SOCIETE GENERALE

30.06.2017 | CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET - ASSETS

(In millions of euros)		30.06.2017	31.12.2016
Cash, due from central banks		112,396	96,186
Financial assets at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	484,746	514,715
Hedging derivatives	Note 3.2	15,074	18,100
Available-for-sale financial assets	Notes 3.3 and 3.4	142,422	139,404
Due from banks	Notes 3.5 and 3.9	59,110	59,502
Customer loans	Notes 3.5 and 3.9	418,162	426,501
Revaluation differences on portfolios hedged against interest rate risk		915	1,078
Held-to-maturity financial assets	Note 3.9	3,694	3,912
Tax assets		6,380	6,421
Other assets	Note 4.3	78,883	84,756
Non-current assets held for sale		114	4,252
Investments accounted for using the equity method		729	1,096
Tangible and intangible fixed assets		22,737	21,783
Goodwill	Note 2.2	4,860	4,535
Total		**1,350,222**	**1,382,241**

CONSOLIDATED BALANCE SHEET - LIABILITIES

(In millions of euros)		30.06.2017	31.12.2016
Due to central banks		7,339	5,238
Financial liabilities at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	427,325	455,620
Hedging derivatives	Note 3.2	7,539	9,594
Due to banks	Notes 3.6 and 3.9	82,907	82,584
Customer deposits	Notes 3.6 and 3.9	406,189	421,002
Debt securities issued	Notes 3.6 and 3.9	105,292	102,202
Revaluation differences on portfolios hedged against interest rate risk		6,882	8,460
Tax liabilities		1,607	1,444
Other liabilities	Note 4.3	92,665	94,212
Non-current liabilities held for sale		-	3,612
Underwriting reserves of insurance companies	Note 8.3	128,781	112,777
Provisions	Note 8.3	5,323	5,687
Subordinated debt		13,876	14,103
Total liabilities		**1,285,725**	**1,316,535**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Issued common stocks, equity instruments and capital reserves		30,035	30,596
Retained earnings		28,097	25,813
Net income		1,805	3,874
Sub-total		**59,937**	**60,283**
Unrealised or deferred capital gains and losses		174	1,670
Sub-total equity, Group share		**60,111**	**61,953**
Non-controlling interests		4,386	3,753
Total equity		**64,497**	**65,706**
Total		**1,350,222**	**1,382,241**

CONSOLIDATED INCOME STATEMENT

(In millions of euros)		1st half of 2017	2016	1st half of 2016*
Interest and similar income	Note 3.7	12,125	24,660	12,442
Interest and similar expense	Note 3.7	(6,870)	(15,193)	(7,517)
Fee income	Note 4.1	5,338	10,116	5,114
Fee expense	Note 4.1	(1,885)	(3,417)	(1,764)
Net gains and losses on financial transactions*		3,037	7,143	3,819
*o/w net gains and losses on financial instruments at fair value through profit or loss**	*Note 3.1*	*2,669*	*5,759*	*2,904*
o/w net gains and losses on available-for-sale financial assets	*Note 3.3*	*368*	*1,384*	*915*
Income from other activities*	Note 4.2	12,298	20,780	10,592
Expenses from other activities*	Note 4.2	(12,370)	(18,791)	(9,527)
Net banking income		**11,673**	**25,298**	**13,159**
Personnel expenses	Note 5	(4,742)	(9,455)	(4,688)
Other operating expenses	Note 8.2	(3,590)	(6,423)	(3,259)
Amortisation, depreciation and impairment of tangible and intangible fixed assets		(481)	(939)	(456)
Gross operating income		**2,860**	**8,481**	**4,756**
Cost of risk	Note 3.8	(368)	(2,091)	(1,188)
Operating income		**2,492**	**6,390**	**3,568**
Net income from investments accounted for using the equity method		50	129	68
Net income/expense from other assets		245	(212)	(12)
Impairment losses on goodwill		1	-	-
Earnings before tax		**2,788**	**6,307**	**3,624**
Income tax	Note 6	(691)	(1,969)	(1,011)
Consolidated net income		**2,097**	**4,338**	**2,613**
Non-controlling interests		292	464	228
Net income, Group share		**1,805**	**3,874**	**2,385**
Earnings per ordinary share	Note 7.2	**1.94**	**4.26**	**2.71**
Diluted earnings per ordinary share	Note 7.2	**1.94**	**4.26**	**2.71**

** Amounts restated relative to the financial statements published at 30 June 2016, following a modification in the presentation of physical commodities (see Note 4.2).*

STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(In millions of euros)	1st half of 2017	2016	1st half of 2016
Net income	**2,097**	**4,338**	**2,613**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**(1,525)**	**50**	**(675)**
Translation differences[1]	(1,339)	389	(478)
Available-for-sale financial assets	(146)	(321)	(203)
Revaluation differences	*10*	*661*	*566*
Reclassified into income	*(156)*	*(982)*	*(769)*
Hedging derivatives	(43)	(6)	75
Revaluation differences	*(39)*	*1*	*77*
Reclassified into income	*(4)*	*(7)*	*(2)*
Unrealised gains and losses of entities accounted for using the equity method and that will be reclassified subsequently into income	(20)	-	(1)
Tax on items that will be reclassified subsequently into income	23	(12)	(68)
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**39**	**(64)**	**(231)**
Actuarial gains and losses on post-employment defined benefits plans	57	(54)	(343)
Tax on items that will not be reclassified subsequently into income	(18)	(10)	112
Total unrealised or deferred gains and losses	**(1,486)**	**(14)**	**(906)**
Net income and unrealised or deferred gains and losses	**611**	**4,324**	**1,707**
o/w Group share	*347*	*3,891*	*1,526*
o/w non-controlling interests	*264*	*433*	*181*

(1) The variation in translation differences amounted to EUR -1,339 million and consisted of a:

- *EUR -1,324 million variation in Group translation differences, mainly due to the depreciation of the US dollar (EUR -1,173 million) and the pound sterling (EUR -37 million) against Euro;*
- *EUR -15 million variation in translation differences attributable to non-controlling interests.*

CHANGES IN SHAREHOLDERS’ EQUITY

(In millions of euros)	Capital and associated reserves Issued common stocks	Issuing premium and capital reserves	Elimination of treasury stock	Other equity instruments	Total	Retained earnings	Net income, Group Share
Shareholders’ equity at 1 January 2016	**1,008**	**20,206**	**(449)**	**8,772**	**29,537**	**27,906**	**-**
Increase in common stock	1	-			1	(1)	
Elimination of treasury stock			50		50	(29)	
Issuance / Redemption of equity instruments				(356)	(356)	130	
Equity component of share-based payment plans		33			33		
1st semester 2016 Dividends paid					-	(1,921)	
Effect of acquisitions and disposals on non-controlling interests					-	5	
Sub-total of changes linked to relations with shareholders	***1***	***33***	***50***	***(356)***	***(272)***	***(1,816)***	
Unrealised or deferred gains and losses					-	(231)	
Other changes					-	-	
1st semester 2016 Net income for the period					-	-	2,385
Sub-total	***-***	***-***	***-***	***-***	***-***	***(231)***	***2,385***
Change in equity of associates and joint ventures accounted for by the equity method					-	-	
Shareholders’ equity at 30 June 2016	**1,009**	**20,239**	**(399)**	**8,416**	**29,265**	**25,859**	**2,385**
Increase in common stock	1	6			7	(1)	
Elimination of treasury stock			28		28	9	
Issuance / Redemption of equity instruments				1,264	1,264	121	
Equity component of share-based payment plans		32			32		
2nd semester 2016 Dividends paid					-	(368)	
Effect of acquisitions and disposals on non-controlling interests					-	18	
Sub-total of changes linked to relations with shareholders	***1***	***38***	***28***	***1,264***	***1,331***	***(221)***	
Unrealised or deferred gains and losses					-	172	
Other changes					-	3	
2nd semester 2016 Net income for the period					-		1,489
Sub-total	***-***	***-***	***-***	***-***	***-***	***175***	***1,489***
Change in equity of associates and joint ventures accounted for by the equity method					-	-	
Shareholders’ equity at 31 December 2016	**1,010**	**20,277**	**(371)**	**9,680**	**30,596**	**25,813**	**3,874**
Appropriation of net income						3,874	(3,874)
Shareholders’ equity at 1 January 2017	**1,010**	**20,277**	**(371)**	**9,680**	**30,596**	**29,687**	**-**
Increase in common stock (see Note 7.1)					-		
Elimination of treasury stock (see Note 7.1)			66		66	(22)	
Issuance / Redemption of equity instruments (see Note 7.1)				(651)	(651)	67	
Equity component of share-based payment plans		24			24		
1st semester 2017 Dividends paid (see Note 7.2)					-	(2,118)	
Effect of acquisitions and disposals on non-controlling interests					-	447	
Sub-total of changes linked to relations with shareholders	***-***	***24***	***66***	***(651)***	***(561)***	***(1,626)***	
Unrealised or deferred gains and losses					-	38	
Other changes					-	(2)	
1st semester 2017 Net income for the period					-		1,805
Sub-total	***-***	***-***	***-***	***-***	***-***	***36***	***1,805***
Change in equity of associates and joint ventures accounted for using the equity method					-		
Shareholders’ equity at 30 june 2017	**1,010**	**20,301**	**(305)**	**9,029**	**30,035**	**28,097**	**1,805**

Unrealised or deferred gains and losses (net of tax) that will be reclassified subsequently into income					Non-controlling interests				
Translation reserves	Change in fair value of available-for-sale assets	Change in fair value of hedging derivatives	Total	Shareholders' equity, Group share	Capital and Reserves	Other Equity instruments issued by subsidiaries	Unrealised or deferred gains and losses	Total	Total consolidated shareholders' equity
12	1,495	87	1,594	59,037	2,779	800	59	3,638	62,675
			-	-				-	-
			-	21				-	21
			-	(226)				-	(226)
			-	33	-			-	33
			-	(1,921)	(276)			(276)	(2,197)
			-	5	(5)			(5)	-
-	-	-	-	(2,088)	(281)	-	-	(281)	(2,369)
(460)	(263)	96	(627)	(858)	-		(47)	(47)	(905)
			-	-				-	-
			-	2,385	228			228	2,613
(460)	(263)	96	(627)	1,527	228	-	(47)	181	1,708
	(1)	-	(1)	(1)				-	(1)
(448)	1,231	183	966	58,475	2,726	800	12	3,538	62,013
			-	6				-	6
			-	37				-	37
			-	1,385				-	1,385
			-	32	-			-	32
			-	(368)	(15)			(15)	(383)
			-	18	(26)			(26)	(8)
-	-	-	-	1,110	(41)	-	-	(41)	1,069
845	(34)	(108)	703	875	(5)		21	16	891
			-	3	4			4	7
			-	1,489	236			236	1,725
845	(34)	(108)	703	2,367	235	-	21	256	2,623
	2	(1)	1	1				-	(1)
397	1,199	74	1,670	61,953	2,920	800	33	3,753	65,706
				-				-	-
397	1,199	74	1,670	61,953	2,920	800	33	3,753	65,706
			-					-	-
			-	44				-	44
			-	(584)				-	(584)
			-	24				-	24
			-	(2,118)	(271)			(271)	(2,389)
			-	447	640			640	1,087
-	-	-	-	(2,187)	369	-	-	369	(1,818)
(1,324)	(133)	(26)	(1,483)	(1,445)			(28)	(28)	(1,473)
			-	(2)				-	(2)
			-	1,805	292			292	2,097
(1,324)	(133)	(26)	(1,483)	358	292	-	(28)	264	622
	(14)	1	(13)	(13)				-	(13)
(927)	1,052	49	174	60,111	3,581	800	5	4,386	64,497

