs. Q2 19; -10.8% excluding adjustment for tax related to commissions of EUR +61 million in Q2 19).
Net interest income (excluding PEL/CEL) was 6.0% lower than in Q2 19 with, in particular, a significant increase in deposits adversely affecting the margin in a low interest rate environment.
Commissions were 14% lower than in Q2 19 (-7.6% excluding adjustment tax related to commissions in Q2 19), driven by the sharp fall in service commissions (-11.6% excluding adjustment for tax related to commissions in Q2 19) against the backdrop of the lockdown, despite the increase in financial commissions (+8.1% vs. Q2 19).
"Other revenues" were lower in Q2 (-71% vs. Q2 19) with, in particular, the impact of the non-payment of Crédit Logement dividends.

H1 20: after a dynamic first few months, revenues were impacted by the effects of Covid-19 and the lockdown measures: revenues (excluding PEL/CEL) totalled EUR 3,654 million, down -7.5% vs. H1 19 and -6.0% excluding adjustment for tax related to commissions of EUR +61 million in H1 19.
Net interest income (excluding PEL/CEL) was 2.4% lower than in H1 19. Commissions were down -8.4% vs. H1 19 (-5.0% excluding adjustment for tax related to commissions in H1 19), with the sharp fall in service commissions against the backdrop of the lockdown more than offsetting the strong increase in financial commissions.

Operating expenses

Q2 20: operating expenses were substantially lower at EUR 1,233 million (-8.5% vs. Q2 19), illustrating the Group's work to reduce costs despite the increase in regulatory costs. The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 71.9%.

H1 20: operating expenses were lower at EUR 2,683 million (-5.3% vs. H1 19). The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 71.6%.

Cost of risk

Q2 20: the commercial cost of risk amounted to EUR 442 million or 85 basis points, substantially higher than in Q2 19 (27bp) and Q1 20 (49bp). It includes EUR 266 million of S1/S2 (performing/underperforming loans) provisioning and EUR 176 million of S3 (non-performing loans) provisioning. The inclusion of new macro-economic scenarios in accordance with the application of IFRS 9 contributed EUR 179 million to S1/S2 provisioning.

(1) *Including BMTN (negotiable medium-term notes)*
(2) *Including currency deposits*

H1 20: the commercial cost of risk amounted to EUR 691 million or 68 basis points, substantially higher than in H1 19 (23bp).

Net profits or losses from other assets

Q2 20: "Net profits or losses from other assets" amounted to EUR 5 million.

H1 20: "Net profits or losses from other assets" amounted to EUR 136 million including a capital gain of EUR 130 million relating to the Group's property disposal programme carried out in Q1 2020.

Contribution to Group net income

Q2 20: the contribution to Group net income totalled EUR 60 million (-83.1% vs. Q2 19). RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 1.4% in Q2 20 (vs. 12.6% in Q2 19).

H1 20: the contribution to Group net income totalled EUR 279 million (-52.7% vs. H1 19). RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 6.0% in H1 20 (vs. 11.5% in H1 19).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	Q2 20	Q2 19	Change		H1 20	H1 19	Change	
Net banking income	1,750	2,124	*-17.6%*	*-10.8%**	3,714	4,200	*-11.6%*	*-4.7%**
Operating expenses	(979)	(1,145)	*-14.5%*	*-7.0%**	(2,125)	(2,349)	*-9.5%*	*-2.0%**
Gross operating income	**771**	**979**	***-21.2%***	***-15.1%****	**1,589**	**1,851**	***-14.2%***	***-8.0%****
Net cost of risk	(418)	(133)	*x 3.1*	*x 3.3**	(647)	(261)	*x 2.5*	*x 2.5**
Operating income	**353**	**846**	***-58.3%***	***-54.8%****	**942**	**1,590**	***-40.8%***	***-36.1%****
Net profits or losses from other assets	(1)	0	*n/s*	*n/s*	11	1	*x 11.0*	*n/s*
Reported Group net income	**226**	**515**	***-56.1%***	***-51.6%****	**591**	**979**	***-39.6%***	***-33.7%****
RONE	8.4%	18.6%			11.0%	17.3%		
Underlying RONE (1)	***7.9%***	***18.9%***			***11.6%***	***18.2%***		

