SOCIETE GENERALE

PRESS RELEASE

QUARTERLY FINANCIAL INFORMATION

Paris, August 2nd, 2018

Q2 18: SOLID PERFORMANCE BY THE GROUP'S BUSINESSES, CONTROL OF COSTS AND RISKS
Q2 18 UNDERLYING ROTE: 11.2%

HIGHLIGHTS

1.0%(1) increase in Group revenues in Q2 18 (+2.3% when adjusted for changes in Group structure and at constant exchange rates)

- **French Retail Banking**: slight decline in revenues vs. Q2 17, still impacted by the low interest rate environment, revenues expected to be slightly lower in 2018 (between -1% and -2%)
- **International Retail Banking & Financial Services**: solid performance in all geographical regions, in a buoyant interest rate environment in non-eurozone countries
- **Global Banking & Investor Solutions**: resilient revenues in Market activities and very dynamic Financing & Advisory activities, origination business at a high level

Disciplined cost management

- A year of investment in French Retail Banking
- Positive jaws effect in International Retail Banking & Financial Services
- Lower cost base in Global Banking & Investor Solutions

Low cost of risk, thanks to very disciplined risk management (14bp vs. 15bp in Q2 17)

Underlying ROTE of 11.2%

Progress on the Group's refocusing programme

KEY FINANCIAL DATA

- Q2 18 **revenues**(1): EUR 6,454m (+1.0% vs. Q2 17); H1 18: EUR 12,748m (-0.7% vs. H1 17)
- Q2 18 **operating expenses**(1): EUR 4,370m (+1.3% vs. Q2 17); H1 18: EUR 8,594m (+1.1% vs. H1 17)
- Q2 18 **Group net income**(1): EUR 1,265m (+8.6% vs. Q2 17); H1 18: EUR 2,469m (-3.2% vs. H1 17)
- Q2 18 **Group book net income**: EUR 1,156m (+9.3% vs. Q2 17); H1 18: EUR 2,006m (+11.1% vs. H1 17)
- CET1 ratio: 11.1%

Fréderic Oudéa, the Group's Chief Executive Officer, commented:

"Societe Generale posted good results and an increase in profitability in Q2 18 due to a solid performance by all the businesses, disciplined cost management and good risk control. The Group also carried out several strategic transactions contributing to the refocusing of its business model around its core franchises, with the signing of an agreement to acquire Commerzbank's Equity Markets and Commodities operations and the disposal of activities not having critical mass or insufficiently synergistic. These developments are perfectly in keeping with the implementation of the new strategic plan "Transform to Grow" to which we are fully committed, and the results demonstrate that our diversified and value-creating business choices enable the Group to engage in a profitable and sustainable growth momentum".

*The footnote * in this document is specified below:*
* *When adjusted for changes in Group structure and at constant exchange rates.*
(1) *Underlying data. See methodology note 5 for the transition from accounting data to underlying data.*

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1. GROUP CONSOLIDATED RESULTS

