

## PRESS RELEASE

### QUARTERLY FINANCIAL INFORMATION

Paris, August 2nd, 2017

#### Q2 17: SOUND RESULTS

- Stable **net banking income for the businesses** (EUR 6,392m, -0.5% vs. Q2 16), with the substantial growth in International Retail Banking & Financial Services offsetting the decline in Global Banking & Investor Solutions (-4.3% vs. Q2 16) compared with the high level in Q2 16, and the slight fall (-1.8%<sup>(1)</sup> vs. Q2 16) in French Retail Banking.
- Group book **net banking income**, including non-economic items, of EUR 5,199m, down -25.6% vs. Q2 16 (base effect in Q2 16 related to the capital gain on the Visa sale (EUR 725m) and the impact of the settlement with the Libyan Investment Authority (LIA) signed in Q2 17 for EUR -963m, booked in the Corporate Centre).
- **Operating expenses** under control, +1.2% vs. Q2 16.
- **Commercial cost of risk**<sup>(2)</sup> of 15bp in Q2 17 (38bp in Q2 16) reflecting the improvement in the Group's risk profile. Net cost of risk including a net write-back of EUR 450m in respect of the provision for disputes.
- Book **Group net income** of EUR 1,058m in Q2 17 (EUR 1,461m in Q2 16).
- **Underlying Group net income**<sup>(3)</sup> up +11.0% at EUR 1,165m in Q2 17 (EUR 1,050m in Q2 16).
- Fully-loaded **CET1 ratio** of 11.7% (11.6% at March 31st, 2017)

#### H1 17: GOOD HALF-YEAR RESULTS

- **Net banking income for the businesses** of EUR 12.9bn (+1.7% vs. H1 16)
- **Operating expenses** contained (+2.2% vs. H1 16 excluding Euribor fine refund in Q1 16)
- Book **Group net income** of EUR 1,805m (EUR 2,385m in H1 16)
- **Underlying Group net income**<sup>(3)</sup> of EUR 2,551m, up +32.6% in H1 17 (EUR 1,924m in H1 16)
- **Underlying ROE**<sup>(3)</sup> of 9.5% (7.5% in H1 16)

**EPS<sup>(4)</sup>: EUR 2.12 in H1 17 (EUR 2.77 in H1 16). Provision for dividend of EUR 1.10/share**

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, RONE, net assets, tangible net assets, EPS excluding non-economic items, and the amounts serving as a basis for the different restatements carried out (in particular the transition from accounting data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios. The footnotes \* and \*\* in this document are specified below:

\* When adjusted for changes in Group structure and at constant exchange rates.

\*\* Excluding non-economic items.

(1) Excluding PEL/CEL provision.

(2) Excluding disputes, in basis points for assets at the beginning of the period, including operating leases. Annualised calculation.

(3) See methodology note 5 for the transition from accounting data to underlying data.

(4) Excluding non-economic items (gross EPS in H1 17: EUR 1.94 and EUR 2.71 in H1 16)

Societe Generale's Board of Directors, which met on August 1st, 2017 under the chairmanship of Lorenzo Bini Smaghi, examined the results for H1 and Q2 2017.

**Book Group net income** amounted to EUR 1,058 million in Q2 2017 (EUR 1,461 million in Q2 2016) and EUR 1,805 million in H1 2017 (EUR 2,385 million in H1 2016).

These results include non-economic items and exceptional items whose impact on the different components of the results is detailed in note 5. When corrected for these items and the additional charge in respect of the linearisation of the impact of IFRIC 21, **underlying Group net income** totalled EUR 1,165 million in Q2 2017, up +11.0% vs. Q2 2016. Underlying Group net income was up +32.6% at EUR 2,551 million in H1 2017 (EUR 1,924 million in H1 2016), as was underlying ROE (9.5% in H1 2017 vs. 7.5% in H1 2016).

The Societe Generale Group delivered a good performance in all its businesses in Q2 2017. International Retail Banking & Financial Services enjoyed strong revenue growth (NBI up +6.2% vs. Q2 2016), whereas French Retail Banking, still adversely affected by the low interest rate environment, saw a moderate decline (-1.8% excluding PEL/CEL provision vs. Q2 2016) and Global Banking & Investor Solutions a limited decline of -4.3% vs. Q2 2016 which benefited from a more favourable market environment than in Q2 2017.

**Book net banking income** totalled EUR 5,199 million in Q2 2017 (EUR 6,984 million in Q2 2016) and EUR 11,673 million in H1 2017 (EUR 13,159 million in H1 2016). Underlying net banking income amounted to EUR 6,389 million in Q2 2017 (down -1.3% vs. Q2 2016) and EUR 12,841 million in H1 2017 (up +2.7% vs. H1 2016).

**Operating expenses** were up +1.2% in Q2 2017, reflecting on the one hand, the acceleration of investments in the transformation of French Retail Banking and efforts to support the rapid growth of International Retail Banking & Financial Services and, on the other, the effects of Global Banking & Investor Solutions' cost savings plans. Underlying operating expenses increased in a controlled manner to EUR -8,500 million in H1 2017 (up +1.7% vs. H1 2016).

The **net cost of risk** (excluding net change in the provision for disputes) was at the low level of EUR -191 million in Q2 2017, a substantial decline vs. Q2 2016 (EUR -464 million). The commercial cost of risk stood at the very low level of 15 basis points in Q2 2017 (38 basis points in Q2 2016). The provision for disputes was the subject of a net write-back in the income statement of EUR 450 million consisting of a write-back of EUR 750 million intended to cover, in Group net income, the impact of the LIA settlement, and an additional allocation of EUR 300 million.

The **Common Equity Tier 1** (fully-loaded CET1) ratio was 11.7% at June 30th, 2017 (11.6% at March 31st, 2017). It includes, in particular, the impact of operations to optimise the portfolio (primarily the stock market floatation of ALD, disposal of Splitska Banka and acquisition of 50% of the capital of Antarius) and a provision for dividend of EUR 1.10 per share.

Earnings Per Share, excluding non-economic items, amounts to EUR 2.12 at end-June 2017 (EUR 2.77 at end-June 2016).

Commenting on the Group's results for H1 2017, Frédéric Oudéa – Chief Executive Officer – stated:

**“In a mixed economic and financial environment, Societe Generale posted sound Q2 results, confirming the good commercial and operating performances achieved by the businesses at the beginning of the year and the relevance of its diversified and integrated banking model. The Group's revenues were driven in particular by the growth in International Retail Banking & Financial Services, while profitability increased due to cost and risk control. The Group also continued to optimise its portfolio of activities with, in particular, the acquisition of 50% of the capital of Antarius and the stock market floatation of ALD.**

**Societe Generale is actively preparing the next stage of its strategy which will be presented in November, based on the Group's new governance, both more agile and closer to our customers, implemented as from September.”**