(1) *Adjusted for the linearisation of IFRIC 21 and the restructuring provision of EUR 29 million Q2 19.*

In International Retail Banking, outstanding loans totalled EUR 85.8 billion. They rose +3.2%* vs. end-June 2019 when adjusted for changes in Group structure and at constant exchange rates. They were down -6.4% at current structure and exchange rates, given the disposals finalised since June 2019 (SKB in Slovenia, Societe Generale Montenegro, Societe Generale Serbia, Mobiasbanca in Moldova, OBSG in Macedonia and Societe Generale de Banque aux Antilles). April and May were heavily impacted by the lockdown due to Covid-19, but there was a rebound in activity from June. Outstanding deposits climbed +7.1%* (-4.0% at current structure and exchange rates) vs. June 2019 to EUR 80.3 billion, with a healthy momentum in all regions.

For the Europe scope, outstanding loans were up +3.2%* vs. Q2 19, at EUR 53.6 billion (-9.2% at current structure and exchange rates), driven by Western Europe (+3.7%) and the Czech Republic (+3.4%*, -1.6%). Outstanding deposits were up +5.4%* (-10.0% at current structure and exchange rates), with a healthy momentum in the Czech Republic (+6.7%*, +1.5%) and Romania (+4.9%*, +2.6%).

In Russia, outstanding loans rose +1.6%* at constant exchange rates (-7.1% at current exchange rates) while outstanding deposits climbed +11.3%* (+3.5% at current exchange rates).

In Africa, Mediterranean Basin and French Overseas Territories, activity remained generally buoyant, especially in Sub-Saharan Africa. Outstanding loans rose +4.0%* (or +1.5%) vs. Q2 19. Outstanding deposits enjoyed a strong momentum, up +8.2%* (+6.1%).

In the Insurance business, the life insurance savings business saw outstandings increase +1.8%* vs. Q2 19. The share of unit-linked products in outstandings was 30% at end-June 2020, up 1.9 points vs. Q2 19. Protection insurance fell -3.2%* vs. Q2 19. The 6.1%* increase in Property/Casualty premiums was offset by a decline in personal Protection insurance (-8.5%* vs. Q2 19), where a rebound was observable from June.

Financial Services to Corporates delivered a resilient commercial performance. Operational Vehicle Leasing and Fleet Management saw an increase in its vehicle fleet (+3.8% vs. the end-June 2019) to 1.76 million vehicles at end-June 2020. Equipment Finance's outstanding loans were stable* vs. end-June 2019, at EUR 17.7 billion (excluding factoring).

Net banking income

Net banking income amounted to EUR 1,750 million in Q2 20, down -10.8%* (-17.6%) vs. Q2 19. Revenues totalled EUR 3,714 million in H1 20, down -4.7%* (-11.6%) vs. H1 19.

In International Retail Banking, net banking income totalled EUR 1,157 million in Q2 20, down -8.9%* (-18.1%) vs. Q2 19, marked by a fall in commissions due to the reduced activity in the lockdown environment and the impact of the decline in rates on net interest margin in the Czech Republic, Romania and Russia. In Africa, Mediterranean Basin and French Overseas Territories, revenues include an impact of EUR -31 million related to repayment moratoriums in Tunisia.
Net banking income amounted to EUR 2,450 million in H1 20, down -3.1%* excluding the structure and exchange rate effects (-12.5%) vs. H1 19.

The Insurance business saw net banking income decrease by -7.1%* to EUR 211 million in Q2 20 (-7.9%), marked by a decline in financial margins in an unfavourable environment in the financial markets. When adjusted for the contribution to the Solidarity Fund in France, it was 4.7%* lower than in Q2 19. Net banking income fell -3.9%* (-4.3%) in H1 20, to EUR 440 million.

Financial Services to Corporates' net banking income was down -17.7%* (-20.9%) vs. Q2 19 at EUR 382 million. ALD revenues included EUR 30 million of additional impairments on residual values and EUR 9.6 million of impairments on used vehicles in Q2 20. When restated for these items, Financial Services to Corporates' revenues were down -8.2%*. Financial Services to Corporates' net banking income totalled EUR 824 million in H1 20, down -9.5%* (-12.4%) vs. H1 19.