In EUR m	Q2 18	Q2 17	Change		H1 18	H1 17	Change
Net banking income	**6,454**	**5,199**	***+24.1%***	***+26.1%****	**12,748**	**11,673**	***+9.2%***
Underlying net banking income(1)	*6,454*	*6,389*	*+1.0%*	*+2.3%**	*12,748*	*12,841*	*-0.7%*
Operating expenses	**(4,403)**	**(4,169)**	***+5.6%***	***+6.7%****	**(9,132)**	**(8,813)**	***+3.6%***
Underlying operating expenses(1)	*(4,370)*	*(4,314)*	*+1.3%*	*+0.0%**	*(8,594)*	*(8,500)*	*+1.1%*
Gross operating income	**2,051**	**1,030**	***+99.1%***	***x2.1****	**3,616**	**2,860**	***+26.4%***
Underlying gross operating income(1)	*2,084*	*2,075*	*+0.4%*	*+2.3%**	*4,154*	*4,341*	*-4.3%*
Net cost of risk	**(170)**	**259**	***n/s***	***n/s***	**(378)**	**(368)**	***+2.7%***
Underlying net cost of risk(1)	*(170)*	*(191)*	*-11.0%*	*-9.2%**	*(378)*	*(468)*	*-19.2%*
Operating income	**1,881**	**1,289**	***+45.9%***	***+50.3%****	**3,238**	**2,492**	***+29.9%***
Underlying operating income(1)	*1,914*	*1,884*	*+1.6%*	*+3.4%**	*3,776*	*3,873*	*-2.5%*
Net profits or losses from other assets	**(42)**	**208**	***n/s***	***n/s***	**(41)**	**245**	***n/s***
Income tax	(516)	(302)	*+70.9%*	*+74.6%**	(886)	(691)	*+28.2%*
Reported Group net income	**1,156**	**1,058**	***+9.3%***	***+14.8%****	**2,006**	**1,805**	***+11.1%***
Underlying Group net income(1)	*1,265*	*1,165*	*+8.6%*	*+13.5%**	*2,469*	*2,551*	*-3.2%*
ROE	**8.6%**	**7.7%**			**7.5%**	**6.5%**	
ROTE	**10.4%**	**9.0%**			**8.9%**	**7.5%**	
Underlying ROTE(1)	*11.2%*	*10.0%*			*11.0%*	*11.0%*	
Underlying Cost to Income(1)	*68%*	*68%*			*67%*	*66%*	

(1) Adjusted for non-economic items (in Q2 17 and H1 17), exceptional items and linearisation of IFRIC 21.

Societe Generale's Board of Directors, which met on August 1st, 2018 under the chairmanship of Lorenzo Bini Smaghi, examined the results for Q2 and H1 2018 of the Societe Generale Group.

Net banking income: EUR 6,454m (+24.1% vs. Q2 17), EUR 12,748m (+9.2% vs. H1 17)

Underlying net banking income was up +1.0% (+2.3%*) in Q2 18 at EUR 6,454 million. In H1 18, underlying net banking income totalled EUR 12,748 million (EUR 12,841 million in H1 17).

- In a still low interest rate environment, French Retail Banking's net banking income was lower (-2.1% excluding PEL/CEL provision) in Q2 18 vs. Q2 17 and in H1 18 (-1.9% excluding PEL/CEL provision) vs. H1 17.

- International Retail Banking & Financial Services' net banking income rose +5.4% (+6.1%*) in Q2 18 vs. Q2 17 and +4.0% (+5.2%*) in H1 18 vs. H1 17, driven by the growth in activities across all businesses and geographical regions.

- Global Banking & Investor Solutions' revenues were slightly higher in Q2 18 (+0.5%, +2.9%*) vs. Q2 17 and lower in H1 18 (-6.7%, -3.3%*) vs. H1 17.

In accordance with IFRS 9, the variation in the revaluation of the Group's own financial liabilities is no longer recognised in profit or loss for the period. Consequently, in 2018, the Group no longer restates its earnings for non-economic items.

Moreover, Q2 17 net banking income included the impact of the settlement with the LIA for EUR -963 million.

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Operating expenses: EUR -4,403m (+5.6% vs. Q2 17), EUR -9,132m (+3.6% vs. H1 17)

Underlying operating expenses amounted to EUR -4,370 million in Q2 18 vs. EUR -4,314 million in Q2 17 (+1.3%) and EUR -8,594 million in H1 18 vs. EUR -8,500 million in H1 17 (+1.1%). In Q2 17, they included the write-back of a restructuring provision for EUR 60 million. The operating expenses momentum observed during previous quarters continued in Q2 18: ongoing transformation investments in French Retail Banking, efforts to support growth in International Retail Banking & Financial Services and rigorous cost management in Global Banking & Investor Solutions.

The provision for disputes was the subject of an additional allocation of EUR 200 million in Q2 18, recorded in operating expenses. The balance of the provision for disputes was EUR 1.43 billion at June 30th, 2018.