## 1. GROUP CONSOLIDATED RESULTS

<i>In EUR m</i>	<b>Q2 17</b>	<b>Q2 16</b>	<b>Change</b>		<b>H1 17</b>	<b>H1 16</b>	<b>Change</b>	
<b>Net banking income</b>	<b>5,199</b>	<b>6,984</b>	<b>-25.6%</b>	<b>-26.0%*</b>	<b>11,673</b>	<b>13,159</b>	<b>-11.3%</b>	<b>-12.1%*</b>
<i>Net banking income(1)</i>	5,426	7,195	-24.6%	-25.0%*	11,878	13,225	-10.2%	-11.0%*
Operating expenses	(4,169)	(4,119)	+1.2%	+1.5%*	(8,813)	(8,403)	+4.9%	+4.4%*
<b>Gross operating income</b>	<b>1,030</b>	<b>2,865</b>	<b>-64.0%</b>	<b>-65.2%*</b>	<b>2,860</b>	<b>4,756</b>	<b>-39.9%</b>	<b>-40.9%*</b>
<i>Gross operating income(1)</i>	1,257	3,076	-59.1%	-60.2%*	3,065	4,822	-36.4%	-37.5%*
Net cost of risk	259	(664)	n/s	n/s	(368)	(1,188)	-69.0%	-71.7%*
Operating income	1,289	2,201	-41.4%	-42.9%*	2,492	3,568	-30.2%	-30.5%*
<i>Operating income(1)</i>	1,516	2,412	-37.1%	-38.4%*	2,697	3,634	-25.8%	-26.1%*
Net profits or losses from other assets	208	(16)	n/s	n/s	245	(12)	n/s	n/s
Impairment losses on goodwill	0	0	n/s	n/s	1	0	n/s	n/s
Income tax	(302)	(627)	-51.8%	-53.5%*	(691)	(1,011)	-31.7%	-32.2%*
<b>Reported Group net income</b>	<b>1,058</b>	<b>1,461</b>	<b>-27.6%</b>	<b>-28.3%*</b>	<b>1,805</b>	<b>2,385</b>	<b>-24.3%</b>	<b>-24.3%*</b>
<i>Group net income(1)</i>	1,218	1,599	-23.8%	-24.4%*	1,951	2,428	-19.7%	-19.6%*
ROE (after tax)	<b>7.8%</b>	<b>11.7%</b>			<b>6.5%</b>	<b>9.4%</b>		
<b>Adjusted ROE(2)</b>	<b>7.1%</b>	<b>11.0%</b>			<b>7.4%</b>	<b>10.1%</b>		

(1) Adjusted for revaluation of own financial liabilities and DVA

(2) Corrected for the effect of the implementation of IFRIC 21 and the refund of the Euribor fine in Q1 16 amounting to EUR 218 million

### Net banking income

The Group's book net banking income totalled EUR 5,199 million in Q2 17 (EUR 6,984 million in Q2 16) and EUR 11,673 million in H1 17 (EUR 13,159 million in H1 16).

Underlying net banking income was slightly lower (-1.3%) at EUR 6,389 million in Q2 2017. It amounted to EUR 12,841 million in H1 17 (EUR 12,500 million in H1 16).

Net banking income for the businesses was stable at EUR 6,392 million in Q2 17 (EUR 6,426 million in Q2 16).

- French Retail Banking's net banking income was slightly lower (-1.8% excluding PEL/CEL provision) in Q2 17 than in Q2 16. This trend reflects the decline in net interest income (-6.6% vs. Q2 16), still adversely affected by a low interest rate environment, and the continued increase in commissions illustrating the gradual transition to a more fee-generating model (+5.0% vs. Q2 16).
- International Retail Banking & Financial Services' net banking income increased +6.2% (+5.5%\*) in Q2 17, driven by the growth of activities in all businesses and geographical regions. In Q2 17, International Retail Banking revenues climbed +5.1% (+7.1%\*) underpinned by a strong commercial momentum, Insurance revenues rose +4.9%\* and Financial Services to Corporates' revenues were slightly higher (+1.5%\*).
- Global Banking & Investor Solutions' revenues were down -4.3% in Q2 17 vs. Q2 16, which represented a high comparison base. Global Markets and Investor Services declined -3.1%, with a contrasting trend between Fixed Income, Currencies & Commodities adversely affected by an unfavourable environment (-6.8% vs. Q2 16) and Equity activities which proved more resilient (-3.3% vs. Q2 16). Financing & Advisory revenues declined compared to the high level in Q2 2016. In Asset and Wealth Management, net banking income rose +5.5% due primarily to the healthy growth of Lyxor's assets under management.

The accounting impact of the revaluation of the Group's own financial liabilities was EUR -224 million in Q2 17 (EUR -212 million in Q2 16). The DVA impact was EUR -3 million in Q2 17 (EUR 1 million in Q2 16). These two factors constitute the restated non-economic items in the analyses of the Group's results.

Net banking income also includes the impact of the LIA settlement for EUR -963 million in Q2 17 and the impact of the sale of Visa shares for EUR +725 million in Q2 16.

### **Operating expenses**

The Group's operating expenses amounted to EUR -4,169 million in Q2 17, up +1.2% (+1.5%\*) vs. Q2 16. They include a EUR 60 million restructuring provision write-back. After reintegrating the impact related to the smoothing of IFRIC 21 charges, the increase was +1.5%.

Underlying operating expenses totalled EUR -8,500 million in H1 17 vs. EUR -8,360 million in H1 16, representing a controlled increase of 1.7%.

The increase reflects the acceleration of investments in the transformation of French Retail Banking, efforts to support the growth of International Retail Banking & Financial Services, and the benefits of the structural transformation of Global Banking & Investor Solutions' business model related to the cost savings plans implemented.

### **Gross operating income**

The Group's book gross operating income totalled EUR 1,030 million in Q2 17 (EUR 2,865 million in Q2 16) and EUR 2,860 million in H1 17 (EUR 4,756 million in H1 16).

Underlying gross operating income amounted to EUR 2,075 million in Q2 17 (EUR 2,220 million in Q2 16) and EUR 4,341 million in H1 17 (EUR 4,140 million in H1 16).

### **Cost of risk**

The Group's net cost of risk was positive (EUR +259 million) in Q2 17, due primarily to the net write-back in respect of the provision for disputes amounting to EUR +450 million (allocation of EUR 300 million offset by a write-back of EUR 750 million covering the net effect of the LIA settlement). Excluding this item, the net cost of risk was EUR -191 million in Q2 17, down -58.7% vs. Q2 16, confirming the structural improvement in the risk profile of the three business divisions.

The commercial cost of risk (expressed as a fraction of outstanding loans) continued to decline, to a very low level of 15 basis points in Q2 17 (vs. 38 basis points in Q2 16). It was lower in all the businesses:

- In French Retail Banking, the commercial cost of risk was 29 basis points in Q2 17 (33 basis points in Q2 16).
- International Retail Banking & Financial Services' cost of risk continued to decline, to 14 basis points in Q2 17 vs. 64 basis points in Q2 16. This effect can be attributed in particular to the low level of impairments and major provision write-backs in Romania.
- Global Banking & Investor Solutions' cost of risk was at a very low level of 1 basis point in Q2 17 (29 basis points in Q2 16).

The Group's commercial cost of risk is expected to be around 25 basis points at end-2017.

The gross doubtful outstandings ratio declined to 4.6% at end-June 2017 (vs. 5.1% at end-June 2016). The Group's gross coverage ratio for doubtful outstandings stood at 62%, a decrease vs. March 31st 2017.

### **Operating income**

Book Group operating income totalled EUR 1,289 million in Q2 17 (EUR 2,201 million in Q2 16) and EUR 2,492 million in H1 17 (EUR 3,568 million in H1 16).

Underlying operating income amounted to EUR 1,884 million in Q2 17 (EUR 1,756 million in Q2 16) and EUR 3,873 million in H1 17, up +22.9% vs. H1 16.

### **Net profits or losses from other assets**

Net profits or losses from other assets amounted to EUR 208 million in Q2 17 (EUR 245 million in H1 17) and include principally the capital gain, related to the change in consolidation method for Antarius, recognised at the time of Sogécap's acquisition of 50% of the capital for EUR 203 million.

### **Net income**

Book Group net income totalled EUR 1,058 million in Q2 17 (EUR 1,461 million in Q2 16) and EUR 1,805 million in H1 17 (EUR 2,385 million in H1 16).

Underlying Group net income increased +11.0% to EUR 1,165 million in Q2 17 (EUR 1,050 million in Q2 16) and +32.6% to EUR 2,551 million in H1 17 (EUR 1,924 million in H1 16).

Underlying ROE was 8.7% in Q2 17 (7.8% in absolute terms) vs. 8.2% in Q2 16 (11.7% in absolute terms). It amounted to 9.5% in H1 17 vs. 7.5% in H1 16.

Earnings per share amounts to EUR 1.94 in H1 17 (EUR 2.71 in H1 16). When adjusted for non-economic items, EPS is EUR 2.12 in H1 17 (EUR 2.77 in H1 16).

## 2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 60.1 billion at June 30th, 2017 (EUR 62.0 billion at December 31st, 2016). Net asset value per share was EUR 61.9, including EUR 1.37 of unrealised capital gains. Tangible net asset value per share was EUR 55.7.