Operating expenses

Operating expenses were down -7.0%* (-14.5%), at EUR -979 million, vs. Q2 19, which included a restructuring provision related to the simplification of the head office structure amounting to EUR 29 million. When restated for this provision, operating expenses were down -4.3%* vs. Q2 19, reflecting rigorous cost control. They fell -2.0%* (-9.5%) in the first six months, to EUR 2,125 million. The cost to income ratio stood at 55.9% in Q2 20 and 57.2% in H1 20.

In International Retail Banking, operating expenses were down -2.9%* (-12.8%) vs. Q2 19 and were stable* (-9.7%) vs. H1 19.

In the **Insurance** business, operating expenses rose +4.2%* (+3.7%) vs. Q2 19 to EUR 84 million and +4.0%* (+3.8%) vs. H1 19.

In **Financial Services to Corporates**, operating expenses were down -8.6%* (-12.6%) vs. Q2 19 and -3.0%* (-7.1%) vs. H1 19.

Cost of risk

Q2 20: the commercial cost of risk amounted to 125 basis points (or EUR 418 million), vs. 38 basis points in Q2 19, which included net provision write-backs in the Czech Republic and Romania, and 67 basis points in Q1 20. The Q2 cost of risk includes EUR 144 million for the estimate of expected credit losses in Stage 1 and Stage 2, including EUR 135 million for the impact related to the review of macro-economic scenarios.
H1 20: the cost of risk stood at 96 basis points (EUR 647 million). It was 39 basis points in H1 19.

Contribution to Group net income

The contribution to Group net income totalled EUR 226 million in Q2 20 (-56.1%* vs. Q2 19) and EUR 591 million in H1 20 (-39.6%* vs. H1 19). Underlying RONE stood at 7.9% in Q2 20, vs. 18.9% in Q2 19, and 11.6% in H1 20, vs. 18.2% in H1 19.

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q2 20	Q2 19	Change		H1 20	H1 19	Change	
Net banking income	1,880	2,266	-17.0%	-17.3%*	3,507	4,505	-22.2%	-22.7%*
Operating expenses	(1,570)	(1,915)	-18.0%	-18.2%*	(3,547)	(3,941)	-10.0%	-10.3%*
Gross operating income	**310**	**351**	**-11.7%**	**-12.4%***	**(40)**	**564**	**n/s**	**n/s**
Net cost of risk	**(419)**	(33)	x 12.7	x 13.0*	**(761)**	(75)	x 10.1	x 10.1*
Operating income	**(109)**	**318**	**n/s**	**n/s**	**(801)**	**489**	**n/s**	**n/s**
Reported Group net income	**(67)**	**274**	**n/s**	**n/s**	**(604)**	**414**	**n/s**	**n/s**
RONE	-1.9%	7.1%			-8.6%	5.2%		
Underlying RONE (1)	***-3.3%***	***10.0%***			***-6.2%***	***8.9%***		

(1) Adjusted for the linearisation of IFRIC 21

Finalisation of the strategic review of structured products in Global Markets

The Group has finalised the strategic review carried out in Global Markets on structured products and has set three priorities:

- Maintaining its global leadership role in equity structured products and remaining a major player in investment solutions
- Reducing the risk profile on equity and credit structured products in order to decrease the sensitivity of Global Markets' revenues to market dislocations. This refocusing will have an impact on revenues of between EUR -200 million and EUR -250 million
- Improving the profitability of Global Markets by reducing the breakeven point through a net cost reduction of around EUR -450 million by 2022-2023.

Net banking income

Q2 20: Global Banking & Investor Solutions' revenues were down -17.0% at EUR 1,880 million.
H1 20: when adjusted for the impact of restructuring (activities in the process of being closed or scaled back) completed last year, the revaluation of SIX securities (EUR +66 million in H1) and the disposal of Private Banking in Belgium, net banking income was down -18.7% vs. H1 19 (and -22.2% on a reported basis).

In Global Markets & Investor Services, net income banking totalled EUR 991 million, down -28.1% vs Q2 19 adjusted for restructuring.
In H1 20, when adjusted for restructuring and the revaluation of SIX securities (EUR +34 million in Q1 19), revenues were down -30.8% vs. H1 19.