Gross operating income: EUR 2,051m (+99.1% vs. Q2 17), EUR 3,616m (+26.4% vs. H1 17)

Underlying gross operating income totalled EUR 2,084 million in Q2 18 (EUR 2,075 million in Q2 17) and EUR 4,154 million in H1 18 (EUR 4,341 million in H1 17).

Cost of risk[(1)]: EUR -170m in Q2 18, EUR -378m in H1 18

The Group's underlying net cost of risk amounted to EUR -170 million in Q2 18 (EUR -191 million in Q2 17) and EUR -378 million in H1 18 (EUR -468 million in H1 17).

The commercial cost of risk (expressed as a fraction of outstanding loans) was stable at a low level of 14 basis points in Q2 18 (15 basis points in Q2 17) and lower at 16 basis points in H1 18 (19 basis points in H1 17).

- In French Retail Banking, the commercial cost of risk was significantly lower at 20 basis points in Q2 18 (30 basis points in Q2 17), due to a selective origination policy.

- Still against the backdrop of a low level of impairments, International Retail Banking & Financial Services' cost of risk amounted to 23 basis points vs. 14 basis points in Q2 17, which benefited from significant provision write-backs in Romania.

- Global Banking & Investor Solutions' cost of risk remained at a very low level of 2 basis points in Q2 18 (1 basis point in Q2 17).

The Group's commercial cost of risk is expected to range between 20 and 25 basis points in 2018.

The gross doubtful outstandings ratio stood at 3.9% at end-June 2018 (vs. 4.6% at end-June 2017). The Group's gross coverage ratio for doubtful outstandings stood at 55%[(2)] at end-June 2018 (stable vs. March 31st, 2018).

Operating income: EUR 1,881m (+45.9% vs. Q2 17), EUR 3,238m (+29.9% vs. H1 17)

Underlying operating income totalled EUR 1,914 million in Q2 18 (EUR 1,884 million in Q2 17) and EUR 3,776 million in H1 18 (EUR 3,873 million in H1 17).

Net profits or losses from other assets: EUR -42m in Q2 18, EUR -41m in H1 18

Net profits or losses from other assets consist principally of the capital loss recognised according to IFRS 5 on the disposal of Group activities in Bulgaria and Albania amounting to EUR -27 million.

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(1) 2018 figures established according to IFRS 9, 2017 figures established according to IAS 39, excluding general provision for disputes, figures restated for the transfer of Global Transaction and Payment Services from French Retail Banking to Global Banking & Investor Solutions.

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

Net income

In EUR m	Q2 18	Q2 17	H1 18	H1 17
Reported Group net income	1,156	1,058	2,006	1,805
Underlying Group net income(1)	1,265	1,165	2,469	2,551

	Q2 18	Q2 17	H1 18	H1 17
ROTE (reported)	10.4%	9.0%	8.9%	7.5%
Underlying ROTE(1)	11.2%	10.0%	11.0%	11.0%

Earnings per share amounts to EUR 2.22 in H1 18 (EUR 2.12 in H1 17)(2). The dividend provision in H1 18 amounts to EUR 1.11/share.

(1) Adjusted for non-economic items (in 2017), exceptional items and effect of the linearisation of IFRIC 21
(2) Excluding non-economic items (gross EPS of EUR 1.94 in H1 17)

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 59.0 billion at June 30th, 2018 (EUR 59.4 billion at December 31st, 2017). Net asset value per share was EUR 62.07 and tangible net asset value per share was EUR 53.13.

The **consolidated balance sheet** totalled EUR 1,298 billion at June 30th, 2018 (EUR 1,274 billion at January 1st, 2018(1), EUR 1,275 billion at December 31st, 2017). The net amount of customer loan outstandings, including lease financing, was EUR 406 billion at June 30th, 2018 (EUR 396 billion at January 1st, 2018(1), EUR 404 billion at December 31st, 2017) – excluding assets and securities sold under repurchase agreements. At the same time, customer deposits amounted to EUR 400 billion at June 30th, 2018, vs. EUR 395 billion at January 1st, 2018(1) and December 31st, 2017 (excluding assets and securities sold under repurchase agreements).