The **consolidated balance sheet** totalled EUR 1,350 billion at June 30th, 2017 (EUR 1,382 billion at December 31st, 2016). The net amount of **customer loan outstandings**, including lease financing, was EUR 400 billion at June 30th, 2017 (EUR 403 billion at December 31st, 2016) – excluding assets and securities sold under repurchase agreements. At the same time, **customer deposits** amounted to EUR 393 billion, vs. EUR 397 billion at December 31st, 2016 (excluding assets and securities sold under repurchase agreements).

At June 30th, 2017, the Group had issued EUR 18.4 billion of medium/long-term debt with EUR 16.7 billion at parent company level (representing the achievement of 69% of the 2017 financing programme of EUR 24 billion), having an average maturity of 5 years and an average spread of 27 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 1.7 billion. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 123% at end-June 2017, vs. 142% at end-December 2016.

The Group's **risk-weighted assets** (RWA) amounted to EUR 351.0 billion at June 30th, 2017 (vs. EUR 355.5 billion at end-December 2016) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 81.2% of the total, at EUR 285 billion, down -3.1% vs. December 31st, 2016.

At June 30th, 2017, the Group's fully-loaded **Common Equity Tier 1** ratio stood at 11.7%<sup>(1)</sup> (11.5% at end-December 2016), up +17 basis points vs. end-December 2016. The Tier 1 ratio stood at 14.4%, a decline of -12 basis points, and the total capital ratio amounted to 17.7%, a decline of -19 basis points vs. end-December 2016 in conjunction with the early redemption of an additional Tier 1 capital issue replaced by a senior non-preferred debt issue.

With a level of 21.9% of RWA and 6.4% of leveraged exposure at end-June 2017, the Group's TLAC ratio is already above the FSB's requirements for 2019.

The **leverage ratio** stood at 4.2% at June 30th, 2017 (4.2% at end-December 2016, 4.1% at end-March 2017).

The Group is rated by the rating agencies DBRS (long-term rating: "A (high)" with a stable outlook; short-term rating: "R-1(middle)" and long-term Critical Obligations Rating of "AA" and short-term Critical Obligations Rating of "R-1(high)"), FitchRatings (long-term rating: "A" with a stable outlook; short-term rating: "F1" and long-term Derivative Counterparty Rating at "A(dcr)"), Moody's (deposit and senior unsecured long-term ratings: "A2" with a stable outlook; short-term rating: "P-1" and long-term Counterparty Risk Assessment of "A1" and short-term Counterparty Risk Assessment of "P-1"), Standard & Poor's (long-term rating: "A" with a stable outlook; short-term rating: "A-1") and R&I (long-term rating: "A" with a stable outlook).

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<sup>(1)</sup> The phased-in ratio, including the earnings of the current financial year, stood at 11.9% at end-June 2017 vs. 11.8% at end-December 2016 and 11.5% at end-June 2016.

### 3. FRENCH RETAIL BANKING

<i>In EUR m</i>	Q2 17	Q2 16	Change	H1 17	H1 16	Change
<b>Net banking income</b>	<b>2,052</b>	<b>2,100</b>	<b>-2.3%</b>	<b>4,108</b>	<b>4,184</b>	<b>-1.8%</b>
<i>Net banking income excl. PEL/CEL</i>	2,049	2,087	-1.8%	4,107	4,194	-2.1%
Operating expenses	(1,389)	(1,340)	<b>+3.7%</b>	(2,850)	(2,765)	<b>+3.1%</b>
<b>Gross operating income</b>	<b>663</b>	<b>760</b>	<b>-12.8%</b>	<b>1,258</b>	<b>1,419</b>	<b>-11.3%</b>
<i>Gross operating income excl. PEL/CEL</i>	660	747	-11.7%	1,257	1,429	-12.0%
Net cost of risk	(130)	(168)	-22.6%	(275)	(348)	-21.0%
Operating income	533	592	-10.0%	983	1,071	-8.2%
<b>Reported Group net income</b>	<b>359</b>	<b>403</b>	<b>-10.9%</b>	<b>678</b>	<b>731</b>	<b>-7.3%</b>
RONE	<b>13.1%</b>	<b>15.7%</b>		<b>12.4%</b>	<b>14.1%</b>	
<b>Adjusted RONE (1)</b>	<b>12.6%</b>	<b>14.8%</b>		<b>13.0%</b>	<b>14.8%</b>	

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

The healthy commercial momentum enjoyed by French Retail Banking at the beginning of 2017 continued in Q2 17 and was accompanied by resilient earnings in a low interest rate environment in H1 17.

#### Activity and net banking income

The client base of French Retail Banking's three brands (Societe Generale, Crédit du Nord and Boursorama) continued to expand in H1 17. In the individual customer segment, the division saw the number of customers increase by 248,000 in Q2 17 (+2.2% vs. Q2 16) while Boursorama strengthened its position as the leading online bank in France, with more than 1.1 million customers at end-June 2017. In the business segment, the number of new relationships was very robust with more than 1,400 new customers in Q2 17 (+4.4% vs. Q2 16). They reflect the teams' professionalism and relational qualities, as testified by the results of the 2017 Competition Survey which show that 9 out of 10 business customers consider the Societe Generale teams to be "proficient and expert" according to the survey by the CSA<sup>(1)</sup>. In addition, the customers of the main French banks rank Crédit du Nord joint No. 1 in terms of satisfaction in the individual customer and business customer markets. Crédit du Nord is also ranked second in the professional customer market.

There was a significant increase in French Retail Banking's housing loan production, up +41% vs. Q2 16 at EUR 6.0 billion in Q2 17. This good performance is only partially reflected in the growth in home loan outstandings (+2.3% in Q2 17) due primarily to the acceleration in the pace of prepayments and the natural pace of loan amortisations. There was a substantial increase in corporate investment loan production (+9.7% vs. Q2 16) to EUR 2.8 billion, while average outstandings rose +1.7%. Overall, average outstanding loans grew +1.2% vs. Q2 16 to EUR 185.1 billion.

Average outstanding balance sheet deposits came to EUR 196.2 billion at end-June 2017. They were up +7.5%, driven by the sharp rise in sight deposits (+17.0%), particularly in the business segment. As a result, the average loan/deposit ratio amounted to 94% at end-June 2017 (vs. 100% on average in 2016).

French Retail Banking's growth drivers turned in robust performances with, notably, a substantial increase in assets under management for Private Banking in France (+8.7% vs. Q2 16) and life insurance outstandings up +2% at EUR 91.9 billion.

This strong commercial momentum is partially reflected in French Retail Banking's earnings which experienced the negative effects of the low interest rate environment and mortgage renegotiations.

<sup>(1)</sup> 2017 Customer Satisfaction Competition Survey carried out by the French CSA research institute among 3,000 banking relationship managers within SMEs



After neutralising the impact of PEL/CEL provisions, net banking income was down -1.8% in Q2 17 vs. Q2 16 at EUR 2,049 million and -2.4% when adjusted for changes in Group structure (integration of Antarius and disposal of OnVista). It came to EUR 4,107 million in H1 17, down -2.1% and -2.4% when adjusted for changes in Group structure vs. H1 16, in line with Group expectations of an erosion of around 3% to 3.5% over the year. Interest income declined -6.6% vs. Q2 16 (-6.9% in H1 17) due to mortgage renegotiations and the reinvestment of deposits at a lower rate. Commissions climbed +5.0% in Q2 17 (and +4.9% in H1 17), reflecting the successful transition to a fee-generating model. There was a sharp increase in financial commissions (+26% in Q2 17 and +18% in H1 17), due to dynamic brokerage and life insurance activity, particularly for unit-linked contracts. The increase also reflects the higher contribution from Antarius, after Societe Generale acquired total control of the insurance company.

### **Operating expenses**

French Retail Banking's operating expenses came to EUR 1,389 million, up +3.7% vs. Q2 16 (and +3.1% in H1 17 vs. H1 16, in line with Group expectations of an increase in operating expenses of +3% to +3.5% in 2017). The Group continued with its digital transformation and investments in fast-growing activities. As part of its transformation plan, the Group notably closed 44 branches in France in Q2 17 (and 65 in H1 17).