Fixed Income & Currencies enjoyed an very good Q2, in all regions. When restated for the impact of restructuring, revenues amounted to EUR 700 million and were substantially higher (+38.1%) than in Q2 19. They were driven by the healthy commercial momentum, particularly in financing, and by the exceptional number of primary issues. Flow activities (rates and credit) and emerging market activities continued to benefit from favourable market conditions. The Americas region performed particularly well in Q2 20.
In H1 20, revenues restated for restructuring were up +43.6% at EUR 1,309 million.

Equity net banking income declined by -79.5% vs. Q2 19. In April and May, structured product activities continued to be impacted by the cancellation of dividend payments (loss of EUR 200 million), a still strong correlation and strict production constraints. These activities saw a gradual recovery from mid-May.
Listed product revenues were significantly higher than in Q2 19, driven by flow investment solutions (notably due to EMC activities integration). This increase, combined with the strong performance of

equity flow activities, was not enough to offset the losses recorded on structured products at the beginning of the quarter.

Securities Services' assets under custody amounted to EUR 4,238 billion at end-June 2020, up +3.1% vs. end-March 2020. Over the same period, assets under administration were up +3.5% at EUR 599 billion. Securities Services' revenues totalled EUR 149 million in Q2 20, in line with Q1 20. They were down -16.8% vs. a strong Q2 19.

Financing & Advisory revenues totalled EUR 657 million in Q2 20, up +2.0% vs. Q2 19. They amounted to EUR 1,286 million in H1 20, slightly lower (-1.1%) than in H1 19.
Investment banking enjoyed an excellent quarter, driven by a record number of issues in the debt capital markets and buoyant acquisition financing activity. The Group therefore strengthens its leadership position in the European market.
Financing activities proved resilient in this environment impacted by the crisis. New business remained stable.
After a challenging Q1, the Asset Backed Products platform delivered a good performance in Q2, against the backdrop of a stabilisation in the market environment.
Global Transaction and Payment Services proved resilient in light of the crisis and a significant decline in volumes.

Asset and Wealth Management's net banking income totalled EUR 232 million in Q2 20, slightly higher (+0.4%) than in Q2 19.
In H1 20, when adjusted in Q1 19 for the revaluation of SIX securities (EUR +32 million) and for the disposal of Private Banking in Belgium, net banking income was 2.9% higher.

Private Banking posted a robust performance in Q2 20, driven by good transactional revenues in France and positive net inflow. Net banking income amounted to EUR 187 million in Q2 20, up +6.9% vs. Q2 19 (and +6.3% vs. Q1 20). Assets under management increased by +2.4% vs. March 2020, to EUR 114 billion. Private Banking posted net inflow of EUR 1.5 billion in H1 20, driven by France. Net banking income amounted to EUR 363 million in H1 20, up +5.5% vs. H1 19, when adjusted for the disposal of Private Banking in Belgium and the revaluation of SIX securities.

Lyxor posted a performance down -21.6% in Q2 20, impacted by the challenging market conditions. Lyxor's assets under management totalled EUR 132 billion at end-June 2020, an increase of +5.1% vs. March 2020. Lyxor is the first provider to launch an ETF ecosystem to tackle climate change, which further strengthens its leadership status in the Green Bonds segment.
Revenues were 5.3% lower in H1 20 than in H1 19, impacted by market effects on equity indices.

Operating expenses

Q2 20: when restated for the increase in the resolution fund (EUR +38 million) and the restructuring provision, recorded in Q2 19 for EUR 227 million, operating expenses were down -9.2% vs. Q2 19.
H1 20: restated operating expenses were down -6.8%.

Net cost of risk

Q2 20: the commercial cost of risk amounted to 95 basis points (or EUR 419 million), vs. 87 basis points in Q1 20 and 8 basis points in Q2 19. The Q2 cost of risk includes EUR 240 million related to Stages 1 and 2 (with EUR 176 million related to the review of macro-economic scenarios on the estimate of credit losses) and EUR 178 million related to Stage 3.

H1 20: the cost of risk amounted to 91 basis points (EUR 761 million).

Contribution to Group net income

The contribution to Group net income amounted to EUR -67 million in Q2 20 and to EUR -604 million in H1 20. Underlying RONE is negative on H1 20.