At June 30th, 2018, the parent company had issued EUR 20.3 billion of medium/long-term debt, having an average maturity of 4.6 years and an average spread of 14 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 2.8 billion. At June 30th, 2018, the Group had issued a total of EUR 23.1 billion of medium/long-term debt. The LCR was well above regulatory requirements at 127% at end-June 2018 vs. 125% at end-March 2018.

The Group's **risk-weighted assets** (RWA) amounted to EUR 363.1 billion at June 30th, 2018 (vs. EUR 353.3 billion at end-December 2017) according to CRR/CRD4 rules. Credit risk-weighted assets represent 81.8% of the total, at EUR 297.1 billion, up 2.6% vs. December 31st, 2017.

At June 30th, 2018, the Group's fully-loaded **Common Equity Tier 1** ratio stood at 11.1%(2) (11.4% at end-December 2017). The Tier 1 ratio stood at 13.6% at end-June 2018 and the total capital ratio amounted to 16.8%.

With a level of 21.9% of RWA and 6.7% of leveraged exposure at end-June 2018, the Group's TLAC ratio is already above the FSB's requirements for 2019. At June 30th, 2018, the Group was also above its MREL requirements of 8% of the TLOF(3) (which, at end-December 2016, represented a level of 24.36% of RWA).

The **leverage ratio** stood at 4.1% at June 30th, 2018 (4.3% at end-December 2017) and 4.2% after taking into account the decision of the General Court of the European Union and pending the Single Supervisory Mechanism agreement for the exemption of regulated savings.

The Group is rated by five rating agencies: (i) DBRS - long-term rating (senior preferred debt) "A (high)", trend raised to "positive" on May 29th, 2018, short-term rating "R-1(middle)"; (ii) FitchRatings - long-term rating "A", stable outlook, senior preferred debt rating "A+", short-term rating "F1"; (iii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1"; (iv) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (v) S&P Global Ratings - long-term rating (senior preferred debt) "A", stable outlook, short-term rating "A-1".

(1) Balances at January 1st, 2018 after first-time application of IFRS 9 except for subsidiaries in the insurance sector

(2) The phased-in ratio, including earnings for the current financial year amounts to 11.2% at end-June 2018 vs. 11.6% at end-December 2017 and 11.9% at end-June 2017

(3) TLOF: Total Liabilities and Own Funds

3. FRENCH RETAIL BANKING

In EUR m	Q2 18	Q2 17	Change	H1 18	H1 17	Change
Net banking income	**1,991**	**2,026**	***-1.7%***	**3,999**	**4,049**	***-1.2%***
Net banking income excl. PEL/CEL	*1,980*	*2,023*	*-2.1%*	*3,971*	*4,048*	*-1.9%*
Operating expenses	(1,361)	(1,352)	***+0.7%***	(2,841)	(2,772)	***+2.5%***
Gross operating income	**630**	**674**	***-6.5%***	**1,158**	**1,277**	***-9.3%***
Gross operating income excl. PEL/CEL	*619*	*671*	*-7.8%*	*1,130*	*1,276*	*-11.4%*
Net cost of risk	(93)	(129)	*-27.9%*	(227)	(258)	*-12.0%*
Operating income	537	545	*-1.5%*	931	1,019	*-8.6%*
Reported Group net income	**365**	**370**	*-1.4%*	**635**	**701**	*-9.4%*
RONE	**13.2%**	**13.7%**		**11.3%**	**13.0%**	
Underlying RONE(1)	**12.1%**	**13.1%**		**11.5%**	**13.6%**	
Underlying Cost to Income(1)	70%	68%	*n/s*	70%	67%	*n/s*

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

French Retail Banking posted resilient earnings in Q2 18, against the backdrop of persistently low interest rates and the transformation of the French networks.