### **Operating income**

The net cost of risk confirmed its downward trend (-22.6% vs. Q2 16 and -21.0% vs. H1 16) thanks to the quality of French Retail Banking's portfolio. Operating income totalled EUR 533 million in Q2 17 (EUR 592 million in Q2 16) and EUR 983 million in H1 17 (EUR 1,071 million in H1 16).

### **Contribution to Group net income**

French Retail Banking's contribution to Group net income amounted to EUR 359 million in Q2 17 (EUR 403 million in Q2 16) and EUR 678 million in H1 17 (EUR 731 million in H1 16), testifying to the division's resilient profitability in a low interest rate environment. RONE adjusted for the IFRIC 21 charge stood at 12.6% in Q2 17 and 13.0% in H1 17.

#### 4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

The division's net banking income totalled EUR 2,009 million in Q2 17, up +6.2% vs. Q2 16, driven by the substantial growth in activity in all regions and businesses. Operating expenses were slightly lower (-0.9%) over the period, but include a EUR 60 million restructuring provision write-back. If this provision write-back is stripped out, operating expenses were up +4.6%, in conjunction with the growth of the businesses. Accordingly, gross operating income totalled EUR 980 million in Q2 17 (+14.9% vs. Q2 16). The net cost of risk continued to improve, amounting to EUR 59 million (-69.1% vs. Q2 16), due to good risk management and the recovery of significant amounts in Romania. The division's contribution to Group net income totalled EUR 568 million in Q2 17, up +30.3% vs. Q2 16.

Revenues amounted to EUR 3,987 million in H1 17, up +7.3% vs. H1 16. Operating income was EUR 1,583 million (+38.6% vs. H1 16) and the contribution to Group net income came to EUR 1.0 billion (+36.0%).

<i>In EUR m</i>	Q2 17	Q2 16	Change		H1 17	H1 16	Change	
<b>Net banking income</b>	<b>2,009</b>	<b>1,891</b>	<b>+6.2%</b>	<b>+5.5%*</b>	<b>3,987</b>	<b>3,716</b>	<b>+7.3%</b>	<b>+5.3%*</b>
Operating expenses	(1,029)	(1,038)	-0.9%	-1.2%*	(2,234)	(2,171)	+2.9%	+0.6%*
<b>Gross operating income</b>	<b>980</b>	<b>853</b>	<b>+14.9%</b>	<b>+13.6%*</b>	<b>1,753</b>	<b>1,545</b>	<b>+13.5%</b>	<b>+11.9%*</b>
Net cost of risk	(59)	(191)	-69.1%	-69.2%*	(170)	(403)	-57.8%	-65.4%*
Operating income	921	662	+39.1%	+37.6%*	1,583	1,142	+38.6%	+40.7%*
Net profits or losses from other assets	(2)	13	n/s	n/s	33	13	x 2.5	x 2.1
Impairment losses on goodwill	0	0	n/s	n/s	1	0	n/s	n/s
<b>Reported Group net income</b>	<b>568</b>	<b>436</b>	<b>+30.3%</b>	<b>+29.8%*</b>	<b>1,001</b>	<b>736</b>	<b>+36.0%</b>	<b>+38.7%*</b>
RONE	20.1%	16.6%			17.8%	14.0%		
<b>Adjusted RONE (1)</b>	<b>19.3%</b>	<b>16.0%</b>			<b>18.4%</b>	<b>14.7%</b>		

(1) Adjusted for IFRIC 21 implementation

##### International Retail Banking

At end-June 2017, International Retail Banking's outstanding loans had risen +5.7% (+8.1%\*) vs. Q2 16, to EUR 85.0 billion; the increase was particularly strong in Europe, especially in the individual customer segment. Deposit inflow remained high in virtually all the international operations; outstanding deposits totalled EUR 77.4 billion at end-June 2017, up +7.3% (10.3%\*) year-on-year.

International Retail Banking made further progress in its financial performance, in line with previous quarters. Revenues were up +5.1% vs. Q2 16 (+7.1%\*), underpinned by the healthy commercial momentum, while the increase in operating expenses (+4.8%, +5.7%\*) reflects investments in fast-growing activities. Gross operating income came to EUR 546 million, up +5.6% (+8.9%\*) vs. Q2 16. International Retail Banking's contribution to Group net income amounted to EUR 277 million in Q2 17 (+42.1% vs. Q2 16), due primarily to the sharp decline in the net cost of risk (-69.8% vs. Q2 16).

International Retail Banking's net banking income totalled EUR 2,584 million in H1 17, up +5.0% (+4.8%\*) vs. H1 16. The contribution to Group net income came to EUR 471 million compared to EUR 317 million in H1 16 (+48.6%).

In Western Europe, outstanding loans were up +14.5% vs. Q2 16, at EUR 17.1 billion, and resulted in revenue growth of +10.5%. The region's net banking income totalled EUR 189 million and gross operating income EUR 99 million in Q2 17. The contribution to Group net income came to EUR 51 million, up +13.3% vs. Q2 16.

In the Czech Republic, the Group delivered another solid commercial performance in Q2 17. Outstanding loans rose +12.2% (+8.4%\*), driven by home loans and consumer loans. Outstanding deposits climbed +15.8% (+11.8%\*) year-on-year. Revenues were stable (+0.0%, -1.8%\*) in Q2 17 at EUR 259 million, given the persistent low interest rate environment. Over the same period, operating

expenses remained under control at EUR 133 million (+2.3%, +0.2%\*). The contribution to Group net income, which amounted to EUR 57 million (+9.6% vs. Q2 16) benefited from a low net cost of risk.

In Romania, the franchise expanded in a buoyant economic environment: outstanding loans grew +4.2% (+4.8%\*) and deposits climbed +6.1% (+6.8%\*). Outstanding loans totalled EUR 6.6 billion, primarily on the back of the growth in the individual customer and large corporate segments. Deposits totalled EUR 9.4 billion. In this context, net banking income rose +1.5% (+2.7%\*) due mainly to a positive volume effect. Operating expenses were up +9.5% (+10.8%\*), given the change in recognition method in 2016 with regard to contributions to the local deposit guarantee fund. Concerning the net cost of risk, Q2 17 was marked by major provision write-backs which resulted in a positive net cost of risk of EUR 44 million. As a result, the BRD group's contribution to Group net income was EUR 46 million; it was EUR 21 million in Q2 16.

In other European countries, outstanding loans were down -14.0% and deposits were down -17.5% vs. Q2 16, due to the disposal of Splitska Banka, the Group's subsidiary in Croatia, concluded on May 2nd. When adjusted for changes in Group structure and at constant exchange rates, outstanding loans and outstanding deposits were up +10.1%\* and +9.6%\* respectively. In Q2 17, revenues rose +6.9%\* when adjusted for changes in Group structure and at constant exchange rates (-19.4% in absolute terms), while operating expenses were up +7.9%\* (-18.3% in absolute terms) in conjunction with the expansion of the business and the growth in volumes. The contribution to Group net income came to EUR 38 million (EUR 40 million in Q2 16), with the decline in the net cost of risk (-45.5%) largely offsetting the decline in gross operating income following the disposal of Splitska Banka.

In Russia, the economic environment continues to stabilise, consolidating the business' expansion in the individual customer segment. Outstanding loans were up +2.2%\* when adjusted for changes in Group structure and at constant exchange rates (+6.6% in absolute terms, due primarily to the rouble's appreciation since Q2 16), driven both by corporate loans (+3.3%\*) and loans to individual customers (+1.5%\*), with the car loan business being particularly dynamic. Outstanding deposits were substantially higher (+22.1%\* when adjusted for changes in Group structure and at constant exchange rates and +25.6% in absolute terms), both for individual and business customers. Net banking income for SG Russia<sup>(1)</sup> totalled EUR 209 million in Q2 17, up +4.7%\* when adjusted for changes in Group structure and at constant exchange rates (+23.7% in absolute terms). Operating expenses remained under control at EUR 156 million, +3.3%\* when adjusted for changes in Group structure and at constant exchange rates (+22.1% in absolute terms) and the net cost of risk was substantially lower at EUR 9 million (-83.8% vs. Q2 16). Overall, SG Russia made a positive contribution to Group net income of EUR 31 million in Q2 17 (corresponding to a RONE of 9% in Q2 17). SG Russia made a loss of EUR -12 million in Q2 16.