6. CORPORATE CENTRE

In EURm	Q2 20	Q2 19	H1 20	H1 19
Net banking income	(88)	(100)	(389)	(140)
Operating expenses	(78)	138	(183)	65
Gross operating income	**(166)**	**38**	**(572)**	**(75)**
Net cost of risk	-	(19)	-	(19)
Net profits or losses from other assets	-	(81)	(77)	(134)
Impairment losses on goodwill	(684)	-	(684)	-
Income tax	(598)	7	(450)	63
Reported Group net income	**(1,483)**	**(91)**	**(1,856)**	**(243)**

The Corporate Centre includes:

- the property management of the Group's head office,
- the Group's equity portfolio,
- the Treasury function for the Group,
- certain costs related to cross-functional projects and certain costs incurred by the Group and not re-invoiced to the businesses.

The Corporate Centre's net banking income totalled EUR -88 million in Q2 20 vs. EUR -100 million in Q2 19 and EUR -389 million in H1 20 vs. EUR -140 million in H1 19.

Operating expenses totalled EUR -78 million in Q2 20 vs. EUR +138 million in Q2 19, which included an operating tax adjustment for EUR +241 million. They amounted to EUR -183 million in H1 20 vs. EUR +65 million in H1 19.

Gross operating income totalled EUR -166 million in Q2 20 vs. EUR +38 million in Q2 19 and EUR -572 million in H1 20 vs. EUR -75 million in H1 19.

Net profits or losses from other assets was nil in Q2 20 and amounted to EUR -77 million in H1 20, related to the application of IFRS 5 as part of the implementation of the Group's refocusing plan in Q1 20.

The review of the financial trajectory of Global Markets & Investor Services resulted in the impairment of the associated goodwill for EUR -684 million and deferred tax assets for EUR -650 million.

The Corporate Centre's contribution to Group net income was EUR -1,483 million in Q2 20 vs. EUR -91 million in Q2 19 and EUR -1,856 million in H1 20 vs. EUR -243 million in H1 19.

7. CONCLUSION

During H1 20, Societe Generale demonstrated its ability to absorb the impacts of the crisis due to the quality of its asset portfolio and the robustness of its balance sheet with, in particular, a capital level of 12.5%, or 350 basis points above the regulatory requirement.

Drawing on this solid base, the Group will continue to adapt its activities to the new post-COVID crisis environment, particularly in structured products, as well as its efforts to reduce costs in 2020 and in the medium term, through structural initiatives.

Accordingly, in 2020 the Group anticipates:

- underlying costs of around EUR 16.5 billion, substantially lower than in 2019 (EUR 17.4 billion)
- a cost of risk at the bottom of the range of between 70 to 100 basis points
- a CET1 ratio at the top of the range of between 11.5% and 12.0% at end-2020

Finally, Societe Generale is already preparing its 2021-2023 strategic plan based around its three priority objectives:

- further improving its capacity to place the customer at the centre of its activities
- ramping up our commitment in responsible finance to strengthen its leadership position
- increasing operational efficiency with the support of digital technologies

8. 2020 FINANCIAL CALENDAR

2020 Financial communication calendar

November 5th, 2020	Third quarter and nine-month 2020 results
February 10th, 2021	Fourth quarter and FY 2020 results
May 6th, 2021	First quarter 2021 results
August 3rd, 2021	Second quarter and first half 2021 results
November 4th, 2021	Third quarter and nine-month 2021 results

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

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.

These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the Universal Registration Document filed with the French Autorité des Marchés Financiers.

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

9. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME AFTER TAX BY CORE BUSINESS

In EURm	Q2 20	Q2 19	Change	H1 20	H1 19	Change
French Retail Banking	60	356	-83.1%	279	590	-52.7%
International Retail Banking & Financial Services	226	515	-56.1%	591	979	-39.6%
Global Banking & Investor Solutions	(67)	274	n/s	(604)	414	n/s
Core Businesses	219	1,145	-80.9%	266	1,983	-86.6%
Corporate Centre	(1,483)	(91)	n/s	(1,856)	(243)	n/s
Group	(1,264)	1,054	n/s	(1,590)	1,740	n/s