Activity and net banking income

French Retail Banking's three brands, Societe Generale, Crédit du Nord and Boursorama, displayed a solid commercial momentum in Q2 18, particularly for their target customers.

Boursorama accelerated its client onboarding process, with nearly 242,000 new clients in the first six months of the year. It exceeded 1.5 million clients in July, strengthening its position as the leading online bank in France. This sharp acceleration should help Boursorama achieve its objective of 2 million clients at end-2019. Onboarding is carried out based on a controlled acquisition cost per client, which has declined since 2016.

The Societe Generale and Crédit du Nord networks strengthened their franchises on the Group's target customers.

In the Individual customer segment, French Retail Banking expanded its business among mass affluent and wealthy clients (number of clients up 5.1% vs. Q2 17). Private Banking in France recorded net inflows of EUR 1.3 billion and a 2.6% increase in outstandings in Q2 18 to EUR 63 billion (including Crédit du Nord's outstandings). Within the growth drivers, bancassurance posted net inflows of EUR 621 million and outstandings up 1.7% at EUR 93.5 billion, with a unit-linked product rate of 25%.

In the Business customer segment, French Retail Banking continued to develop its expertise in order to serve its customers, by supporting them in their development and offering them a comprehensive range of products and services including investment banking services. The number of business customers increased by 1.7% vs. Q2 17.

In the case of Professional customers, Societe Generale continued to strengthen its expertise/proximity-based model with 75 corners dedicated to professionals, as at June 30th, 2018. The number of professional customers in French Retail Banking increased by 1.3% vs. Q2 17.

In a low interest rate environment, the Group confirmed its selective origination strategy.

Housing loan production totalled EUR 4.4 billion in Q2 18, down 26.6% vs. Q2 17 which represented a high comparison base. Consumer loan production was particularly dynamic in Q2 18, with an increase of +13.7% vs. Q2 17.

Outstanding loans to individuals totalled EUR 109.5 billion and rose +3.2% in Q2 18 vs. Q2 17.

Corporate investment loan production was up +1.2% at EUR 2.9 billion, with an increase in average investment loan outstandings of +3.1% vs. Q2 17 to EUR 64.6 billion.

Overall, average loan outstandings rose +3.0% vs. Q2 17 to EUR 184.6 billion.

Average outstanding balance sheet deposits came to EUR 198.4 billion in Q2 18, up +2.0% vs. Q2 17, driven by sight deposits (+7.4%). As a result, the average loan/deposit ratio stood at 93% in Q2 18 (vs. 92% in Q2 17).

French Retail Banking posted net banking income (after neutralising the impact of PEL/CEL provisions) of EUR 1,980 million in Q2 18, down 2.1%, reflecting the contraction in net interest income.

Net interest income was down -9.4% vs. Q2 17, adversely affected by the re-investment of deposits in a low interest rate environment and the wave of mortgage renegotiations which resulted in high amounts of prepayment indemnities and renegotiation fees in Q2 17.

Commissions were higher in Q2 18 (+2.5% vs. Q2 17), reflecting the good performance of service commissions and stable financial commissions.

Revenues (after neutralising the impact of PEL/CEL provisions) were down 1.9% in H1 18 vs. H1 17. Revenues are expected to be slightly lower (between -1% and -2%) in 2018.

Operating expenses

French Retail Banking's operating expenses totalled EUR -1,361 million, slightly higher (+0.7%) than in Q2 17. Operating expenses were up 2.5% in H1 18 vs. H1 17.

In H1 18 and Q2 18, the cost to income ratio stood at 70% after linearisation of the IFRIC 21 charge.

The trend in operating expenses in H1 18 reflects the acceleration of digital transformation investments and the development of growth drivers, which represent more than half the increase in operating expenses, with the remainder consisting of the increase in regulatory costs and ongoing operating expenses.