In Africa and other regions where the Group operates, outstanding loans rose +3.8% (+5.6%\* vs. Q2 16) to EUR 19.1 billion, with a healthy commercial momentum in the majority of African operations (outstanding loans in Africa up +4.1% or +6.4%\* when adjusted for changes in Group structure and at constant exchange rates), in conjunction with the dynamic economic growth in the region. Outstanding deposits were up +4.6% (+6.3%\*) at EUR 18.9 billion. Net banking income came to EUR 385 million in Q2 17, an increase vs. Q2 16 (+11.3%, +13.1%\*). Over the same period, operating expenses rose +8.9% (+10.8%\*), accompanying the Group's commercial development. The contribution to Group net income came to EUR 64 million in Q2 17, up +6.7% vs. Q2 16.

## Insurance

The life insurance savings business benefited from a +3.1%\* increase in outstandings in Q2 17 vs. Q2 16, +17.0% with the integration of Antarius' life insurance outstandings.

There was further growth in Personal Protection insurance (premiums up +10.9% vs. Q2 16). Likewise, Property/Casualty insurance continued to grow (premiums up +9.4% vs. Q2 16), with substantial growth internationally (+22.9% vs. Q2 16), driven by car and home insurance.

The Insurance business turned in a good financial performance in Q2 17, with net banking income up +12.7% vs. Q2 16 at EUR 249 million (+4.9%\*, excluding the effect of the acquisition of Aviva France's

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<sup>(1)</sup> SG Russia encompasses the entities Rosbank, Delta Credit Bank, Rusfinance Bank, Societe Generale Insurance, ALD Automotive and their consolidated subsidiaries

50% stake in Antarius), and a still low cost to income ratio (34.9% in Q2 17). The business' contribution to Group net income increased +10.3% in Q2 17 to EUR 107 million.

In H1 17, net banking income was up +9.8% (+5.6%\*) at EUR 484 million and the contribution to Group net income was up +8.0% vs. H1 16 at EUR 189 million.

### **Financial Services to Corporates**

Financial Services to Corporates maintained its commercial momentum in Q2 2017.

Operational Vehicle Leasing and Fleet Management experienced a significant increase in its vehicle fleet.

Equipment Finance enjoyed a good level of new business in Q2 17, with an increase of +6.8% (+7.0%\*) vs. Q2 16. Outstanding loans were up +4.0% (+5.0%\*) vs. Q2 16, at EUR 16.6 billion (excluding factoring), driven in particular by Scandinavia, Italy and Germany. New business margins held up well despite an intense competitive environment.

Financial Services to Corporates' net banking income rose +6.2% to EUR 444 million in Q2 17 (+1.5%\* when adjusted for changes in Group structure and at constant exchange rates, excluding notably the acquisition of the Parcour Group, concluded in May 2016). Operating expenses were higher over the period at EUR 219 million (+5.8% vs. Q2 16), in conjunction with the business' strong growth and the integration of Parcour. Operating income came to EUR 216 million, up +10.2% vs. Q2 16 (+4.3%\*) and the contribution to Group net income was EUR 157 million, up +6.1% vs. Q2 16.

In H1 17, Financial Services to Corporates' net banking income came to EUR 908 million (+13.1%, +7.1%\*, vs. H1 16) and the contribution to Group net income was EUR 329 million (+19.2% vs. H1 16).

Q2 17 was marked by the successful stock market floatation of ALD, the Group's Operational Vehicle Leasing and Fleet Management subsidiary, which involved the sale of a 20.18%<sup>(1)</sup> stake. This strategic operation will enable ALD to accelerate its growth and become a leader in the mobility sector.

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<sup>(1)</sup> Including the over-allotment option

## 5. GLOBAL BANKING & INVESTOR SOLUTIONS

<i>In EUR m</i>	Q2 17	Q2 16	Change		H1 17	H1 16	Change	
<b>Net banking income</b>	<b>2,331</b>	<b>2,435</b>	<b>-4.3%</b>	<b>-3.6%*</b>	<b>4,815</b>	<b>4,792</b>	<b>+0.5%</b>	<b>+0.7%*</b>
Operating expenses	(1,699)	(1,753)	-3.1%	-2.4%*	(3,649)	(3,470)	+5.2%	+5.3%*
<b>Gross operating income</b>	<b>632</b>	<b>682</b>	<b>-7.3%</b>	<b>-6.5%*</b>	<b>1,166</b>	<b>1,322</b>	<b>-11.8%</b>	<b>-11.2%*</b>
Net cost of risk	(3)	(106)	-97.2%	-97.2%*	(24)	(246)	-90.2%	-90.4%*
Operating income	629	576	+9.2%	+10.5%*	1,142	1,076	+6.1%	+7.4%*
<b>Reported Group net income</b>	<b>499</b>	<b>448</b>	<b>+11.4%</b>	<b>+12.7%*</b>	<b>882</b>	<b>902</b>	<b>-2.2%</b>	<b>-1.1%*</b>
<b>RONE</b>	<b>13.7%</b>	<b>11.8%</b>			<b>12.1%</b>	<b>11.7%</b>		
<b>Adjusted RONE (1)</b>	<b>12.3%</b>	<b>10.6%</b>			<b>13.8%</b>	<b>10.1%</b>		

(1) Adjusted for IFRIC 21 implementation and the positive exceptional impact of the Euribor fine refund in Q1 16

With net banking income of EUR 2,331 million in Q2 17, Global Banking & Investor Solutions saw its revenues decline -4.3% in Q2 17 vs. Q2 16 (EUR 2,435 million), which benefited from a more favourable market environment, particularly in Global Markets.

Net banking income totalled EUR 4,815 million in H1 17, very slightly higher (+0.5%) year-on-year.

### Global Markets & Investor Services

**Global Markets & Investor Services'** net banking income amounted to EUR 1,496 million in Q2 17, down -3.1% vs. Q2 16 but up +2.6% at EUR 3,174 million in H1 17 vs. H1 16. After a buoyant start to the year, the market environment was more mixed in Q2. While global markets ended the quarter higher, Q2 was marked primarily by the widespread "wait-and-see" attitude of investors, in conjunction with ever lower volatility and a weaker dollar.

**Equities'** net banking income fell -3.3% in Q2 17 vs. Q2 16, to EUR 549 million. However, it was up +0.3% in H1 17 vs. H1 16. In still rising markets, there was further confirmation of investor appetite for structured products with, in particular, strong demand in Europe. Accordingly, Equities posted its highest revenues since H1 2015. Flow products continued to experience limited activity, in conjunction with very low volatility, leading to a drop in volumes, primarily on flow derivatives and cash. However, the Group confirmed its leadership position in this segment (No. 2 globally based on Euronext Global volumes).

At EUR 586 million, the net banking income of **Fixed Income, Currencies & Commodities** experienced a moderate decline of -6.8% vs. Q2 16 and was up +3.4% in H1 17. In a less active market, structured products delivered an excellent performance, with revenues also at their highest level since H1 2015, confirming the successful expansion of our cross asset structured products franchise. In contrast, flow product revenues were lower, particularly on Rates, impacted by low volatility and reduced primary market activity.

**Prime Services'** net banking income totalled EUR 176 million in Q2 17, stable vs. Q2 16 (and +4.5% in H1 17 vs. H1 16). This represents a high level and reflects the proactive development of the franchise and the client On-boarding programme, in accordance with the growth plan.

**Securities Services'** assets under custody amounted to EUR 3,947 billion at end-June 2017, down -1.6% year-on-year. Over the same period, assets under administration were up +7.0% at EUR 621 billion. Securities Services' revenues were up +8.2% in Q2 17 vs. Q2 16 at EUR 185 million (and +5.5% in H1 17 vs. H1 16), on the back of an increase in commissions and thanks to a less unfavourable rate environment.