CONSOLIDATED BALANCE SHEET

	30.06.2020	31.12.2019
Central banks	144,417	102,311
Financial assets at fair value through profit or loss	419,147	385,739
Hedging derivatives	21,845	16,837
Financial assets measured at fair value through other comprehensive income	55,606	53,256
Securities at amortised cost	14,877	12,489
Due from banks at amortised cost	55,292	56,366
Customer loans at amortised cost	458,500	450,244
Revaluation differences on portfolios hedged against interest rate risk	470	401
Investment of insurance activities	163,219	164,938
Tax assets	5,052	5,779
Other assets	77,196	68,045
Non-current assets held for sale	3,788	4,507
Investments accounted for using the equity method	106	112
Tangible and intangible assets	29,812	30,652
Goodwill	4,045	4,627
Total	**1,453,372**	**1,356,303**

	30.06.2020	31.12.2019
Central banks	2,980	4,097
Financial liabilities at fair value through profit or loss	405,113	364,129
Hedging derivatives	12,705	10,212
Debt securities issued	136,261	125,168
Due to banks	121,542	107,929
Customer deposits	444,470	418,612
Revaluation differences on portfolios hedged against interest rate risk	8,629	6,671
Tax liabilities	1,239	1,409
Other liabilities	94,115	85,062
Non-current liabilities held for sale	928	1,333
Liabilities related to insurance activities contracts	140,701	144,259
Provisions	4,348	4,387
Subordinated debts	14,662	14,465
Total liabilities	**1,387,693**	**1,287,733**
SHAREHOLDERS' EQUITY		
Shareholders' equity, Group share		
Issued common stocks, equity instruments and capital reserves	30,115	31,102
Retained earnings	32,457	29,558
Net income	(1,590)	3,248
Sub-total	**60,982**	**63,908**
Unrealised or deferred capital gains and losses	(323)	(381)
Sub-total equity, Group share	**60,659**	**63,527**
Non-controlling interests	5,020	5,043
Total equity	**65,679**	**68,570**
Total	**1,453,372**	**1,356,303**

10. APPENDIX 2: METHODOLOGY

1 – The financial information presented in respect of Q2 and H1 2020 was examined by the Board of Directors on July 31st, 2020 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The limited review procedures carried out by the Statutory Auditors are in progress on the condensed interim consolidated financial statements as at June 30th, 2020.

2 – Net banking income

The pillars' net banking income is defined on page 43 of Societe Generale's 2020 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 – Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2019 (pages 423 et seq. of Societe Generale's 2020 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses.

The Cost/Income Ratio is defined on page 43 of Societe Generale's 2020 Universal Registration Document.

4 - IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e. a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

5 – Exceptional items – Transition from accounting data to underlying data

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.

Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar for PEL/CEL provision allocations or write-backs. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

The reconciliation enabling the transition from published accounting data to underlying data is set out in the table below:

Q2 20 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income Tax	Group net income	Business
Reported	**(3,860)**	**(1,279)**	**4**	**(684)**	**(658)**	**(1,264)**	
(+) IFRIC 21 linearisation	*(124)*				*58*	*(62)*	
*(-) Goodwill impairment**				*(684)*		*(684)*	*Corporate Centre*
*(-) DTA impairment**					*(650)*	*(650)*	*Corporate Centre*
Underlying	**(3,984)**	**(1,279)**	**4**	**0**	**50**	**8**	

H1 20 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income Tax	Group net income	Business
Reported	**(8,538)**	**(2,099)**	**84**	**(684)**	**(612)**	**(1,590)**	
(+) IFRIC 21 linearisation	*353*				*(166)*	*179*	
*(-) Group refocusing plan**			*(77)*		*0*	*(77)*	*Corporate Centre*
*(-) Goodwill impairment**				*(684)*		*(684)*	*Corporate Centre*
*(-) DTA impairment**					*(650)*	*(650)*	*Corporate Centre*
Underlying	**(8,185)**	**(2,099)**	**161**	**0**	**(128)**	**0**	

Q2 19 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	**(4,270)**	**(314)**	**(80)**	**1,054**	
(+) IFRIC 21 linearisation	*(138)*			*(101)*	
*(-) Restructuring provision**	*(256)*			*(192)*	*GBIS (EUR -227m) / IBFS (EUR -29m)*
*(-) Group refocusing plan**		*(18)*	*(84)*	*(102)*	*Corporate Centre*
Underlying	**(4,152)**	**(296)**	**4**	**1,247**	