As part of its transformation plan, the Group notably closed 50 branches and 1 back office in France in H1 18. The Group expects to close a further 2 back offices in H2. At the same time, the Group continued to digitalise its offering and offer its customers new functionalities, in order to improve their experience. Finally, the Group continued with the implementation of employee development and support plans in H1 18, with the rollout of new training plans and new tools.

The Group expects underlying operating expenses to increase by less than 3% in 2018.

Operating income

The net cost of risk was down 27.9% in Q2 18 vs. Q2 17. Operating income came to EUR 537 million in Q2 18 (EUR 545 million in Q2 17). In H1 18, French Retail Banking posted operating income of EUR 931 million (EUR 1,019 million in H1 17).

Contribution to Group net income

French Retail Banking's contribution to Group net income amounted to EUR 365 million in Q2 18 (EUR 370 million in Q2 17). The return on normative equity after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision came to 12.1% (vs. 13.1% in Q2 17). In H1 18, the contribution to Group net income amounted to EUR 635 million (EUR 701 million in H1 17) and the return on normative equity after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision came to 11.5% (vs. 13.6% in H1 17).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

Net banking income totalled EUR 2,075 million in Q2 18, up +5.4% vs. Q2 17, driven by an excellent commercial momentum in all regions and businesses. Operating expenses were up +9.3% over the period, but included a EUR 60 million restructuring provision write-back in Q2 17. When restated for this item, operating expenses were 3.2% higher, generating a positive jaws effect. Gross operating income totalled EUR 973 million in Q2 18 (+1.4% vs. Q2 17). The net cost of risk, marked in Q2 17 by the receipt of an insurance payout and the sale of non-performing loan portfolios in Romania, remained low at EUR 75 million in Q2 18. The contribution to Group net income totalled EUR 541 million in Q2 18, down -4.8% vs. Q2 17, due to the base effects mentioned above and the consolidation of 80% of ALD as from June 16th, 2017. Underlying RONE stood at 18.3% in Q2 18, vs. 19.2% in Q2 17.

In H1 18, revenues totalled EUR 4,064 million, up +4.0% vs. H1 17, and gross operating income amounted to EUR 1,783 million (+3.5% vs. H1 17). The net cost of risk was slightly lower (-2.4%) than in H1 17 and the contribution to Group net income came to EUR 970 million (-2.6% vs. H1 17).

On August 1st, 2018, Societe Generale signed two agreements for the sale of its majority stakes in Express Bank (Bulgaria) and Societe Generale Albania to OTP Bank. These two transactions will take place over the next few months, subject to acceptance by the relevant banking and competition authorities, and the agreement of the third parties concerned.

In EUR m	Q2 18	Q2 17	Change		H1 18	H1 17	Change	
Net banking income	**2,075**	**1,968**	***+5.4%***	***+6.1%****	**4,064**	**3,908**	***+4.0%***	***+5.2%****
Operating expenses	(1,102)	(1,008)	*+9.3%*	*+9.5%**	(2,281)	(2,185)	*+4.4%*	*+6.2%**
Gross operating income	**973**	**960**	***+1.4%***	***+2.5%****	**1,783**	**1,723**	***+3.5%***	***+4.1%****
Net cost of risk	(75)	(59)	*+27.1%*	*+29.6%**	(166)	(170)	*-2.4%*	*+18.6%**
Operating income	898	901	*-0.3%*	*+0.8%**	1,617	1,553	*+4.1%*	*+2.8%**
Net profits or losses from other assets	0	(2)	*+100.0%*	*+100.0%**	4	33	*-87.9%*	*-88.6%**
Reported Group net income	**541**	**568**	***-4.8%***	***+1.0%****	**970**	**996**	***-2.6%***	***+1.3%****
RONE	18.9%	20.0%			17.0%	17.7%		
Underlying RONE(1)	**18.3%**	**19.2%**			**17.7%**	**18.3%**		
Underlying Cost to Income(1)	54%	53%			55%	54%		