CASH FLOW STATEMENT

(In millions of euros)	1st half of 2017	2016	1st half of 2016
Net income (I)	**2,097**	**4,338**	**2,613**
Amortisation expense on tangible fixed assets and intangible assets (include operational leasing)	2,051	3,876	1,882
Depreciation and net allocation to provisions	(1,299)	4,238	3,416
Net income/loss from investments accounted for using the equity method	(50)	(129)	(68)
Change in deferred taxes	15	655	286
Net income from the sale of long-term available-for-sale assets and subsidiaries	(51)	(716)	(698)
Other changes	3,095	3,201	(651)
Non-cash items included in net income and others adjustments not including income on financial instruments at fair value through profit or loss (II)	**3,761**	**11,125**	**4,167**
Income on financial instruments at fair value through profit or loss	(2,669)	(5,760)	(2,905)
Interbank transactions	1,397	(1,020)	6,329
Customers transactions	(8,268)	20,672	4,158
Transactions related to other financial assets and liabilities	24,774	(4,247)	16,217
Transactions related to other non financial assets and liabilities	(907)	(2,378)	3,382
Net increase/decrease in cash related to operating assets and liabilities (III)	**14,327**	**7,267**	**27,181**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III)	**20,185**	**22,730**	**33,961**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	(526)	1,294	1,053
Net cash inflow (outflow) related to tangible and intangible fixed assets	(1,676)	(5,531)	(2,110)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**(2,202)**	**(4,237)**	**(1,057)**
Cash flow from/to shareholders	(3,172)	(1,357)	(2,404)
Other net cash flows arising from financing activities	(145)	1,306	322
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**(3,317)**	**(51)**	**(2,082)**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**14,666**	**18,442**	**30,822**
Cash, due from central banks (assets)	96,186	78,565	78,565
Due to central banks (liabilities)	(5,238)	(6,951)	(6,951)
Current accounts with banks (see Note 3.5)	24,639	26,113	26,113
Demand deposits and current accounts with banks (see Note 3.6)	(14,337)	(14,920)	(14,920)
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	**101,250**	**82,808**	**82,808**
Cash, due from central banks (assets)	112,396	96,186	105,887
Due to central banks (liabilities)	(7,339)	(5,238)	(8,155)
Current accounts with banks (see Note 3.5)	24,624	24,639	42,080
Demand deposits and current accounts with banks (see Note 3.6)	(13,765)	(14,337)	(26,182)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**115,916**	**101,250**	**113,630**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS	**14,666**	**18,442**	**30,822**

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

ACCOUNTING STANDARDS

The condensed interim consolidated financial statements for the Societe Generale Group ("the Group") for the six-month period ending 30 June 2017 were prepared and are presented in accordance with IAS (International Accounting Standards) 34 "Interim Financial Reporting".

These notes should be read in conjunction with the audited consolidated financial statements for the year ending 31 December 2016 included in the Registration document for the year 2016.

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

FINANCIAL STATEMENTS PRESENTATION

As the IFRS accounting framework does not specify a standard model, the format used for the financial statements is consistent with the format proposed by the French Accounting Standard Setter, the ANC, under Recommendation 2013-04 of 7 November 2013.

The notes to the condensed interim consolidated financial statements relate to events and transactions that are significant to an understanding of the changes in financial position and performance of the Group during the first half of 2017. Disclosures provided in these notes are focused on information that is both relevant and material to the financial statements of the Societe Generale Group, its activities and the circumstances in which it conducted its operations over the period.

PRESENTATION CURRENCY

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

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

2. ACCOUNTING STANDARDS APPLIED BY THE GROUP

In preparing the condensed interim consolidated financial statements, the Group applied the same accounting principles and methods as for its 2016 year-end consolidated financial statements, which were drawn up in compliance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and described in the notes to the 2016 consolidated financial statements.

On 30 June 2017, there was no additional standard adopted by the European Union that would have been mandatorily applicable.

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

Not all of the accounting standards, amendments or interpretations published by the IASB had been adopted by the European Union at 30 June 2017. For some amendments and improvements, the IASB had decided on a 1 January 2017 effective date. If they were adopted by the European Union before the end of 2017, they could be applied by the Group in the consolidated financial statements. Otherwise, they are required to be applied from annual periods beginning on 1 January 2018 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Group as of 30 June 2017.

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

2017

- Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses"
- Amendments to IAS 7 "Disclosure Initiative"
- Annual improvements to IFRS 12 (2014-2016)

2018

- IFRS 9 "Financial Instruments" [Adopted by EU]
- IFRS 15 "Revenue from Contracts with Customers" [Adopted by EU]
- Clarifications to IFRS 15 "Revenue from Contracts with Customers"
- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"
- Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"
- Amendments to IAS 40 "Transfers of Investment Property"
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration"
- Annual improvements to IAS 28 (2014-2016)

2019

- IFRS 16 "Leases"
- IFRIC 23 "Uncertainty over Income Tax Treatments"

2021

- IFRS 17 "Insurance Contracts"

ACCOUNTING STANDARDS ADOPTED BY THE EUROPEAN UNION

IFRS 9 “FINANCIAL INSTRUMENTS”

Adopted on 22 November 2016 and becoming effective for annual periods beginning on 1 January 2018

This standard aims to replace IAS 39. IFRS 9 determines new requirements for classifying and measuring financial assets and financial liabilities, the new credit risk impairment methodology for financial assets, and hedge accounting treatment, except accounting for macro hedging for which the IASB currently has a separate project.

Classification and measurement

A single approach for financial assets, based on the characteristics of the contractual cash flows and the business model within which they are held.

Credit risk

A more timely depreciation model, based on expected credit losses.

Hedge accounting (general model)

An improved model more closely aligned with risk management; but also a policy choice, selected by the Group, to continue to apply the hedge accounting requirements of IAS 39.

Macro-hedging

Excluded from the scope of IFRS 9 (specific research project).

The application of the new requirements for classifying and measuring financial instruments as well as for credit risk, as at 1 January 2018, is retrospective; the impact of the changes from IAS 39 applied until 31 December 2017 will be recorded in equity on the opening balance sheet for 2018. The Group is considering the option provided by the transition guidance of IFRS 9 not to restate the comparative figures for prior periods.

IFRS 9 allows the early application of the direct recording in equity of any change in value attributable to credit risk variations on financial liabilities that are designated to be measured at fair value through profit or loss (using the fair value option). As of 30 June 2017, the Group did not anticipate the application of this treatment.

On 21 April 2017, the IASB published an exposure-draft proposing a limited amendment to IFRS 9. This amendment aims to address the issue of loans with prepayment features that can lead to negative compensation. The Group closely follows the works and proposals of the IASB in order to assess their potential consequences on the future accounting classification of its financial assets under IFRS 9. A final amendment could be issued by the IASB in October 2017 and could then be early applied since 1 January 2018 subject to its adoption by the European Union.

ORGANISATION OF IFRS 9 IMPLEMENTATION

In 2013, the Group began preliminary assessments aimed at determining the potential consequences of the future IFRS 9 standard. As soon as IFRS 9 was published in July 2014, the Group set up a special structure between Risk and Finance Divisions to organise the works to be performed in order to implement the new standard and to be ready to first apply it on 1 January 2018.

During the first half of 2017, under the aegis of the governance bodies established for this purpose, the Group has pursued the works concerning the adaptation of its information systems and processes.

In particular, the Group has completed the documentation of the analyses previously performed to assess the classification and measurement of its financial assets according to IFRS 9. This work will be finalised during the second half of 2017 taking into account the potential consequences of the amendment to IFRS 9 currently drafted by IASB.

Regarding credit risk, the Group has set up, since 2015, a framework methodology defining the rules for assessing the deterioration of credit risk and for determining 12-month and lifetime expected credit losses, factoring in macroeconomic projections reflecting the credit cycle. This framework has started to be calibrated and reviewed for approval in 2016, in particular in the following areas:

- Implementation of the methodological framework in all entities,
- Implementation of IT developments in order to test them in 2017,
- Description of the organisational processes, including the operational governance.

The application of IFRS 9 will not alter the definition of default currently used to determine whether or not there is objective evidence of impairment of a financial asset.

Impairments of groups of homogeneous assets will be replaced by loss allowances measured at an amount equal to 12-month or to lifetime expected credit losses:

- Financial assets on counterparties which have encountered financial difficulties since these assets were initially recognised, without any objective evidence of impairment having yet been identified at the individual level (sensitive assets) will probably be included in the stage 2 with loss allowance measured at an amount equal to lifetime expected credit losses.
- Financial assets on counterparties linked to economic sectors considered as being in crisis further to the occurrence of loss events, or on geographical sectors or countries in which a deterioration of credit risk has been assessed will be spread between stage 1 (loss allowances measured at an amount equal to 12-month expected credit losses) and stage 2 (loss allowances measured at an amount equal to lifetime expected credit losses) depending on their individual credit risk, taking into account the deterioration in the sector or country since the previous balance sheet date.

During the first half of 2017, as scheduled by the project structure, methodological studies have continued. The most critical issues that have been addressed were related to the assessment of reasonable forecasts of future economic conditions and relevant macro-economic factors to be taken into account for the measurement of lifetime expected credit losses. These works aimed at identifying the macro-economic variables, building several macro-economic scenarios and assessing the probability of occurrence of the latter. During the last six months, the Group also launched other streams such as definition of backtests, surveys to better understand the intrinsic procyclicality of IFRS 9 models, and definition of the governance for updating the models and the weighted macro-economic scenarios in compliance with the accounting closing period.

During the second half of 2017, the Group will finalise its preparation through:

- Calibration and validation streams to anticipate the 2018 opening balance sheet,
- Performing final IT developments and tests related to calculators and processes for collecting data before a starting up at the end of the year,
- Documenting the governance of processes related to accounting for credit risk.

After being launched in 2016, development work on information systems, consolidation processes and reporting schedules continued in 2017.

The Group also performed a dry run exercise during this first half of 2017 and is currently preparing a general rehearsal scheduled for the second half of the year. This rehearsal will aim at testing the new system in its entirety, checking the quality of the data collection and assessing the readiness of information systems, particularly calculators and central data base for models used for measuring credit risk depreciations and provisions.

Furthermore, the Group is rolling out an internal training program for everyone involved from Risk and Finance and functions, as well as business lines.

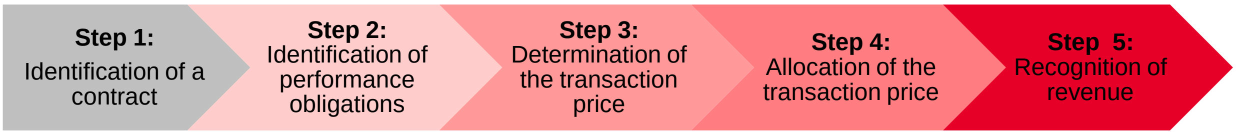
At this point of the IFRS 9 implementation process, the consequences of its application to Group financial statements cannot be estimated reasonably.

IFRS 15 "Revenue from contracts with customers"

Adopted on 22 September 2016 and becoming effective for annual periods beginning on 1 January 2018

This standard sets out the requirements for recognising revenue that apply to all contracts with customers, except for lease contracts, insurance contracts, financial instruments and guarantees.