H1 19 (in EURm)	Operating Expenses	Net cost of risk	Net profit or losses from other assets	Group net income	Business
Reported	**(9,059)**	**(578)**	**(131)**	**1,740**	
(+) IFRIC 21 linearisation	*303*			*222*	
*(-) Restructuring provision**	*(256)*			*(192)*	*GBIS (EUR -227m) / IBFS (EUR -29m)*
*(-) Group refocusing plan**		*(18)*	*(137)*	*(177)*	*Corporate Centre*
Underlying	**(8,500)**	**(560)**	**6**	**2,332**	

(*) exceptional item

6 - Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk or commercial cost of risk is defined on pages 45 and 574 of Societe Generale's 2020 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

	(In EUR m)	Q2 20	Q2 19	H1 20	H1 19
French Retail Banking	Net Cost Of Risk	442	129	691	223
	Gross loan Outstandings	207,517	192,896	204,328	192,159
	Cost of Risk in bp	**85**	**27**	**68**	**23**
International Retail Banking and Financial Services	Net Cost Of Risk	418	133	647	261
	Gross loan Outstandings	133,475	139,634	134,941	134,747
	Cost of Risk in bp	**125**	**38**	**96**	**39**
Global Banking and Investor Solutions	Net Cost Of Risk	419	33	761	75
	Gross loan Outstandings	175,673	164,162	166,868	164,512
	Cost of Risk in bp	**95**	**8**	**91**	**9**
Corporate Centre	Net Cost Of Risk	0	19	0	19
	Gross loan Outstandings	10,292	8,705	10,001	8,977
	Cost of Risk in bp	**3**	**86**	**3**	**42**
Societe Generale Group	Net Cost Of Risk	1,279	314	2,099	578
	Gross loan Outstandings	526,958	505,397	516,138	500,395
	Cost of Risk in bp	**97**	**25**	**81**	**23**

The **gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

7 - ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 45 and 46 of Societe Generale's 2020 Universal Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 46 of Societe Generale's 2020 Universal Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for "interest net of tax payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period	Q2 20	Q2 19	H1 20	H1 19
Shareholders' equity Group share	**60,659**	**62,492**	**60,659**	**62,492**
Deeply subordinated notes	(8,159)	(9,861)	(8,159)	(9,861)
Undated subordinated notes	(283)	(280)	(283)	(280)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	20	(39)	20	(39)
OCI excluding conversion reserves	(834)	(636)	(834)	(636)
Dividend provision		(717)		(717)
ROE equity end-of-period	**51,403**	**50,959**	**51,403**	**50,959**
Average ROE equity	**52,388**	**50,250**	**52,830**	**49,842**
Average Goodwill	(4,270)	(4,541)	(4,416)	(4,619)
Average Intangible Assets	(2,417)	(2,194)	(2,393)	(2,194)
Average ROTE equity	**45,701**	**43,515**	**46,021**	**43,029**
Group net Income (a)	**(1,264)**	**1,054**	**(1,590)**	**1,740**
Underlying Group net income (b)	**8**	**1,247**	**0**	**2,332**
Interest on deeply subordinated notes and undated subordinated notes (c)	(161)	(192)	(320)	(357)
Cancellation of goodwill impairment (d)	684	41	684	108
Ajusted Group net Income (e) = (a)+ (c)+(d)	**(741)**	**903**	**(1,227)**	**1,491**
Ajusted Underlying Group net Income (f)=(b)+(c)	**(153)**	**1,056**	**(321)**	**1,975**
Average ROTE equity (g)	**45,701**	**43,515**	**46,021**	**43,029**
ROTE [quarter: (4*e/g), 6M: (2*e/g)]	-6.5%	8.3%	-5.3%	6.9%
Average ROTE equity (underlying) (h)	**46,973**	**43,612**	**47,611**	**43,325**
Underlying ROTE [quarter: (4*f/h), 6M: (2*f/h)]	-1.3%	9.7%	-1.3%	9.1%