### Financing & Advisory

**Financing & Advisory's** net banking income came to EUR 567 million, down -11.0% vs. the high level in Q2 16, and -7.0% vs. H1 16. Earnings were driven downwards by the Natural Resources division, which was adversely affected by a sluggish commodity market and lower origination volumes than last year. Despite good results, Commercial Banking & Advisory also experienced a decline compared with a very good Q2 16, which benefited from a "catching up" effect following a lacklustre first quarter. Finally, the Capital Markets division maintained the healthy momentum of previous quarters, buoyed primarily by the performance of the securitisation and leveraged finance businesses.

### Asset and Wealth Management

The net banking income of the **Asset and Wealth Management** business line totalled EUR 268 million in Q2 17, up +5.5% vs. Q2 16. The increase was also +5.5% in H1 17.

**Private Banking's** assets under management amounted to EUR 118.7 billion at end-June 2017. Driven by inflow of EUR +1.6 billion, especially in France, assets under management were slightly higher (+1.6%) vs. H1 16, despite negative currency effects, in conjunction with the euro's appreciation. Net banking income was up +4.9% vs. Q2 16, at EUR 214 million, and +3.0% in H1 17, due to the healthy commercial momentum in France. The gross margin remained at 110 basis points.

**Lyxor's** assets under management came to EUR 107.6 billion (+6.6% vs. H1 16), underpinned by positive inflow. Lyxor retained its No. 2 ETF ranking in Europe, with a market share of 10.3% (source ETFGI). Net banking income amounted to EUR 49 million in Q2 17, up +14.0% vs. Q2 16 and +26.7% in H1 17 vs. H1 16, driven by an excellent commercial momentum and an increase in ETF commissions.

### Operating expenses

Global Banking & Investor Solutions' operating expenses were down -3.1% in Q2 17 vs. Q2 16. They were up +5.2% in H1 17 due to a base effect related to the partial refund of the Euribor fine<sup>(1)</sup> in Q1 16. When restated for this effect and the implementation of IFRIC 21, operating expenses were down -2.3% vs. H1 16, reflecting the efforts to reduce costs. The cost to income ratio stood at 72.9% in Q2 17.

### Operating income

Gross operating income came to EUR 632 million, down -7.3% vs. Q2 16, and -11.8% in H1 17 vs. H1 16, at EUR 1,166 million.

The net cost of risk amounted to EUR -3 million in Q2 17, a substantial improvement compared with EUR -106 million in Q2 16. The net cost of risk was EUR -24 million in H1 17 (EUR -246 million in H1 16).

The division's operating income totalled EUR 629 million in Q2 17 (up +9.2% vs. Q2 16) and EUR 1,142 million in H1 17 (up +6.1%).

### Net income

The division's contribution to Group net income came to EUR 499 million in Q2 17 (+11.4% vs. Q2 16) and EUR 882 million in H1 17. When restated for the effect of IFRIC 21, the division's ROE amounted to 13.8% in H1 17 (12.1% in absolute terms).

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<sup>(1)</sup> Partial refund of the Euribor fine of EUR 218m in Q1 16

## 6. CORPORATE CENTRE

<i>In EUR m</i>	<b>Q2 17</b>	<b>Q2 16</b>	<b>H1 17</b>	<b>H1 16</b>
<b>Net banking income</b>	<b>(1,193)</b>	<b>558</b>	<b>(1,237)</b>	<b>467</b>
<i>Net banking income (1)</i>	(969)	770	(1,038)	534
Operating expenses	(52)	12	(80)	3
Gross operating income	(1,245)	570	(1,317)	470
<i>Gross operating income (1)</i>	(1,021)	782	(1,118)	537
Net cost of risk	451	(199)	101	(191)
Net profits or losses from other assets	210	(29)	207	(11)
<b>Reported Group net income</b>	<b>(368)</b>	<b>174</b>	<b>(756)</b>	<b>16</b>
<i>Group net income (1)</i>	(210)	313	(615)	60

(1) Adjusted for revaluation of own financial liabilities

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 -1,193 million in Q2 17 (EUR +558 million in Q2 16), and EUR -969 million excluding the revaluation of the Group's own financial liabilities (EUR +770 million in Q2 16). In Q2 17, net banking income included EUR -963 million in respect of the LIA settlement. In Q2 16, net banking income incorporated the effect of the capital gain on the sale of Visa shares for EUR 725 million. The Corporate Centre's gross operating income was EUR -1,245 million in Q2 17 vs. EUR +570 million in Q2 16.

When restated for the revaluation of own financial liabilities, the effect of the LIA settlement in Q2 17 and the capital gain on the sale of Visa shares in Q2 16, gross operating income amounted to EUR -58 million in Q2 17 (vs. EUR 57 million in Q2 16). When restated for the same items, gross operating income came to EUR -155 million in H1 17 vs. EUR -188 million in H1 16.

The net cost of risk shows a positive balance of EUR 451 million. This balance includes both a write-back of EUR 750 million to cover the LIA settlement and an additional allocation of EUR 300 million. The total amount of the provision for disputes amounted to EUR 1.9 billion at June 30th, 2017.

The item "net profits or losses from other assets" includes primarily the capital gain, related to the change in consolidation method for Antarius (from the equity method to fully consolidated), recognised at the time of the acquisition of 50% of the capital by Sogécap.

The Corporate Centre's contribution to Group net income was EUR -368 million in Q2 17, vs. EUR 174 million in Q2 16. When restated for the impact of the revaluation of own financial liabilities, the Corporate Centre's contribution to Group net income was EUR -210 million in Q2 17 vs. EUR +313 million in Q2 16.

## 7. CONCLUSION

Societe Generale generated Group net income of EUR 1,805 million in H1 2017. Underlying Group net income increased by 32.6% to EUR 2,551 million.

These results illustrate the good commercial performance of all the Societe Generale Group's businesses as well as the extension of the momentum observed in previous quarters in terms of cost and risk control.

The Group continued with the transformation of its French Retail Banking model and the adaptation of its businesses in Global Banking & Investor Solutions and International Retail Banking & Financial Services.

The Group also continued with the optimisation of its portfolio of activities through the acquisition of the whole of Antarius, the disposal of Splitska Banka and the stock market floatation of ALD.

The Group will present its strategic plan on November 28th.



## 8. 2017-2018 FINANCIAL CALENDAR

### *2017-2018 financial communication calendar*

November 3rd, 2017	Third quarter 2017 results
November 28th, 2017	Presentation of the strategic plan – Investor Day
February 8th, 2018	Fourth quarter and FY 2017 results
May 4th, 2018	First quarter 2018 results
August 2nd, 2018	Second quarter and first half 2018 results
November 8th, 2018	Third quarter 2018 results

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 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

### Consolidated Income Statement

	H1 17	H1 16	Change		Q2 17	Q2 16	Change	
In M EUR								
Net banking income	11,673	13,159	-11.3%	-12.1%*	5,199	6,984	-25.6%	-26.0%*
Operating expenses	(8,813)	(8,403)	+4.9%	+4.4%*	(4,169)	(4,119)	+1.2%	+1.5%*
<b>Gross operating income</b>	<b>2,860</b>	<b>4,756</b>	<b>-39.9%</b>	<b>-40.9%*</b>	<b>1,030</b>	<b>2,865</b>	<b>-64.0%</b>	<b>-65.2%*</b>
Net cost of risk	(368)	(1,188)	-69.0%	-71.7%*	259	(664)	n/s	n/s
<b>Operating income</b>	<b>2,492</b>	<b>3,568</b>	<b>-30.2%</b>	<b>-30.5%*</b>	<b>1,289</b>	<b>2,201</b>	<b>-41.4%</b>	<b>-42.9%*</b>
Net profits or losses from other assets	245	(12)	n/s	n/s	208	(16)	n/s	n/s
Net income from companies accounted for by the equity method	50	68	-26.5%	-18.1%*	13	33	-60.6%	-48.0%*
Impairment losses on	1		n/s	n/s	0		n/s	n/s
Income tax	(691)	(1,011)	-31.7%	-32.2%*	(302)	(627)	-51.8%	-53.5%*
<b>Net income</b>	<b>2,097</b>	<b>2,613</b>	<b>-19.7%</b>	<b>-19.9%*</b>	<b>1,208</b>	<b>1,591</b>	<b>-24.1%</b>	<b>-25.0%*</b>
O.w. non-controlling	292	228	+28.1%	+25.7%*	150	130	+15.4%	+11.2%*
<b>Group net income</b>	<b>1,805</b>	<b>2,385</b>	<b>-24.3%</b>	<b>-24.3%*</b>	<b>1,058</b>	<b>1,461</b>	<b>-27.6%</b>	<b>-28.3%*</b>
Tier 1 ratio at the end of period	14.4%	13.6%			14.4%	13.6%		