According to IFRS 15, revenues from those contracts shall be recognised as income to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To apply this core principle, the standard provides a five-step model from the identification of the contract until the recognition of the related revenue:



Given the application scope of the standard, the contracts that are expected to be mostly concerned by this analysis are those service contracts that lead to the recognition of fee income (packages of banking services, loyalty programs, fees related to asset management or to loan syndication…) or accessory income (maintenance services linked to operational vehicle and equipment leasing activities), as well as income on real estate development transactions.

During the first half of 2017, the Group has pursued its analysis to assess the consequences of IFRS 15 on its income and equity, and additional works have been launched to complete the disclosures as required by this standard. On the basis of the contracts and transactions currently analysed, the Group does not expect any significant impact due to the application of the standard.

Accounting standards or amendments not yet adopted by the European Union at 30 June 2017

Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses"

Issued by IASB on 19 January 2016

These amendments clarify how to account for deferred tax assets related to unrealised losses on debt instruments measured at fair value.

Amendments to IAS 7 "Disclosure Initiative"

Issued by IASB on 29 January 2016

These amendments will enhance the information on changes in liabilities arising from financing activities, including both cash and non-cash changes.

Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"

Issued by IASB on 20 June 2016

These amendments clarify how to account for certain types of share-based payment transactions: modelling vesting conditions regardless of settlement method, impacts of tax withholdings on share-based payment transactions, accounting treatment of modifications that change the classification of the share-based payment transactions.

Amendments to IFRS 4: applying IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts"

Issued by IASB on 12 September 2016

These amendments propose solutions to treat the volatility in profit or loss that will arise from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 which will replace IFRS 4 "Insurance contracts". They give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied and before IFRS 17 becomes effective. They give also companies whose activities are predominantly connected with insurance an optional exemption from applying IFRS 9 until 2021. These entities will continue to apply the existing financial instruments standard, IAS 39.

ANNUAL IMPROVEMENTS TO IFRS 12 AND IAS 28 (2014-2016)

Issued by IASB on 8 December 2016

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published amendments to some accounting standards.

AMENDMENTS TO IAS 40 "TRANSFERS OF INVESTMENT PROPERTY"

Issued by IASB on 8 December 2016

These amendments reinforce the principle according to which the entity shall transfer property into or out of the Investment property category. Such a transfer shall occur if and only if property meets, or ceases to meet, the definition of investment property and if there is evidence of a change in management's intentions regarding the use of the property.

IFRIC 22 "FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION"

Issued by IASB on 8 December 2016

This interpretation clarifies the accounting for foreign currency transactions (payments or prepayments). The transaction shall provide a consideration that is denominated or priced in a foreign currency. Before this transaction, a prepayment asset or a deferred income liability shall be recognised and considered as a non-monetary item. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset or liability, except when there are multiple payments or receipts in advance, in which case the date of transaction will be established for each payment or receipt.

IFRS 16 "LEASES"

Issued by IASB on 13 January 2016

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

For all lease agreements, the lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. In its income statement, the lessee shall separately recognise the depreciation of the right-of-use assets and the interest expense on lease liabilities:

	Income statement	Fixed assets	Liabilities	Off balance sheet rights and obligations
IAS 17	Lease payments in Other operating expenses	– – –	– – –	 € € €
IFRS 16	Interest expense in NBI + Amortisation expense		€ € €	– – –

Framework analysis launched in 2016 was completed during the first half of 2017. The impacts of the standard on the Group's information systems and related processes were then assessed, in particular those relative to the real-estate lease agreements.

The Group is currently working on the implementation of a mutualised IT tool for collecting lease agreements and processing data to measure the right of use assets and the lease liabilities according to IFRS 16. In order to assess the impact of this new standard on its consolidated financial statements, the Group also pursues the analysis of the on-going lease agreements which mainly concern real-estate (administrative or technical premises, branches of the commercial networks) and marginally IT equipments.

IFRIC 23 "Uncertainty over Income Tax Treatments"

Issued by IASB on 7 June 2017

This interpretation provides clarifications and requirements that add to the requirements in IAS 12 "Income Taxes" by specifying how to reflect the effects on uncertainty in accounting for income taxes. Such uncertainties may arise when it is unclear how tax law applies to a particular transaction or circumstances, or whether a taxation authority will accept a company's tax treatment.

IFRS 17 "Insurance Contracts"

Issued by IASB on 18 May 2017

This new standard supersedes the existing standard IFRS 4 which was brought in as an interim standard in 2004 and allowed companies to carry on accounting for insurance contracts using local accounting standards.

Insurance contracts combine features of both a financial instrument and a service contract. In addition, insurance contracts can generate cash flows with substantial variability over a long period. IFRS 17 combines current measurement of the future cash flows with the recognition of profit over the period for which services are provided under the contract. The new standard requires companies to present insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses. It also provides an accounting policy choice on whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in *Unrealised or deferred capital gains and losses* recognised in equity.

4. USE OF ESTIMATES AND JUDGMENT

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

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

These estimates are principally used for determining fair value of financial instruments and assessing the impairment of assets, provisions recognised under liabilities (in particular, provisions for disputes in a complex legal environment), deferred tax assets recognised in the balance sheet and goodwill determined for each business combination, as well as the assessment of control of the Group over an entity when updating the consolidation scope (mainly when structured entities are concerned).

The United Kingdom organised on 23 June 2016 a referendum following which a majority of British citizens voted to leave the European Union (Brexit). On 29 March 2017, the European Council received notification by the United Kingdom of its intention to withdraw from the European Union. As foreseen by the Treaty on the European Union, this allows for the opening of a long period of negotiations to redefine the economic relationships between the United Kingdom and the European Union. The Group is following closely the progress of the discussions and their consequences in the short, medium and long term. If necessary, the Group will take these consequences into account when making assumptions and estimates for preparing its consolidated financial statements.

NOTE 2 - CONSOLIDATION

NOTE 2.1 - CONSOLIDATION SCOPE

The consolidation scope includes subsidiaries and structured entities under the Group’s exclusive control, joint arrangements (joint ventures and joint operations) and associates whose financial statements are significant relative to the Group’s consolidated financial statements, notably regarding Group consolidated total assets and gross operating income.

The main changes to the consolidation scope at 30 June 2017, compared with the scope applicable at the closing date of 31 December 2016, are as follows:

ANTARIUS

On 8 February 2017, Aviva France and Sogecap signed an agreement substantiating the acquisition by Sogecap of the 50% interest in Antarius previously held by Aviva France. The transfer of the shares has been effective since 1 April 2017. Antarius is now 100% owned by the Group, jointly by Sogecap and Credit du Nord, it is fully consolidated since that date.

This operation generated a profit in the income statement under *Net income/expense from other assets* totaling EUR 203 million, resulting from the fair value adjustment of the share held by Credit du Nord before the acquisition. Goodwill for an amount of EUR 325 million has been recognised and allocated to CGU Insurance (see Note 2.2).

The Group's balance sheet increased by EUR 16 billion, mainly through EUR 9 billion under *Available-for-sale financial assets* and EUR 5 billion under *Financial assets at fair value through profit or loss* in the assets, and EUR 15 billion under *Underwriting reserves of insurance companies* in the liabilities.

SPLITSKA BANKA

On 2 May 2017, the Group sold all its participation in Splitska Banka (100%), its Croatian subsidiary, to OTP Bank.

The sale reduced the Group’s balance sheet by EUR 3.6 billion, including mainly through reductions of EUR 2 billion in *Customer loans* and of EUR 2.7 billion in *Customer deposits*, reported respectively under *Non-current assets held for sale* and *Non-current liabilities held for sale* at 31 December 2016.

ALD

On 16 June 2017, the Group sold 80,820,728 shares of ALD SA (The ALD Group) representing 20% of its capital, when it was introduced on the regulated market of Euronext Paris at a price of EUR 14.30 per share.

An over-allotment option of up to an additional 3% of the share capital of ALD SA was exercised on 12 July 2017 for 0.18%. This additional sale will be recorded in the second half of 2017.

This introduction resulted in the sale of existing ordinary shares by Societe Generale Group, for a total of EUR 1,156 million, representing an increase in *Shareholders' equity, Group share* of EUR 452 million.

NOTE 2.2 - GOODWILL

The table below shows the changes in the net values of goodwill recorded by the Cash-Generating Units (CGUs) in the first half of 2017:

(In millions of euros)	Net book value at 31.12.2016	Acquisitions and other increases	Disposals	Impairment losses	Net book value at 30.06.2017
French Retail Banking	**815**	**-**	**-**	**-**	**815**
Societe Generale Network	304	-	-	-	304
Credit du Nord	511	-	-	-	511
International Retail Banking & Financial Services	**2 756**	**-**	**-**	**-**	**3 081**
Europe	1 787	-	-	-	1 787
Russia	-	-	-	-	-
Africa, Asia, Mediterranean Basin and Overseas	231	-	-	-	231
Insurance	10	325	-	-	335
Equipment and Vendor Finance	335	-	-	-	335
Auto Leasing Financial Services	393	-	-	-	393
Global Banking and Investor Solutions	**964**	**-**	**-**	**-**	**964**
Global Markets and Investor Services	501	-	-	-	501
Financing and Advisory	39	-	-	-	39
Asset and Wealth Management	424	-	-	-	424
TOTAL	**4 535**	**-**	**-**	**-**	**4 860**

NOTE 3 - FINANCIAL INSTRUMENTS

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

(In millions of euros)	30.06.2017		31.12.2016	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Trading portfolio	411,675	360,327	450,593	389,508
Financial instruments measured using the fair value option through profit or loss	73,071	66,998	64,122	66,112
Total	**484,746**	**427,325**	**514,715**	**455,620**
o/w securities purchased/sold under resale/repurchase agreements	*135,713*	*131,137*	*152,803*	*126,436*

1. TRADING PORTFOLIO AT FAIR VALUE THROUGH PROFIT OR LOSS

ASSETS

(In millions of euros)	30.06.2017	31.12.2016
Bonds and other debt securities	38,382	41,430
Shares and other equity securities	78,884	69,549
Trading derivatives[1]	157,319	182,504
Other trading assets	137,090	157,110
Total	**411,675**	**450,593**
o/w securities lent	*14,493*	*13,332*

(1) See Note 3.2 Financial derivatives.

LIABILITIES

(In millions of euros)	30.06.2017	31.12.2016
Debt securities issued	15,383	16,314
Amounts payable on borrowed securities	38,033	44,655
Bonds and other debt instruments sold short	9,057	11,592
Shares and other equity instruments sold short	1,620	1,958
Trading derivatives[2]	164,936	188,638
Other trading liabilities	131,298	126,351
Total	**360,327**	**389,508**

(2) See Note 3.2 Financial derivatives.

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

ASSETS

(In millions of euros)	30.06.2017	31.12.2016
Bonds and other debt securities	24,775	23,238
Shares and other equity securities	26,105	18,921
Customer loans	20,262	19,604
Other financial assets	1,416	1,803
Separate assets for employee benefit plans	513	556
Total	**73,071**	**64,122**

LIABILITIES

Financial liabilities measured at fair value through profit or loss in accordance with the fair value option predominantly consist of structured bonds issued by the Societe Generale Group. The change in fair value attributable to the Group's own credit risk generated an expense of EUR 199 million at 30 June 2017. The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale Group's actual financing terms and conditions on the markets and the residual maturity of the related liabilities.