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

In EURm	T2-20	T2-19	Variation	S1-20	S1-19	Variation
French Retail Banking	**11,460**	11,306	+1.4%	**11,321**	11,281	+0.4%
International Retail Banking & Financial Services	**10,820**	11,051	-2.1%	**10,708**	11,336	-5.5%
Global Banking & Investor Solutions	**14,453**	15,543	-7.0%	**14,024**	16,064	-12.7%
Core Businesses	**36,733**	37,900	-3.1%	**36,053**	38,681	-6.8%
Corporate Centre	**15,655**	12,350	+26.8%	**16,777**	11,162	+50.3%
Group	**52,388**	50,250	+4.3%	**52,830**	49,842	+6.0%

8 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 48 of the Group's 2020 Universal Registration Document. The items used to calculate them are presented below:

End of period	H1 20	Q1 20	2019	H1 19
Shareholders' equity Group share	**60,659**	**62,580**	**63,527**	**62,492**
Deeply subordinated notes	(8,159)	(8,258)	(9,501)	(9,861)
Undated subordinated notes	(283)	(288)	(283)	(280)
Interest, net of tax, payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	20	1	4	(39)
Bookvalue of own shares in trading portfolio	335	381	375	431
Net Asset Value	**52,572**	**54,416**	**54,122**	**52,743**
Goodwill	(3,928)	(4,611)	(4,510)	(4,548)
Intangible Assets	(2,458)	(2,376)	(2,362)	(2,226)
Net Tangible Asset Value	**46,186**	**47,429**	**47,250**	**45,969**
Number of shares used to calculate NAPS**	**851,133**	**851,133**	**849,665**	**844,026**
Net Asset Value per Share	**61.8**	**63.9**	**63.7**	**62.5**
Net Tangible Asset Value per Share	**54.3**	**55.7**	**55.6**	**54.5**

*** The number of shares considered is the number of ordinary shares outstanding as at June 30th, 2020, excluding treasury shares and buybacks, but including the trading shares held by the Group.*
In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.

9 - Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 47 of Societe Generale's 2020 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE. As specified on page 47 of Societe Generale's 2020 Universal Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).
The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands)	H1 20	Q1 20	2019	H1 19
Existing shares	**853,371**	**853,371**	**834,062**	**821,189**
Deductions				
Shares allocated to cover stock option plans and free shares awarded to staff	2,728	2,972	4,011	4,214
Other own shares and treasury shares			149	249
Number of shares used to calculate EPS**	**850,643**	**850,399**	**829,902**	**816,726**
Group net Income	**(1,590)**	**(326)**	**3,248**	**1,740**
Interest on deeply subordinated notes and undated subordinated notes	(320)	(159)	(715)	(357)
Capital gain net of tax on partial buybacks				
Adjusted Group net income	**(1,910)**	**(485)**	**2,533**	**1,383**
EPS (in EUR)	**-2.25**	**-0.57**	**3.05**	**1.69**
Underlying EPS* (in EUR)	**-0.38**	**-0.07**	**4.03**	

* Excluding exceptional items and including linearisation of the IFRIC 21 effect.
** The number of shares considered is the number of ordinary shares outstanding as at June 30^{th}, 2020, excluding treasury shares and buybacks, but including the trading shares held by the Group.

10 - The Societe Generale Group's Common Equity Tier 1 capital is calculated in accordance with applicable CRR/CRD4 rules. The fully-loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is calculated according to applicable CRR/CRD4 rules including the provisions of the delegated act of October 2014.

Table of the change in the CET1 ratio in the quarter

In bp	
CET1 as at 31/3/2020	**12.6%**
Own funds evolution	**-7bp**
Organic RWAs change* **of which**	**-15bp**
RWAs of businesses	+2bp
Non-guaranteed part of State-Guaranteed loans	-4bp
Rating migration	-8bp
Corporates credit line drawdowns	-5bp
SME supporting factor	**+14bp**
Effect of waiting period on State-guaranteed loans (based on an assumption of a final loan guarantee rate of approximately 90%)	**-27bp**
Quick fix BCE **Of which**	**+12bp**
VaR/sVaR multiplicator	+7bp
PVA transitional provision	+5bp
CET1 as at 30/06/2020	**12.3%**
Phasing IFRS 9	+20bp
CET1 as at 30/06/2020 including IFRS9 phasing	**12,5%**

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

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

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

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), four of the STOXX ESG Leaders indices, and the MSCI Low Carbon Leaders Index.

For more information, you can follow us on Twitter @societegenerale or visit our website www.societegenerale.com

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