\* When adjusted for changes in Group structure and at constant exchanges rates

### GROUP NET INCOME AFTER TAX BY CORE BUSINESS

In M EUR	H1 17	H1 16	Change	Q2 17	Q2 16	Change
<b>French Retail Banking</b>	678	731	-7.3%	359	403	-10.9%
<b>International Retail Banking and Financial Services</b>	1,001	736	+36.0%	568	436	+30.3%
<b>Global Banking and Investor Solutions</b>	882	902	-2.2%	499	448	+11.4%
<b>Core Businesses</b>	2,561	2,369	+8.1%	1,426	1,287	+10.8%
<b>Corporate Centre</b>	(756)	16	n/s	(368)	174	n/s
<b>Group</b>	1,805	2,385	-24.3%	1,058	1,461	-27.6%

**CONSOLIDATED BALANCE SHEET**

<b>Assets - in EUR bn</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
Cash, due from central banks	112.4	96.2
Financial assets measured at fair value through profit and loss	484.7	514.7
Hedging derivatives	15.1	18.1
Available-for-sale financial assets	142.4	139.4
Due from banks	59.1	59.5
Customer loans	418.2	426.5
Revaluation differences on portfolios hedged against interest rate risk	0.9	1.1
Held-to-maturity financial assets	3.7	3.9
Tax assets	6.4	6.4
Other assets	78.9	84.8
Non-current assets held for sale	0.1	4.3
Investments in subsidiaries and affiliates accounted for by equity method	0.7	1.1
Tangible and intangible fixed assets	22.7	21.8
Goodwill	4.9	4.5
<b>Total</b>	<b>1,350.2</b>	<b>1,382.2</b>

<b>Liabilities - in EUR bn</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
Due to central banks	7.4	5.2
Financial liabilities measured at fair value through profit and loss	427.3	455.6
Hedging derivatives	7.5	9.6
Due to banks	82.9	82.6
Customer deposits	406.2	421.0
Securitised debt payables	105.3	102.2
Revaluation differences on portfolios hedged against interest rate risk	6.9	8.5
Tax liabilities	1.6	1.4
Other liabilities	92.7	94.2
Non-current liabilities held for sale	0.0	3.6
Underwriting reserves of insurance companies	128.8	112.8
Provisions	5.3	5.7
Subordinated debt	13.9	14.1
Shareholders' equity	60.1	62.0
Non controlling Interests	4.4	3.8
<b>Total</b>	<b>1,350.2</b>	<b>1,382.2</b>

*NB. Customer loans include lease financing.*

## 10. APPENDIX 2: METHODOLOGY

1 – The Group’s consolidated results as at June 30th, 2017 were examined by the Board of Directors on August 1st, 2017. The limited examination procedures carried out by the Statutory Auditors on the summarised interim consolidated financial statements as at June 30th, 2017 are in progress.

### 2 – Net banking income

The pillars’ **net banking income** is defined on page 44 of Societe Generale’s 2017 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 notes 5 and 8.2 to the Group’s consolidated financial statements as at December 31st, 2016 (pages 381 et seq. and page 401 of Societe Generale’s 2017 Registration Document). The term “costs” is also used to refer to Operating Expenses.

The **Cost/Income Ratio** is defined on page 44 of Societe Generale’s 2017 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.

The corrections made in this respect to operating expenses for the different business divisions and the Group for H1 17 are reiterated below:

In EUR m	French Retail Banking		International Retail Banking and Financial Services		Global Banking and Investor Solutions		Corporate Centre		Group	
	H1 17	H1 16	H1 17	H1 16	H1 17	H1 16	H1 17	H1 16	H1 17	H1 16
Total IFRIC 21 Impact - costs o/w Resolution Funds	(103)	(85)	(136)	(126)	(349)	(261)	(39)	(49)	(626)	(523)
	(55)	(34)	(52)	(34)	(263)	(160)	10	(5)	(360)	(232)

## 5 – Restatements and other significant items for the period – Transition from accounting data to underlying data

**Non-economic items** correspond to the revaluation of the Group's own financial liabilities and the debt value adjustment on derivative instruments (DVA). These two factors constitute the restated non-economic items in the analyses of the Group's results. They lead to the recognition of self-generated earnings reflecting the market's evaluation of the counterparty risk related to the Group. They are also restated in respect of the Group's earnings for prudential ratio calculations.

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.

Details of these items, as well as the other items that are the subject of a one-off or recurring restatement (exceptional items), are provided below, given that, in the table below, the items marked with one asterisk (\*) are the non-economic items and the items marked with two asterisks (\*\*) are the exceptional items.

The reconciliation enabling the transfer from accounting data to underlying data is set out below.

<i>In EUR m</i>	<b>Q2 17</b>	<b>Q2 16</b>	<b>Change</b>	<b>H1 17</b>	<b>H1 16</b>	<b>Change</b>
<b>Net Banking Income</b>	<b>5,199</b>	<b>6,984</b>	<b>-25.6%</b>	<b>11,673</b>	<b>13,159</b>	<b>-11.3%</b>
<i>Reevaluation of own financial liabilities*</i>	(224)	(212)		(199)	(67)	
<i>DVA*</i>	(3)	1		(6)	1	
<i>Visa transaction**</i>		725			725	
<i>LIA settlement**</i>	(963)			(963)		
<b>Underlying Net Banking Income</b>	<b>6,389</b>	<b>6,470</b>	<b>-1.3%</b>	<b>12,841</b>	<b>12,500</b>	<b>+2.7%</b>
<b>Operating expenses</b>	<b>(4,169)</b>	<b>(4,119)</b>	<b>+1.2%</b>	<b>(8,813)</b>	<b>(8,403)</b>	<b>+4.9%</b>
<i>IFRIC 21</i>	(145)	(131)		313	261	
<i>Euribor fine refund**</i>					218	
<b>Underlying Operating expenses</b>	<b>(4,314)</b>	<b>(4,250)</b>	<b>+1.5%</b>	<b>(8,500)</b>	<b>(8,360)</b>	<b>+1.7%</b>
<b>Net cost of risk</b>	<b>259</b>	<b>(664)</b>	<b>n/s</b>	<b>(368)</b>	<b>(1,188)</b>	<b>n/s</b>
<i>Provision for disputes**</i>	(300)	(200)		(300)	(200)	
<i>LIA settlement**</i>	750			400		
<b>Underlying Net Cost of Risk</b>	<b>(191)</b>	<b>(464)</b>	<b>-58.8%</b>	<b>(468)</b>	<b>(988)</b>	<b>-52.6%</b>
<b>Net profit or losses from other assets</b>	<b>208</b>	<b>(16)</b>	<b>n/s</b>	<b>245</b>	<b>(12)</b>	<b>n/s</b>
<i>Change in consolidation method of Antarius**</i>	203			203		
<b>Underlying Net profits or losses from other assets</b>	<b>5</b>	<b>(16)</b>	<b>n/s</b>	<b>42</b>	<b>(12)</b>	<b>n/s</b>
<b>Group net income</b>	<b>1,058</b>	<b>1,461</b>	<b>-27.6%</b>	<b>1,805</b>	<b>2,385</b>	<b>-24.3%</b>
<i>Effect in Group net income of non-economic and exceptional items and IFRIC 21</i>	(107)	411		(746)	461	
<b>Underlying Group net income</b>	<b>1,165</b>	<b>1,050</b>	<b>+11.0%</b>	<b>2,551</b>	<b>1,924</b>	<b>+32.6%</b>