At 30 June 2017, the difference between fair value of financial liabilities measured using the fair value option through profit or loss (EUR 66,998 million versus EUR 66,112 million at 31 December 2016) and the amount repayable at maturity (EUR 66,335 million versus EUR 65,837 million at 31 December 2016) was EUR 663 million (EUR 275 million at 31 December 2016).

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

(In millions of euros)	1st half of 2017	2016	1st half of 2016
Net gain/loss on trading portfolio*	3,935	(2,276)	(1,805)
Net gain/loss on financial instruments measured using fair value option	(2,195)	16	8
Net gain/loss on derivative instruments**	158	8,119	5,820
Net gain/loss on hedging transactions	71	(175)	28
*Net gain/loss on fair value hedging derivatives***	*(1,626)*	*736*	*1,894*
Revaluation of hedged items attributable to hedged risks	*1,697*	*(911)*	*(1,866)*
Net gain/loss on foreign exchange transactions	700	75	(1,147)
Total(1)	**2,669**	**5,759**	**2,904**

** Amounts restated relative to the financial statements published at 30 June 2016, following a modification in the presentation of physical commodities (see Note 4.2).*

*** Amounts restated relative to the financial statements published at 31 december 2016.*

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

NOTE 3.2 - FINANCIAL DERIVATIVES

1. TRADING DERIVATIVES

BREAKDOWN OF TRADING DERIVATIVES

	30.06.2017		31.12.2016	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments	108,373	110,316	125,801	125,848
Foreign exchange instruments	20,821	22,204	27,140	28,325
Equity and index instruments	20,681	24,195	18,987	22,878
Commodity instruments	4,384	4,111	6,485	6,494
Credit derivatives	2,866	3,148	3,902	4,179
Other forward financial instruments	194	962	189	914
Total	**157,319**	**164,936**	**182,504**	**188,638**

2. HEDGING DERIVATIVES

BREAKDOWN OF HEDGING DERIVATIVES

	30.06.2017		31.12.2016	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value hedge				
Interest rate instruments	14,301	7,379	17,365	9,289
Foreign exchange instruments	49	6	45	4
Equity and index instruments	14	-	1	-
Cash flow hedge				
Interest rate instruments	499	99	584	121
Foreign exchange instruments	171	55	72	179
Other financial instruments	40	-	33	1
Total	**15,074**	**7,539**	**18,100**	**9,594**

NOTE 3.3 - AVAILABLE-FOR-SALE FINANCIAL ASSETS

1. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30.06.2017		31.12.2016	
(In millions of euros)	**Net**	*o/w allowances for impairment*	**Net**	*o/w allowances for impairment*
Debt instruments	127,154	*(265)*	124,747	*(257)*
Equity instruments[1]	13,321	*(506)*	12,447	*(567)*
Long-term equity investments	1,947	*(521)*	2,210	*(518)*
Total	**142,422**	***(1,292)***	**139,404**	***(1,342)***
o/w securities on loan	*44*	-	*2*	-

(1) Including UCITS.

CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	1st half of 2017
Balance at 1 January 2017	**139,404**
Acquisitions	25,732
Disposals / redemptions[1]	(29,898)
Change in scope and others	9,874
Gains and losses on changes in fair value recognised directly in equity during the period	(922)
Change in impairment on debt instruments recognised in P&L:	(8)
increase	*(31)*
write-backs	*31*
others	*(8)*
Impairment losses on equity instruments recognised in P&L	(62)
Change in related receivables	45
Translation differences	(1,743)
Balance at 30 June 2017	**142,422**

(1) Disposals are valued according to the weighted average cost method.

2. NET GAINS AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	1st half of 2017	2016	1st half of 2016
Dividend income	226	460	155
Gains and losses on sale of debt instruments[1]	131	182	22
Gains and losses on sale of equity instruments[2]	128	(54)	17
Impairment losses on equity instruments[3]	(42)	(254)	(186)
Profit-sharing on available-for-sale financial assets of insurance companies	(117)	315	174
Gains and losses on sale of long-term equity investments[4] [5]	62	766	744
Impairment losses on long-term equity investments	(20)	(31)	(11)
Total net gains and losses on available-for-sale assets	**368**	**1,384**	**915**
Interest income on available-for-sale assets	**1,220**	**2,496**	**1,240**

(1) o/w EUR 34 million for Insurance activities in 2017.
(2) o/w EUR 128 million for Insurance activities in 2017.
(3) o/w EUR -38 million for Insurance activities in 2017.
(4) o/w EUR 7 million for Insurance activities in 2017.
(5) Sale on Visa Europe shares generated a profit in the income statement under Net gains and losses on available for sale financial assets in the first semester of 2016 and 2016 by EUR 725 million.

3. BREAKDOWN OF UNREALISED GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

	30.06.2017		
(In millions of euros)	Unrealised gains	Unrealised losses	Net revaluation
Unrealised gains and losses on available-for-sale equity instruments	486	(41)	445
Unrealised gains and losses on available-for-sale debt instruments	829	(296)	533
Unrealised gains and losses of insurance companies	581	(169)	412
Total	**1,896**	**(506)**	**1,390**

	31.12.2016		
(In millions of euros)	Unrealised gains	Unrealised losses	Net revaluation
Unrealised gains and losses on available-for-sale equity instruments	586	(40)	546
Unrealised gains and losses on available-for-sale debt instruments	867	(377)	490
Unrealised gains and losses of insurance companies	698	(198)	500
Total	**2,151**	**(615)**	**1,536**

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

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

	30.06.2017				31.12.2016			
(In millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio	**107,481**	**146,644**	**231**	**254,356**	**104,225**	**163,469**	**395**	**268,089**
Bonds and other debt securities	34,451	3,919	12	38,382	38,161	3,253	16	41,430
Shares and other equity securities	73,028	5,855	1	78,884	65,790	3,758	1	69,549
Other trading assets(1)	2	136,870	218	137,090	274	156,458	378	157,110
Financial assets measured using fair value option through P&L	**47,698**	**23,452**	**1,921**	**73,071**	**39,621**	**23,282**	**1,219**	**64,122**
Bonds and other debt securities*	24,606	122	47	24,775	22,926	224	88	23,238
Shares and other equity securities	23,092	2,933	80	26,105	16,695	2,153	73	18,921
Other financial assets	-	19,884	1,794	21,678	-	20,349	1,058	21,407
Separate assets for employee benefit plans	-	513	-	513	-	556	-	556
Trading derivatives	**88**	**154,077**	**3,154**	**157,319**	**162**	**179,344**	**2,998**	**182,504**
Interest rate instruments	37	106,134	2,202	108,373	46	123,862	1,893	125,801
Foreign exchange instruments	18	20,666	137	20,821	98	26,842	200	27,140
Equity and index instruments	-	20,188	493	20,681	-	18,488	499	18,987
Commodity instruments	-	4,355	29	4,384	-	6,423	62	6,485
Credit derivatives	-	2,722	144	2,866	-	3,724	178	3,902
Other forward financial instruments	33	12	149	194	18	5	166	189
Hedging derivatives	**-**	**15,074**	**-**	**15,074**	**-**	**18,100**	**-**	**18,100**
Interest rate instruments	-	14,800	-	14,800	-	17,949	-	17,949
Foreign exchange instruments	-	220	-	220	-	117	-	117
Equity and index instruments	-	14	-	14	-	1	-	1
Other forward financial instruments	-	40	-	40	-	33	-	33
Available-for-sale financial assets	**130,975**	**9,573**	**1,874**	**142,422**	**128,861**	**8,526**	**2,017**	**139,404**
Debt securities	121,161	5,708	285	127,154	118,429	6,115	203	124,747
Equity securities	9,659	3,637	25	13,321	10,251	2,160	36	12,447
Long-term equity investments	155	228	1,564	1,947	181	251	1,778	2,210
Total financial assets at fair value	**286,242**	**348,820**	**7,180**	**642,242**	**272,869**	**392,721**	**6,629**	**672,219**

** Amounts restated relative to the financial statements published at 31 december 2016.*

(1) o/w EUR 134,717 million of securities purchased under resale agreements at 30 June 2017 vs. EUR 151,001 million at 31 December 2016.

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

	30.06.2017				31.12.2016			
(In millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio	**10,700**	**176,591**	**8,100**	**195,391**	**13,518**	**178,718**	**8,634**	**200,870**
Debt securities issued*	-	7,336	8,047	15,383	-	7,877	8,437	16,314
Amounts payable on borrowed securities	33	38,000	-	38,033	13	44,642	-	44,655
Bonds and other debt instruments sold short	9,047	10	-	9,057	11,547	45	-	11,592
Shares and other equity instruments sold short	1,620	-	-	1,620	1,958	-	-	1,958
Other trading liabilities(1)	-	131,245	53	131,298	-	126,154	197	126,351
Financial liabilities measured using fair value option through P&L	**384**	**36,049**	**30,565**	**66,998**	**325**	**37,499**	**28,288**	**66,112**
Trading derivatives	**12**	**159,693**	**5,231**	**164,936**	**96**	**184,491**	**4,051**	**188,638**
Interest rate instruments	10	106,537	3,769	110,316	22	123,199	2,627	125,848
Foreign exchange instruments	2	22,170	32	22,204	69	28,224	32	28,325
Equity and index instruments	-	23,202	993	24,195	-	22,082	796	22,878
Commodity instruments	-	4,106	5	4,111	-	6,428	66	6,494
Credit derivatives	-	2,716	432	3,148	-	3,649	530	4,179
Other forward financial instruments	-	962	-	962	5	909	-	914
Hedging derivatives	**-**	**7,539**	**-**	**7,539**	**-**	**9,594**	**-**	**9,594**
Interest rate instruments	-	7,478	-	7,478	-	9,410	-	9,410
Foreign exchange instruments	-	61	-	61	-	183	-	183
Equity and index instruments	-	-	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	1	-	1
Total financial liabilities at fair value	**11,096**	**379,872**	**43,896**	**434,864**	**13,939**	**410,302**	**40,973**	**465,214**

** Amounts restated relative to the financial statements published in 2016.*

(1) o/w EUR 130,265 million of securities sold under repurchase agreements at 30 June 2017 vs. EUR 125,146 million at 31 December 2016.

3. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS MEASURED AT FAIR VALUE

(In millions of euros)	Balance at 1 January 2017	Acquisitions	Disposals / redemptions	Transfer to Level 2	Transfer from Level 2	Gains and losses on changes in fair value during the period	Translation differences	Change in scope and others	Balance at 30 June 2017
Trading portfolio	**395**	**159**	**(161)**	**(2)**	**2**	**(121)**	**(31)**	**(10)**	**231**
Bonds and other debt securities	16	159	(161)	(2)	2	10	(2)	(10)	12
Shares and other equity securities	1	-	-	-	-	-	-	-	1
Other trading assets	378	-	-	-	-	(131)	(29)	-	218
Financial assets measured using fair value option through profit or loss	**1,219**	**824**	**(49)**	**(186)**	**-**	**217**	**(104)**	**-**	**1,921**
Bonds and other debt securities*	88	-	(41)	-	-	-	-	-	47
Shares and other equity securities	73	8	(8)	-	-	7	-	-	80
Other financial assets	1,058	816	-	(186)	-	210	(104)	-	1,794
Separate assets for employee benefit plans	-	-	-	-	-	-	-	-	-
Trading derivatives	**2,998**	**71**	**(13)**	**(36)**	**405**	**(130)**	**(141)**	**-**	**3,154**
Interest rate instruments	1,893	-	(8)	(6)	384	18	(79)	-	2,202
Foreign exchange instruments	200	8	(3)	(4)	6	(61)	(9)	-	137
Equity and index instruments	499	63	-	-	15	(50)	(34)	-	493
Commodity instruments	62	-	(2)	-	-	(31)	-	-	29
Credit derivatives	178	-	-	(23)	-	(4)	(7)	-	144
Other forward financial instruments	166	-	-	(3)	-	(2)	(12)	-	149
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Available-for-sale financial assets	**2,017**	**175**	**(286)**	**-**	**-**	**(93)**	**(14)**	**75**	**1,874**
Debt securities	203	123	(81)	-	-	-	-	40	285
Equity securities	36	5	(12)	-	-	(2)	(2)	-	25
Long-term equity investments	1,778	47	(193)	-	-	(91)	(12)	35	1,564
Total financial assets at fair value	**6,629**	**1,229**	**(509)**	**(224)**	**407**	**(127)**	**(290)**	**65**	**7,180**

** Amounts restated relative to the financial statements published in 2016.*

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

(In millions of euros)	Balance at 1 January 2017	Issues	Acquisition/ disposals	Redemptions	Transfer to Level 2	Transfer from Level 2	Gains and losses on changes in fair value during the period	Translation differences	Balance at 30 June 2017
Trading portfolio	**8,634**	**1,061**	**-**	**(1,082)**	**(247)**	**210**	**(129)**	**(347)**	**8,100**
Debt securities issued*	8,437	1,061	-	(1,082)	(247)	210	-	(332)	8,047
Amounts payable on borrowed securities	-	-	-	-	-	-	-	-	-
Bonds and other debt instruments sold short	-	-	-	-	-	-	-	-	-
Shares and other equity instruments sold short	-	-	-	-	-	-	-	-	-
Other trading liabilities	197	-	-	-	-	-	(129)	(15)	53
Financial liabilities measured using fair value option through P&L	**28,288**	**10,245**	**-**	**(6,742)**	**(1,737)**	**937**	**590**	**(1,016)**	**30,565**
Trading derivatives	**4,051**	**353**	**-**	**(88)**	**(299)**	**1,024**	**318**	**(128)**	**5,231**
Interest rate instruments	2,627	1	(1)	-	(143)	980	376	(71)	3,769
Foreign exchange instruments	32	7	1	(3)	(8)	6	(2)	(1)	32
Equity and index instruments	796	345	-	(84)	(38)	38	(17)	(47)	993
Commodity instruments	66	-	-	(1)	-	-	(60)	-	5
Credit derivatives	530	-	-	-	(110)	-	21	(9)	432
Other forward financial instruments	-	-	-	-	-	-	-	-	-
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities at fair value	**40,973**	**11,659**	**-**	**(7,912)**	**(2,283)**	**2,171**	**779**	**(1,491)**	**43,896**

** Amounts restated relative to the financial statements published in 2016.*

4. ESTIMATES OF MAIN UNOBSERVABLE INPUTS

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

(In millions of euros)	**Value in balance sheet**					
Cash instruments and derivatives [1]	**Assets**	**Liabilities**	**Main products**	**Valuation techniques used**	**Significant unobservable inputs**	**Range of inputs min & max**
Equities/funds	2,123	29,254	Simple and complex instruments or derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets of stocks	Equity volatilities	12.4%; 55.7%
					Equity dividends	-0.2%; 31.8%
					Correlations	-99%; 99.8%
					Hedge fund volatilities	7.5%; 16.5%
					Mutual fund volatilities	1.5%; 23.5%
Rates and Forex	2,812	14,205	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	-50.5%; 90%
			Forex derivatives	Forex option pricing models	Forex volatilities	1%; 25.2%
			Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayment modelling	Constant prepayment rates	0%; 45%
			Inflation instruments and derivatives	Inflation pricing models	Correlations	64.4%; 90%
Credit	652	432	Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	0%; 100%
					Recovery rate variance for single name underlyings	0%; 100%
			Other credit derivatives	Credit default models	Time to default correlations	0%; 100%
					Quanto correlations	-50%; 40%
					Credit spreads	0 bps; 1,000 bps
Commodities	29	5	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	-5.3%; 98.2%
Long term equity investments	1,564	-	Securities held for strategic purposes	Net Book Value / Recent transactions	Non applicable	-
TOTAL	**7,180**	**43,896**				

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

5. SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

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

To quantify this, fair value sensitivity was estimated at 30 June 2017 on instruments whose valuation requires certain unobservable inputs. This estimate was based either on a "standardised" variation in unobservable inputs, calculated for each input on a net position, or on assumptions in line with the additional valuation adjustment policies for the financial instruments in question.

The "standardised" variation is:

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

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

	30.06.2017	
(In millions of euros)	**Negative impact**	**Positive impact**
Shares and other equity instruments and derivatives	**(10)**	**74**
Equity volatilities	0	17
Dividends	0	4
Correlations	(10)	46
Hedge Fund volatility	0	5
Mutual Fund volatility	0	2
Rates and/or Forex instruments and derivatives	**(6)**	**42**
Correlations between exchange rates and/or interest rates	(4)	37
Forex volatilities	(1)	3
Constant prepayment rates	0	0
Inflation / inflation correlations	(1)	2
Credit instruments and derivatives	**(22)**	**26**
Time to default correlations	0	0
Recovery rate variance for single name underlyings	(21)	21
Quanto correlations	0	4
Credit spreads	(1)	1
Commodity derivatives	**0**	**2**
Commodities correlations	0	2
Long term securities valued using internal models	**NA**	**NA**

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

6. DEFERRED MARGIN RELATED TO MAIN UNOBSERVABLE INPUTS

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

(In millions of euros)	**1st half of 2017**	**2016**	**1st half of 2016**
Deferred margin at 1 January	1,142	1,029	1,029
Deferred margin on new transactions during the period	457	779	427
Margin reccorded in the income statement during the period	(367)	(666)	(299)
O/w amortisation	*(144)*	*(290)*	*(124)*
O/w switch to observable inputs	*(19)*	*(90)*	*(31)*
O/w disposed, expired or terminated	*(204)*	*(285)*	*(143)*
O/w translation differences	-	-	*(1)*
Deferred margin at end of the period	**1,232**	**1,142**	**1,157**

NOTE 3.5 - LOANS AND RECEIVABLES

1. DUE FROM BANKS

(In millions of euros)	30.06.2017	31.12.2016
Current accounts	24,624	24,639
Deposits and loans(1)	22,861	21,675
Subordinated and participating loans	142	157
Securities purchased under resale agreements	11,341	12,890
Related receivables	148	141
Due from banks before impairment	**59,116**	**59,502**
Impairment of individually impaired loans	(39)	(35)
Revaluation of hedged items	33	35
Net due from banks	**59,110**	**59,502**

(1) At 30 June 2017, the amount of receivables with incurred credit risk was EUR 101 million compared to EUR 97 million at 31 December 2016.

2. CUSTOMER LOANS

(In millions of euros)	30.06.2017	31.12.2016
Overdrafts	26,415	25,880
Other customer loans(1)	354,236	360,389
Lease financing agreements(1)	29,195	29,562
Related receivables	1,901	1,611
Securities purchased under resale agreements	19,451	23,432
Customer loans before impairment	**431,198**	**440,874**
Impairment of individually impaired loans	(11,979)	(13,281)
Impairment of groups of homogenous receivables	(1,435)	(1,534)
Revaluation of hedged items	378	442
Net customer loans	**418,162**	**426,501**

(1) At 30 June 2017, the amount of receivables with incurred credit risk was EUR 21,750 million compared to EUR 23,639 million at 31 December 2016.

NOTE 3.6 - DEBTS

1. DUE TO BANKS

(In millions of euros)	30.06.2017	31.12.2016
Demand deposits and current accounts	13,765	14,337
Overnight deposits and borrowings and others	3,036	2,157
Term deposits	57,384	60,625
Related payables	99	86
Revaluation of hedged items	178	235
Securities sold under repurchase agreements	8,445	5,144
Total	**82,907**	**82,584**

2. CUSTOMER DEPOSITS

(In millions of euros)	30.06.2017	31.12.2016
Regulated savings accounts	91,774	87,253
Demand	*66,394*	*62,091*
Term	*25,380*	*25,162*
Other demand deposits(1)	218,122	211,228
Other term deposits(1)	82,438	98,102
Related payables	844	451
Revaluation of hedged items	276	321
Total customer deposits	**393,454**	**397,355**
Borrowings secured by notes and securities	-	2
Securities sold to customers under repurchase agreements	12,735	23,645
Total	**406,189**	**421,002**

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

3. DEBT SECURITIES ISSUED

(In millions of euros)	30.06.2017	31.12.2016
Term savings certificates	541	577
Bond borrowings	22,216	20,910
Interbank certificates and negotiable debt instruments	80,731	78,287
Related payables	532	808
Sub-total	**104,020**	**100,582**
Revaluation of hedged items	1,272	1,620
Total	**105,292**	**102,202**
o/w floating-rate securities	*24,444*	*26,146*

NOTE 3.7 - INTEREST INCOME AND EXPENSE

(In millions of euros)	1st half of 2017			2016			1st half of 2016		
	Income	Expense	Net	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**953**	**(702)**	**251**	**1,550**	**(1,161)**	**389**	**831**	**(596)**	**235**
Demand deposits and interbank loans	744	(644)	100	1,127	(1,107)	20	605	(521)	84
Securities purchased/sold under resale agreements and borrowings secured by notes and securities	209	(58)	151	423	(54)	369	226	(75)	151
Transactions with customers	**6,015**	**(2,447)**	**3,568**	**11,957**	**(4,769)**	**7,188**	**6,000**	**(2,370)**	**3,630**
Trade notes	105	-	105	531	-	531	264	-	264
Other customer loans	5,455	-	5,455	10,638	(2)	10,636	5,360	(1)	5,359
Demand deposits and current accounts	383	-	383	705	-	705	355	-	355
Regulated savings accounts	-	(465)	(465)	-	(875)	(875)	-	(473)	(473)
Other customer debts	22	(1,954)	(1,932)	13	(3,861)	(3,848)	4	(1,840)	(1,836)
Securities purchased/sold under resale agreements and borrowings secured by notes and securities	50	(28)	22	70	(31)	39	17	(56)	(39)
Transactions in financial instruments	**4,587**	**(3,721)**	**866**	**9,976**	**(9,263)**	**713**	**5,029**	**(4,551)**	**478**
Available-for-sale financial assets	1,220	-	1,220	2,496	-	2,496	1,240	(25)	1,215
Held-to-maturity financial assets	90	-	90	260	-	260	93	-	93
Debt securities issued	-	(967)	(967)	-	(2,033)	(2,033)	-	(1,058)	(1,058)
Subordinated debt	-	(291)	(291)	-	(557)	(557)	-	(259)	(259)
Securities lending/borrowing	9	(14)	(5)	9	(25)	(16)	4	(17)	(13)
Hedging derivatives	3,268	(2,449)	819	7,211	(6,648)	563	3,692	(3,192)	500
Lease financing agreements	**570**	**-**	**570**	**1,177**	**-**	**1,177**	**582**	**-**	**582**
Real estate lease financing agreements	102	-	102	225	-	225	115	-	115
Non-real estate lease financing agreements	468	-	468	952	-	952	467	-	467
Total Interest income and expense	**12,125**	**(6,870)**	**5,255**	**24,660**	**(15,193)**	**9,467**	**12,442**	**(7,517)**	**4,925**
Including interest income from impaired financial assets	*341*			*373*			*183*		

These interest expenses include the refinancing cost of financial instruments at fair value through profit or loss, which results are classified in net gains or losses on these instruments (see Note 3.1). Given that income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through profit or loss must be assessed as a whole.