\* Non-economic items

\*\* Exceptional items

## 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 46 and 528 of Societe Generale's 2017 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 17	Q2 16	H1 17	H1 16
<b>French Retail Banking</b>	Net Cost of Risk	136	157	285	323
	Gross loan outstandings	187,580	187,263	188,970	187,750
	<b>Cost of Risk in bp</b>	29	33	30	34
<b>International Retail Banking &amp; Financial Services</b>	Net Cost of Risk	43	185	153	401
	Gross loan outstandings	125,160	116,393	124,931	116,310
	<b>Cost of Risk in bp</b>	14	64	24	69
<b>Global Banking and Investor Solutions</b>	Net Cost of Risk	3	103	23	244
	Gross loan outstandings	155,799	143,925	154,022	140,970
	<b>Cost of Risk in bp</b>	1	29	3	35
<b>Societe Generale Group</b>	Net Cost of Risk	181	442	461	958
	Gross loan outstandings	476,037	459,994	475,295	456,950
	<b>Cost of Risk in bp</b>	15	38	19	42

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, RONE

The notion of ROE, as well as the methodology for calculating it, are specified on page 47 of Societe Generale's 2017 Registration Document. This measure makes it possible to assess Societe Generale's return on 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 47 of Societe Generale's Registration Document.

### Calculation of the Group's ROE (*Return on Equity*)

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

<i>End of period</i>	<b>H1 17</b>	<b>Q1 17</b>	<b>2016</b>	<b>H1 16</b>
<b>Shareholders' equity Group share</b>	<b>60,111</b>	<b>62,222</b>	<b>61,953</b>	<b>58,475</b>
Deeply subordinated notes	(10,059)	(10,556)	(10,663)	(8,944)
Undated subordinated notes	(279)	(294)	(297)	(373)
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	(201)	(221)	(171)	(185)
Unrealised gains/losses booked under shareholders' equity, excluding conversion reserves	(1,101)	(1,112)	(1,273)	(1,414)
Dividend provision	(881)	(2,062)	(1,759)	(1,106)
<b>ROE equity</b>	<b>47,591</b>	<b>47,977</b>	<b>47,790</b>	<b>46,453</b>
<b>Average ROE equity</b>	<b>47,834</b>	<b>47,884</b>	<b>46,531</b>	<b>46,033</b>

Note: corrected Q1 17 figures, interest net of tax payable to holders of deeply subordinated notes and undated subordinated notes previously EUR (327) million, ROE equity of EUR 47,871 million, average ROE equity of EUR 47,831 million

Symmetrically, Group net income used for the ratio numerator is book Group net income adjusted for "interest, net of tax payable to holders of 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).

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

	<b>Q2 17</b>	<b>Q2 16</b>	<b>H1 17</b>	<b>H1 16</b>
<b>French Retail Banking</b>	<b>10,937</b>	10,275	<b>10,917</b>	10,355
<b>International Retail Banking and Financial Services</b>	<b>11,320</b>	10,493	<b>11,251</b>	10,494
<b>Global Banking and Investor Solutions</b>	<b>14,526</b>	15,164	<b>14,638</b>	15,472

**8 – Net assets and tangible net assets** are defined in the methodology, page 49 of the Group's 2017 Registration Document ("Net Assets"). The items used to calculate them are presented below.

<i>End of period</i>	<b>H1 17</b>	<b>Q1 17</b>	<b>2016</b>	<b>H1 16</b>
<b>Shareholders' equity Group share</b>	<b>60,111</b>	<b>62,222</b>	<b>61,953</b>	<b>58,475</b>
Deeply subordinated notes	(10,059)	(10,556)	(10,663)	(8,944)
Undated subordinated notes	(279)	(294)	(297)	(373)
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	(201)	(221)	(171)	(185)
Bookvalue of own shares in trading portfolio	35	169	75	103
<b>Net Asset Value</b>	<b>49,608</b>	<b>51,320</b>	<b>50,897</b>	<b>49,076</b>
Goodwill	5,027	4,709	4,709	4,820
<b>Net Tangible Asset Value</b>	<b>44,580</b>	<b>46,611</b>	<b>46,188</b>	<b>44,256</b>
<b>Number of shares used to calculate NAPS**</b>	<b>800,848</b>	<b>800,755</b>	<b>799,462</b>	<b>799,217</b>
<b>NAPS** (in EUR)</b>	<b>61.9</b>	<b>64</b>	<b>63.7</b>	<b>61.4</b>
<b>Net Tangible Asset Value (EUR)</b>	<b>55.7</b>	<b>58.2</b>	<b>57.8</b>	<b>55.4</b>

\*\* The number of shares considered is the number of ordinary shares outstanding as at June 30th, 2017, excluding treasury shares and buybacks, but including the trading shares held by the Group.

Note: corrected Q1 17 figures, interest net of tax payable to holders of deeply subordinated notes and undated subordinated notes previously EUR (327) million, net asset value of EUR 51,214 million, net tangible asset value of EUR 46,505 million, NAPS of EUR 64.0, net tangible asset value per share of EUR 58.1.



## 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 48 of Societe Generale's 2017 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. As specified on page 48 of Societe Generale's 2017 Registration Document, the Group also publishes EPS adjusted for the impact of non-economic items presented in methodology note No. 5.

The number of shares used for the calculation is as follows:

Average number of shares (thousands)	H1 17	Q1 17	2016	H1 16
<b>Existing shares</b>	<b>807,714</b>	<b>807,714</b>	<b>807,293</b>	<b>807,083</b>
<b>Deductions</b>				
Shares allocated to cover stock option plans and free shares awarded to staff	4,713	4,357	4,294	3,807
Other ownshares and treasury shares	2,645	3,249	4,232	4,889
<b>Number of shares used to calculate EPS</b>	<b>800,355</b>	<b>800,108</b>	<b>798,768</b>	<b>798,387</b>
<b>Group net income</b>	<b>1,805</b>	<b>747</b>	<b>3,874</b>	<b>2,385</b>
Interest, net of tax on deeply subordinated notes and undated subordinated notes	(254)	(127)	(472)	(219)
Capital gain net of tax on partial buybacks	0	0	0	0
<b>Adjusted Group net income</b>	<b>1,551</b>	<b>620</b>	<b>3,402</b>	<b>2,166</b>
<b>EPS (in EUR)</b>	<b>1.94</b>	<b>0.77</b>	<b>4.26</b>	<b>2.71</b>
<b>EPS* (in EUR)</b>	<b>2.12</b>	<b>0.76</b>	<b>4.55</b>	<b>2.77</b>

\* Adjusted for revaluation of own financial liabilities and DVA

**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.

**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](http://www.societegenerale.com) in the "Investor" section.

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## **Societe Generale**

Societe Generale is one of the largest European financial services groups. Based on a diversified universal banking model, the Group combines financial solidity with a strategy of sustainable growth, and aims to be the reference for relationship banking, recognised on its markets, close to clients, chosen for the quality and commitment of its teams.

Societe Generale has been playing a vital role in the economy for 150 years. With more than 145,000 employees, based in 66 countries, we serve on a daily basis 31 million clients throughout the world. Societe Generale's teams offer advice and services to individual, corporate and institutional customers in three core businesses:

- **Retail banking in France** with the Societe Generale branch network, Crédit du Nord and Boursorama, offering a comprehensive range of multi-channel financial services at the leading edge of digital innovation;
- **International retail banking, insurance and financial services to corporates** with a presence in developing economies and leading specialised businesses;
- **Corporate and investment banking, private banking, asset management and securities services**, with recognised expertise, top international rankings and integrated solutions.

Societe Generale is currently included in the main sustainability indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), Ethibel Sustainability Index (ESI) Excellence Europe, 4 of the STOXX ESG Leaders indices, MSCI Low Carbon Leaders Index.

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