BREAKDOWN OF OTHER CUSTOMER LOANS INCOME:

(In millions of euros)	1st half of 2017	2016	1st half of 2016
Short-term loans	1,985	3,928	1,957
Export loans	136	280	132
Equipment loans	869	1,843	927
Housing loans	1,704	3,602	1,844
Other customer loans	761	985	500
Total	**5,455**	**10,638**	**5,360**

NOTE 3.8 - IMPAIRMENT AND PROVISIONS

1. IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN OF ASSET IMPAIRMENTS

(In millions of euros)	Asset impairments at 31.12.2016	Allocations	Write-backs available	Net impairment losses	Reversals used	Currency and scope effects	Asset impairments at 30.06.2017
Banks	**35**	7	(3)	**4**	-	-	**39**
Customer loans	**12,535**	2,658	(2,151)	**507**	(1,723)	(73)	**11,246**
Lease financing and similar agreements	**746**	262	(233)	**29**	(60)	18	**733**
Groups of homogeneous assets	**1,534**	260	(338)	**(78)**	-	(21)	**1,435**
Available-for-sale assets(1)(2)	**1,343**	92	(206)	**(114)**	-	64	**1,293**
Others(1)	**764**	(83)	(63)	**(146)**	(40)	(6)	**572**
Total	**16,957**	**3,196**	**(2,994)**	**202**	**(1,823)**	**(18)**	**15,318**

(1) Including a EUR 25 million net allowance for counterparty risks.

(2) o/w. write-down on equity securities, excluding insurance activities, of EUR 24 million, which can be broken down as follows:

- EUR 2 million: impairment loss on securities not written down at 31 December 2016;

- EUR 22 million: additional impairment loss on securities already written down at 31 December 2016.

2. PROVISIONS

BREAKDOWN OF PROVISIONS

(In millions of euros)	Provisions at 31.12.2016	Allocations	Write-backs available	Net allocation	Write-backs used	Currency and scope effects	Provisions at 30.06.2017
Provisions for off-balance sheet commitments to banks	**6**	3	(3)	**-**	-	-	**6**
Provisions for off-balance sheet commitments to customers	**442**	284	(198)	**86**	-	(18)	**510**
Provision for disputes	**2,232**	655	(120)	**535**	(752)	(68)	**1,947**
Other provisions(1)	**909**	397	(458)	**(61)**	63	(46)	**865**
Provisions on financial instruments and disputes	**3,589**	**1,339**	**(779)**	**560**	**(689)**	**(132)**	**3,328**

(1) Including a EUR -1 million net write-back for PEL/CEL provisions at 30 June 2017.

PROVISIONS FOR DISPUTES

Each quarter the Group carries out a detailed examination of pending disputes that present a significant risk. The description of this litigation is presented in the Note 9 “Information on risks and litigation”.

To take into account changes in legal risks related to public law litigation for which investigations and proceedings are underway with US authorities (such as the Office of Foreign Assets Control) and European authorities, as well as the dispute on the “*précompte*”, the Group has recognised a provision among its liabilities, under *Provisions for disputes*. The amount of this provision was EUR 2,050 million as at 31 December 2016 and EUR 1,889 million as at 30 June 2017 after, in particular, a partial use following the settlement agreement with the Libyan Investment Authority and an additional allowance to reflect changes in the risks related to some cases.

3. COST OF RISK

(In millions of euros)	1st half of 2017	2016	1st half of 2016
Counterparty risk			
Net allocation to impairment losses	(573)	(1,629)	(950)
Losses not covered	(74)	(299)	(96)
on bad loans	*(57)*	*(255)*	*(74)*
on other risks	*(17)*	*(44)*	*(22)*
Amounts recovered	183	164	66
on bad loans	*169*	*161*	*66*
on other risks	*14*	*3*	*-*
Other risks			-
Net allocation to other provisions	96	(327)	208
Total	**(368)**	**(2,091)**	**(1,188)**

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

1. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	30.06.2017	
(In millions of euros)	**Carrying amount**	**Fair value**
Due from banks	59,110	59,772
Customer loans	418,162	422,993
Held-to-maturity financial assets	3,694	3,893
Total financial assets measured at amortised cost	**480,966**	**486,658**

	31.12.2016	
(In millions of euros)	**Carrying amount**	**Fair value**
Due from banks	59,502	60,777
Customer loans	426,501	431,366
Held-to-maturity financial assets	3,912	4,114
Total financial assets measured at amortised cost	**489,915**	**496,257**

2. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	30.06.2017	
(In millions of euros)	**Carrying amount**	**Fair value**
Due to banks	82,907	82,398
Customer deposits	406,189	406,923
Debt securities issued	105,292	107,414
Subordinated debt	13,876	14,116
Total financial liabilities measured at amortised cost	**608,264**	**610,851**

	31.12.2016	
(In millions of euros)	**Carrying amount**	**Fair value**
Due to banks	82,584	82,907
Customer deposits	421,002	421,326
Debt securities issued	102,202	103,630
Subordinated debt	14,103	14,711
Total financial liabilities measured at amortised cost	**619,891**	**622,574**

NOTE 4 - OTHER ACTIVITIES

NOTE 4.1 - FEE INCOME AND EXPENSE

	1st half of 2017			2016			1st half of 2016		
(In millions of euros)	Income	Expense	Net	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**67**	**(81)**	**(14)**	**128**	**(120)**	**8**	**67**	**(57)**	**10**
Transactions with customers	**1,489**	**-**	**1,489**	**2,661**	**-**	**2,661**	**1,294**	**-**	**1,294**
Financial instruments operations	**1,288**	**(1,164)**	**124**	**2,412**	**(2,139)**	**273**	**1,298**	**(1,128)**	**170**
Securities transactions	321	(453)	(132)	601	(814)	(213)	315	(426)	(111)
Primary market transactions	104	-	104	227	-	227	143	-	143
Foreign exchange transactions and financial derivatives	863	(711)	152	1,584	(1,325)	259	840	(702)	138
Loan and guarantee commitments	**374**	**(34)**	**340**	**745**	**(79)**	**666**	**372**	**(35)**	**337**
Services	**1,972**	**-**	**1,972**	**3,886**	**-**	**3,886**	**1,921**	**-**	**1,921**
Others	**148**	**(606)**	**(458)**	**284**	**(1,079)**	**(795)**	**162**	**(544)**	**(382)**
Total	**5,338**	**(1,885)**	**3,453**	**10,116**	**(3,417)**	**6,699**	**5,114**	**(1,764)**	**3,350**

NOTE 4.2 - OTHER ASSETS AND LIABILITIES

(In millions of euros)	1st half of 2017			2016			1st half of 2016		
	Income	Expense	Net	Income	Expense	Net	Income	Expense	Net
Real estate development	42	(2)	**40**	96	(3)	**93**	45	(2)	**43**
Real estate leasing	30	(40)	**(10)**	83	(59)	**24**	72	(33)	**39**
Equipment leasing	4,363	(3,086)	**1,277**	8,309	(5,770)	**2,539**	4,009	(2,761)	**1,248**
Other activities(1)(2)	7,863	(9,242)	**(1,379)**	12,292	(12,959)	**(667)**	6,466	(6,731)	**(265)**
o/w Insurance activities	*6,629*	*(6,461)*	***168***	*11,685*	*(11,391)*	***294***	*6,163*	*(5,999)*	***164***
Total	**12,298**	**(12,370)**	**(72)**	**20,780**	**(18,791)**	**1,989**	**10,592**	**(9,527)**	**1,065**

(1) Previously recorded among Income and expenses from other activities, the income and expenses related to physical commodities held by the Group as part of its market-making activities in commodities derivative instruments are, since 31 December 2016, reported in Net gains and losses on financial instruments at fair value through profit or loss (see Note 3.1.3). At 30 June 2016, those income and expenses amounted to EUR 10,376 million and EUR -10,335 million, respectively.

(2) For the first half of 2017, the Expenses from other activities include EUR 963 million, the exchange value of GBP 813.26 million, in compensation for the settlement agreement between Societe Generale and the Libyan Investment Authority (see Note 9).

NOTE 4.3 - OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

(In millions of euros)	30.06.2017	31.12.2016
Guarantee deposits paid [(1)]	43,180	48,745
Settlement accounts on securities transactions	9,636	8,353
Prepaid expenses	916	775
Miscellaneous receivables [(2)]	25,397	27,137
Gross amount	**79,129**	**85,010**
Impairment	(246)	(254)
Net amount	**78,883**	**84,756**

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

(2) Miscellaneous receivables include premiums to be received on installment options on conditional derivative instruments measured at fair value in the balance sheet among financial instruments at fair value through profit or loss or hedging derivatives, as well as receivables related to insurance activities.

2. OTHER LIABILITIES

(In millions of euros)	30.06.2017	31.12.2016
Guarantee deposits received [(1)]	45,316	50,378
Settlement accounts on securities transactions	11,299	7,357
Other securities transactions	1	2
Expenses payable on employee benefits	2,204	2,560
Deferred income	1,693	1,642
Miscellaneous payables [(2)]	32,152	32,273
Total	**92,665**	**94,212**

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

(2) Miscellaneous payables include premiums to be paid on installment options on conditional derivative instruments measured at fair value in the balance sheet among financial instruments at fair value through profit or loss or hedging derivatives, as well as payables related to insurance activities.

NOTE 5 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

1. PERSONNEL EXPENSES

(In millions of euros)	1st half of 2017	2016	1st half of 2016
Employee compensation	(3,411)	(6,812)	(3,371)
Social security charges and payroll taxes	(796)	(1,567)	(794)
Net pension expenses - defined contribution plans	(341)	(705)	(334)
Net pension expenses - defined benefit plans	(57)	(97)	(59)
Employee profit-sharing and incentives	(137)	(274)	(130)
Total	**(4,742)**	**(9,455)**	**(4,688)**
Including net expenses from share-based payment plans	*(71)*	*(189)*	*(65)*

2. DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In millions of euros)	Provisions at 31.12.2016	Allocations	Write-backs available	Net allocation	Write-backs used	Actuarial gains and losses	Currency and scope effects	Provisions at 30.06.2017
Provisions for employee benefits	**1,850**	137	(147)	(10)	-	(71)	7	**1,776**

3. DESCRIPTION OF THE 2017 SHARE-BASED PAYMENT PLANS

2017 SOCIETE GENERALE FREE SHARES PLAN (1)

Shareholders' agreement	18.05.2016
Board of Directors' decision	15.03.2017
Number of free shares granted	901,477
Number of free shares outstanding at 30 June 2017	899,149
Vesting period	15.03.2017 - 31.03.2020
Performance conditions (2)	yes
Fair value (% of the share price at grant date)	87.4%
Method of valuation	Arbitrage

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

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

2017 SOCIETE GENERALE PERFORMANCE SHARES PLAN [(1)]

Date of General Meeting	18.05.2016	
Date of Board Meeting	15.03.2017	
Total number of shares granted	895,282	
Vesting periods		
Sub-plan 1	1st instalment	15.03.2017 – 29.03.2019
	2nd instalment	15.03.2017 – 31.03.2020
Sub-plan 2	1st instalment	15.03.2017 – 31.03.2021
	2nd instalment	15.03.2017 – 31.03.2023
Sub-plan 3	15.03.2017 – 31.03.2022	
Holding period end dates		
Sub-plan 1	1st instalment	30.09.2019
	2nd instalment	02.10.2020
Sub-plan 2	1st instalment	01.04.2022
	2nd instalment	01.04.2024
Sub-plan 3	02.10.2022	
Performance conditions [(2)]	yes	
Fair value *(in EUR)* [(3)]		
Sub-plan 1	1st instalment	42.17
	2nd instalment	40.33
Sub-plan 2	1st instalment	27.22
	2nd instalment	26.34
Sub-plan 3	43.75	

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

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

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

NOTE 6 - INCOME TAX

1. INCOME TAX

(In millions of euros)	1st half of 2017	2016	1st half of 2016
Current taxes	(676)	(1,313)	(725)
Deferred taxes	(15)	(656)	(286)
Total	**(691)**	**(1,969)**	**(1,011)**

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

(In millions of euros)	1st half of 2017	2016	1st half of 2016
Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill	**2,737**	**6,178**	**3,556**
Normal tax rate applicable to French companies (including 3.3% national contribution)	34.43%	34.43%	34.43%
Permanent differences	4.52%	7.15%	6.07%
Differential on securities tax exemption or taxed at reduced rate	(3.31)%	(1.93)%	(5.22)%
Tax rate differential on profits taxed outside France	(10.26)%	(6.83)%	(5.87)%
Impact of non-deductible losses and use of tax losses carried forward	(0.13)%	(0.96)%	(0.98)%
Group effective tax rate	**25.25%**	**31.86%**	**28.43%**

2. PROVISIONS FOR TAX ADJUSTMENTS

(In millions of euros)	Provisions at 31.12.2016	Allowances	Available Write-backs	Net	Used Write-backs	Changes in translation and consolidation scope	Provisions at 30.06.2017
Tax adjustments	**248**	16	(25)	(9)	(1)	(19)	**219**

NOTE 7 - SHAREHOLDERS' EQUITY

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

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

(Number of shares)	30.06.2017	30.06.2016
Ordinary shares	807,713,534	807,713,534
Including treasury stock with voting rights[(1)]	*6,865,176*	*8,251,751*
Including shares held by employees	*51,985,135*	*55,769,100*

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

At 30 June 2017, Societe Generale S.A.'s capital amounted to EUR 1,009,641,917.5 and was made up of 807,713,534 shares with a nominal value of EUR 1.25.

2. TREASURY STOCK

At 30 June 2017, the Group held 7,905,261 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 1% of the capital of Societe Generale S.A.

The amount deducted by the Group from its equity for treasury shares (and related derivatives) came to EUR 305 million, including EUR 34 million in shares held for trading purposes.

THE CHANGE IN TREASURY STOCK OVER 2017 BREAKS DOWN AS FOLLOWS:

(In millions of euros)	Liquidity contract	Trading activities	Treasury stock and active management of shareholders' equity	Total
Disposals net of purchases	-	41	25	**66**
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	-	-	(22)	**(22)**

3. EQUITY INSTRUMENTS ISSUED

At 30 June 2017, the equity instruments issued by the Group corresponded to a total of EUR 9,029 billion. The change in the first half of year 2017 reflects the repayment of two deeply subordinated notes in US dollars, issued on 5 April 2017, for a total in 2017 of EUR 651 million.

NOTE 7.2 - EARNINGS PER SHARE AND DIVIDENDS

1. EARNINGS PER SHARE

(In millions of euros)	1st half of 2017	2016	1st half of 2016
Net income, Group share	1,805	3,874	2,385
Net attributable income to subordinated notes and deeply subordinated notes	(254)	(465)	(224)
Issuance fees relating to subordinated notes and deeply subordinated notes	-	(7)	4
Net income attributable to ordinary shareholders	**1,551**	**3,402**	**2,165**
Weighted average number of ordinary shares outstanding(1)	800,355,055	798,767,869	798,386,732
Earnings per ordinary share (*In euros*)	**1.94**	**4.26**	**2.71**
Average number of ordinary shares used in the dilution calculation(2)	83	19,154	31,766
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	800,355,138	798,787,023	798,418,498
Diluted earnings per ordinary share (*In euros*)	**1.94**	**4.26**	**2.71**

(1) Excluding treasury shares.

(2) The number of shares used in the dilution calculation is computed using the "share buy-back" method and takes into account free shares and stock-option plans.

The dilutive effect of stock-option plans depends on the average Societe Generale share price, which at 30 June 2017 was EUR 46.74. Accordingly, at 30 June 2017, no shares without performance conditions plans are considered as dilutive.

2. DIVIDEND PAID

Dividends paid by the Group for the first half of 2017 amounted to EUR 2,389 million and are detailed in the following table:

	1st half of 2017			2016		
(In millions of euros)	Group Share	Non-controlling interests	Total	Group Share	Non-controlling interests	Total
Ordinary shares	(1,762)	(238)	(2,000)	(1,596)	(258)	(1,854)
o/w paid in shares	-	-	-	-	-	-
o/w paid in cash	*(1,762)*	*(238)*	*(2,000)*	*(1,596)*	*(258)*	*(1,854)*
Other equity instruments	(356)	(33)	(389)	(693)	(33)	(726)
Total	**(2,118)**	**(271)**	**(2,389)**	**(2,289)**	**(291)**	**(2,580)**

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1 - SEGMENT REPORTING

	Societe Generale Group			French Retail Banking			Corporate Centre [1]		
(In millions of euros)	1st half of 2017	2016	1st half of 2016	1st half of 2017	2016	1st half of 2016	1st half of 2017	2016	1st half of 2016
Net banking income	11,673	25,298	13,159	4,108	8,403	4,184	(1,237)	14	467
Operating Expenses[2]	(8,813)	(16,817)	(8,403)	(2,850)	(5,522)	(2,765)	(80)	(135)	3
Gross operating income	**2,860**	**8,481**	**4,756**	**1,258**	**2,881**	**1,419**	**(1,317)**	**(121)**	**470**
Cost of risk	(368)	(2,091)	(1,188)	(275)	(704)	(348)	101	(340)	(191)
Operating income	**2,492**	**6,390**	**3,568**	**983**	**2,177**	**1,071**	**(1,216)**	**(461)**	**279**
Net income from companies accounted for by the equity method	50	129	68	20	51	24	11	11	5
Net income / expense from other assets	245	(212)	(12)	6	(12)	(3)	207	(282)	(11)
Impairment of goodwill	1	-	-	-	-	-	-	-	-
Earnings before tax	**2,788**	**6,307**	**3,624**	**1,009**	**2,216**	**1,092**	**(998)**	**(732)**	**273**
Income tax	(691)	(1,969)	(1,011)	(331)	(730)	(361)	317	(156)	(169)
Net income before non-controlling interests	**2,097**	**4,338**	**2,613**	**678**	**1,486**	**731**	**(681)**	**(888)**	**104**
Non-controlling interests	292	464	228	-	-	-	75	158	88
Net income, Group share	**1,805**	**3,874**	**2,385**	**678**	**1,486**	**731**	**(756)**	**(1,046)**	**16**

(1) Income and expenses not directly related to business line activities are recorded in the Corporate Centre income. Thus, the Net Banking Income includes the revaluation differences for debts related to own credit risk (EUR -199 million at 30 June 2017) and compensation of EUR 963 million for the transaction agreement between Societe Generale and the Libyan Investment Authority.
In addition, the Net income from other assets for the year 2016 registered a depreciation of EUR -235 million in unrealised losses on non-current assets held for sale on the retail bank in Croatia.

The Net Banking Income for the first half of 2016 and for the year 2016 includes EUR 725 million in capital gain on the sale of Visa Europe shares.

	International retail Banking & Financial Services											
	International Retail Banking			Financial Services to Corporates			Insurance			Total		
(In millions of euros)	1st half of 2017	2016	1st half of 2016	1st half of 2017	2016	1st half of 2016	1st half of 2017	2016	1st half of 2016	1st half of 2017	2016	1st half of 2016
Net banking income	2,595	5,012	2,472	908	1,677	803	484	883	441	3,987	7,572	3,716
Operating Expenses (2)	(1,592)	(3,109)	(1,579)	(445)	(825)	(409)	(197)	(339)	(183)	(2,234)	(4,273)	(2,171)
Gross operating income	**1,003**	**1,903**	**893**	**463**	**852**	**394**	**287**	**544**	**258**	**1,753**	**3,299**	**1,545**
Cost of risk	(148)	(721)	(378)	(22)	(58)	(25)	-	-	-	(170)	(779)	(403)
Operating income	**855**	**1,182**	**515**	**441**	**794**	**369**	**287**	**544**	**258**	**1,583**	**2,520**	**1,142**
Net income from companies accounted for by the equity method	5	18	7	13	19	17	-	-	-	18	37	24
Net income / expense from other assets	33	58	13	-	-	-	-	-	-	33	58	13
Impairment of goodwill	1	-	-	-	-	-	-	-	-	1	-	-
Earnings before tax	**894**	**1,258**	**535**	**454**	**813**	**386**	**287**	**544**	**258**	**1,635**	**2,615**	**1,179**
Income tax	(215)	(293)	(122)	(119)	(230)	(108)	(97)	(174)	(82)	(431)	(697)	(312)
Net income before non-controlling interests	**679**	**965**	**413**	**335**	**583**	**278**	**190**	**370**	**176**	**1,204**	**1,918**	**867**
Non-controlling interests	196	280	128	6	5	2	1	2	1	203	287	131
Net income, Group share	**483**	**685**	**285**	**329**	**578**	**276**	**189**	**368**	**175**	**1,001**	**1,631**	**736**

(In millions of euros)	Global Banking and Investor Solutions											
	Global Markets and Investors Services			**Financing and Advisory**			**Asset and Wealth Management**			**Total**		
	1st half of 2017	**2016**	**1st half of 2016**	**1st half of 2017**	**2016**	**1st half of 2016**	**1st half of 2017**	**2016**	**1st half of 2016**	**1st half of 2017**	**2016**	**1st half of 2016**
Net banking income	3,174	5,936	3,093	1,124	2,372	1,209	517	1,001	490	4,815	9,309	4,792
Operating Expenses(2)	(2,394)	(4,390)	(2,230)	(798)	(1,539)	(779)	(457)	(958)	(461)	(3,649)	(6,887)	(3,470)
Gross operating income	**780**	**1,546**	**863**	**326**	**833**	**430**	**60**	**43**	**29**	**1,166**	**2,422**	**1,322**
Cost of risk	(39)	(4)	(8)	19	(247)	(236)	(4)	(17)	(2)	(24)	(268)	(246)
Operating income	**741**	**1,542**	**855**	**345**	**586**	**194**	**56**	**26**	**27**	**1,142**	**2,154**	**1,076**
Net income from companies accounted for by the equity method	2	4	2	(2)	(2)	-	1	28	13	1	30	15
Net income / expense from other assets	-	-	-	(1)	28	(12)	-	(4)	1	(1)	24	(11)
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Earnings before tax	**743**	**1,546**	**857**	**342**	**612**	**182**	**57**	**50**	**41**	**1,142**	**2,208**	**1,080**
Income tax	(201)	(327)	(154)	(29)	(53)	(8)	(16)	(6)	(7)	(246)	(386)	(169)
Net income before non-controlling interests	**542**	**1,219**	**703**	**313**	**559**	**174**	**41**	**44**	**34**	**896**	**1,822**	**911**
Non-controlling interests	11	14	7	2	3	1	1	2	1	14	19	9
Net income, Group share	**531**	**1,205**	**696**	**311**	**556**	**173**	**40**	**42**	**33**	**882**	**1,803**	**902**

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

(In millions of euros)	Societe Generale Group		French Retail Banking		Corporate Centre [(4)]	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Segment assets	1,350,222	1,382,241	222,559	217,971	116,881	129,635
Segment liabilities[(3)]	1,285,725	1,316,535	230,674	224,222	93,017	97,495

	International retail Banking & Financial Services							
	International Retail Banking		Financial Services to Corporates		Insurance		Total	
(In millions of euros)	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Segment assets	116,750	115,844	36,696	35,455	146,092	126,271	299,538	277,570
Segment liabilities[(3)]	89,698	88,616	10,719	11,057	137,881	119,311	238,298	218,984

	Global Banking and Investor Solutions							
	Global Markets and Investors Services		Financing and Advisory		Asset and Wealth Management		Total	
(In millions of euros)	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Segment assets	578,785	614,228	92,561	102,613	39,898	40,224	711,244	757,065
Segment liabilities[(3)]	664,509	714,244	28,421	30,468	30,806	31,122	723,736	775,834

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

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

NOTE 8.2 - OTHER OPERATING EXPENSES

(In millions of euros)	1st half of 2017	2016	1st half of 2016
Rentals	(542)	(1,102)	(551)
Taxes and levies	(755)	(802)	(649)
IT & telecom (excluding rentals)	(1,095)	(2,126)	(1,034)
Consulting fees (excluding data & telecom)	(657)	(1,294)	(613)
Other*	(541)	(1,099)	(412)
Total	**(3,590)**	**(6,423)**	**(3,259)**

** In 2016, the European Commission reduced the fine imposed on Societe Generale in 2013, in connection with Euribor. It was recorded, for the first half of 2016 and at 31 December 2016, as a decrease in Other operating expenses (under "Other") for a total of EUR 218 million.*

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

For the first half of 2017, the Group's contributions to the Single Resolution Fund (SRF) were as follows:

- Cash contributions (85%) for a total of EUR 303 million (EUR 245 million in 2016, including EUR 228 million recorded for the 1st semester 2016, which is non tax-deductible in France and has been recorded in the income statement in *Other administrative expenses,* among *Taxes and Levies*;
- Irrevocable payment commitments (15%) backed by a cash collateral for EUR 63 million (EUR 35 million in 2016), recorded as an asset in the balance sheet, among *Other assets*.

NOTE 8.3 - PROVISIONS

1. BREAKDOWN OF PROVISIONS

(In millions of euros)	30.06.2017	31.12.2016
Provisions for financial instruments and disputes (see Note 3.8)	3,328	3,589
Provisions for employee benefits (see Note 5.2)	1,776	1,850
Provisions for tax adjustments (see Note 6)	219	248
Total	**5,323**	**5,687**

2. UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In millions of euros)	30.06.2017	31.12.2016
Underwriting reserves for unit-linked policies	28,122	22,449
Life insurance underwriting reserves	89,151	79,705
Non-life insurance underwriting reserves	1,276	1,262
Deferred profit-sharing booked in liabilities	10,232	9,361
Total	**128,781**	**112,777**
Attributable to reinsurers	(693)	(274)
Underwriting reserves of insurance companies (including provisions for deferred profit-sharing) net of the share attributable to reinsurers	**128,088**	**112,503**

NOTE 9 - INFORMATION ON RISKS AND LITIGATION

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

For each of the disputes described in the present chapter, no detailed information can be disclosed on either the recording or the amount of a specific provision given that such disclosure would likely seriously prejudice the outcome of the disputes in question.

Additionally, to take into account the development of a global risk of outflows regarding some ongoing judicial investigations and proceedings in the US (such as the Office of Foreign Assets Control) and with European authorities, as well as the dispute on the French *"précompte"*, the Group has recorded a provision for disputes among its liabilities which is disclosed in Note 3.8 to the consolidated financial statements.

- Between 2003 and 2008, Societe Generale had set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas Group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of SG struck-out and applied to the UK court for damages. On 3rd April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. Societe Generale has requested leave to appeal to the Court of Appeal. A stay of the inquiry into damages was agreed by consent between Societe Generale and Goldas. The UK court made an order recording the terms of the stay on 6th June 2017 pursuant to which the stay will be lifted if Societe Generale's application for permission to appeal does not succeed or, if the application is successful, upon determination of the appeal itself. On 16th February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers. Societe Generale filed an appeal against this decision.

- On 24th October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5th October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion as damages to the bank. On 19th March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, the Supreme Court has departed from its traditional line of case law regarding the compensation of victims of criminal offences against property. On 23rd September 2016, the Versailles Court of Appeal rejected J. Kerviel's request for an expert determination of the damage suffered by Societe Generale, and therefore confirmed that the accounting net losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this judgment has no impact on its tax situation. However, as indicated by the Ministry of Economy and Finance, the French Tax administration has assessed the tax consequences of these accounting losses. The position of the administration is still being discussed and a dispute on this subject before the competent courts is still possible.

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

  On 20th September 2010, after several years of investigation, the French competition authority considered that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the *Banque de France*) a total of approximately EUR 385 million. Societe Generale was ordered to pay a fine of EUR 53.5 million and Credit du Nord, its subsidiary, a fine of EUR 7 million.

However, in its 23rd February 2012 order, the French Court of Appeal, to which the matter was referred by all the banks involved except *Banque de France*, upheld the absence of any competition law infringement, allowing the banks to recoup the fines paid. On 14th April 2015, the Supreme Court quashed and annulled the Court of Appeal decision on the grounds that the latter did not examine the arguments of two third parties who voluntarily intervened in the proceedings. The case was heard again on 3rd and 4th November 2016 by the Paris Court of Appeal before which the case was remanded. The decision is expected on 28th September 2017.

- Societe Generale, along with other financial institutions, has received formal requests from various authorities including the US Department of Justice and the US Comodities Futures Trading Commission, in connection with investigations regarding submissions to the British Bankers Association for setting certain London Interbank Offered Rates ("Libor") and submissions to the European Banking Federation (now the EBF-FBE) for setting the Euro Interbank Offered Rate ("Euribor"), as well as trading in derivatives indexed to various benchmark rates. Societe Generale is cooperating with the investigating authorities. Recent meetings took place with the relevant authorities.

  As to US Dollar Libor, Societe Generale, along with other financial institutions, has been named as a defendant in five putative class actions and several individual (non-class) actions that are pending in the US District Court in Manhattan in connection with its involvement in the setting of US Dollar Libor rates and trading in derivatives indexed to Libor. The actions variously allege violations of, among other laws, US antitrust laws, the US Commodity Exchange Act ("CEA"), and numerous state laws. Societe Generale was voluntarily dismissed from one putative class action on 5th March 2015. The District Court has dismissed all claims against Societe Generale in two of the putative class actions and in all of the individual actions. In June and July 2017, the District Court entered partial final judgment on the dismissal of antitrust claims asserted against Societe Generale by the class plaintiffs and a number of the individual plaintiffs. Those plaintiffs have now appealed the dismissal of their antitrust claims to the United States Court of Appeals for the Second Circuit. Two other putative class actions are effectively stayed pending resolution of these appeals. The District Court has not yet entered judgment on its dismissal of the other claims asserted against Societe Generale.

  As to Japanese Yen Libor, Societe Generale, along with other financial institutions, also has been named as a defendant in two putative class actions in the US District Court in Manhattan in connection with its involvement in the setting of Japanese Yen Libor rates and trading in Euroyen derivatives. On 10th March 2017, the District Court dismissed the action brought by purchasers of Euroyen over-the-counter derivative products. On 3rd April 2017, those plaintiffs appealed the dismissal of their claims to the United States Court of Appeals for the Second Circuit. In the other action, brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange, the District Court has dismissed or disallowed some of plaintiff's claims (those under US antitrust laws, the Racketeer Influenced Corrupt Organization ("RICO") Act, among others) but has allowed some of plaintiff's CEA claims, and the state law claims asserted against Societe Generale, to proceed. On 16th May 2016, Societe Generale filed its answer to the operative amended complaint and discovery in this action is ongoing. Plaintiff's deadline to move for class certification is 17th October 2018.

  As to Euribor, Societe Generale, along with other financial institutions, also has been named as a defendant in a putative class action in the US District Court in Manhattan, brought on behalf of purchasers of Euro exchange-traded and over-the-counter financial instruments, in connection with Societe Generale's involvement in the setting of Euribor rates and trading in derivatives indexed to Euribor. The action alleges violations of, among other laws, US antitrust laws, the CEA, RICO and state laws. On 21st February 2017, the District Court dismissed all claims against Societe Generale (and the other foreign banks). On 17th March 2017, the District Court denied plaintiffs' motion to file a proposed amended complaint which sought to cure deficiencies in plaintiffs' allegations.

  In Argentina, Societe Generale, along with other financial institutions, has been named as a defendant in litigation brought by a consumer association on behalf of Argentine consumers who held government bonds or other instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with alleged manipulation of the US Dollar Libor rate. On 25th August 2016, the Argentine Court of Appeal issued a decision directing that the actions against the various financial institutions (including the action against Societe Generale) be consolidated before a single judge. Societe Generale has not yet been served with the complaint in this matter.

- On 7th March 2014, the Libyan Investment Authority ("LIA") brought proceedings against Societe Generale before the High Court of England regarding the conditions pursuant to which LIA entered into certain investments with the Societe Generale Group. LIA alleges that Societe Generale and other parties who participated in the conclusion of the investments notably committed acts amounting to corruption. On 3rd May 2017, Societe Generale and the Libyan Investment Authority reached a settlement agreement with a GBP 813.26 million payment, putting an end to the dispute. Also, on 8th April 2014, the US Department of Justice served Societe Generale with a subpoena requesting the production of documents relating to transactions with Libyan entities and individuals, including the LIA. On 4th October 2016, the Securities and Exchange Commission served Societe Generale with a subpoena on the same subject matter. Societe Generale is cooperating with US authorities. Recent meetings took place with the relevant authorities.

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

- SG Americas Securities, LLC (“SGAS”), along with other financial institutions, has been named as a defendant in several putative class actions alleging violations of US antitrust laws and the CEA in connection with its activities as a US Primary Dealer, buying and selling US Treasury securities. The cases have been consolidated in the US District Court in Manhattan. SGAS’s time to respond to the complaints has not yet been set.

- Societe Generale, along with several other financial institutions, has been named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with foreign exchange spot and derivatives trading. The action is brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. The litigation is pending in the US District Court in Manhattan. Motions to dismiss were denied, and discovery is underway. Separate putative class actions on behalf of putative classes of indirect purchasers are also pending. Motions to dismiss will be filed on 4th August 2017.

- Societe Generale and certain subsidiaries, along with other financial institutions, have also been named as defendants in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims. The Societe Generale defendants have reached a settlement in these actions of CAD 1.8 million, which is pending court approval. Hearings to approve the settlement are scheduled for 18th September 2017, in Ontario and 22th September 2017, in Quebec.

- Further to an inspection conducted from 8th September to 1st December 2015 at Societe Generale’s offices in order to review the Group’s suspicious transaction reporting policies and procedures, the ACPR gave Societe Generale notice on 26th July 2016 of the opening of enforcement proceedings against it. On 19th July 2017, the enforcement commission issued a reprimand against Societe Generale and ordered it to pay a EUR 5 million fine.