(1) Adjusted for IFRIC 21 implementation

International Retail Banking

At end-June 2018, International Retail Banking's outstanding loans totalled EUR 91.1 billion. They rose +7.2% (+8.4%*) vs. Q2 17, still driven by buoyant activity in Europe, an excellent momentum in Africa in a buoyant economic environment and confirmation of the rebound in activity in the individual customer segment in Russia. Deposit inflow remained high: outstanding deposits rose +5.7% (+6.9%*) vs. Q2 17, to EUR 81.5 billion.

International Retail Banking revenues were 5.3% (7.8%*) higher than in Q2 17 at EUR 1,385 million, while operating expenses, which included a restructuring provision write-back in Q2 17, were up +10.5% (+12.0%*) vs. Q2 17. When restated for this item, operating expenses were up +1.9% (+3.4%*). Gross operating income came to EUR 598 million, slightly lower (-0.8%, +2.8%*) than in Q2 17. International Retail Banking's contribution to Group net income amounted to EUR 313 million in Q2 18 (-4.0% vs. Q2 17).

In H1 18, International Retail Banking's net banking income totalled EUR 2,713 million, up +4.5% (+8.3%*) vs. H1 17. The contribution to Group net income amounted to EUR 542 million vs. EUR 519 million in H1 17 (+4.4%).

In Western Europe, outstanding loans were up +12.3% vs. Q2 17, at EUR 19.2 billion. Car financing continued to enjoy a healthy momentum. Revenues totalled EUR 208 million and gross operating income EUR 115 million in Q2 18, up +16.2% vs. Q2 17. The net cost of risk amounted to EUR 31 million in Q2 18, slightly higher than in Q2 17 (+3.3%). The contribution to Group net income came to EUR 64 million, substantially higher (+23.1%) than in Q2 17.

In the Czech Republic, the Group delivered another solid commercial performance. Outstanding loans rose +5.9% (+5.2%*) vs. Q2 17 to EUR 24.7 billion, driven by loans to individual customers. Outstanding deposits climbed +5.6% (+4.8%*) year-on-year to EUR 31.2 billion. Revenues were up +5.4% (+1.9%*) vs. Q2 17 at EUR 272 million. Operating expenses, which totalled EUR 149 million in Q2 18, included a EUR 11.5 million restructuring provision and were therefore 13.7% (10.4%*) higher than in Q2 17. The contribution to Group net income amounted to EUR 66 million, up +10.0% vs. Q2 17, with a EUR 12 million write-back in the net cost of risk in Q2 18.

In Romania, outstanding loans were 1.4% (3.8%*) higher than in Q2 17 at EUR 6.7 billion, with strong growth in the individual customer segment. Outstanding deposits were stable year-on-year and slightly higher at constant exchange rates (+2.8%*) at EUR 9.5 billion. Against a backdrop of rising interest rates, net banking income was higher than in Q2 17 (+5.1%, +7.2%*) at EUR 145 million in Q2 18. Operating expenses were up +2.5% at current exchange rates (+4.4%*) and amounted to EUR 81 million in Q2 18. The net cost of risk, nil in Q2 18, was EUR 44 million higher than in Q2 17, which included insurance payouts and the sale of non-performing loan portfolios. As a result, the BRD group's contribution to Group net income was EUR 31 million, down -36.7% vs. Q2 17.

In other European countries, outstanding loans were up +7.5% (+7.9%*) and deposits were up +9.1% (+9.0%*) vs. Q2 17. In Q2 18, revenues increased by +9.0% (+8.5%*), while operating expenses were substantially higher (EUR +65 million) than in Q2 17, which benefited from a EUR 60 million restructuring provision write-back. The net cost of risk amounted to EUR 6 million, down -60.0% (-60.3%*) vs. Q2 17 in a favourable economic environment. The contribution to Group net income came to EUR 45 million, down -47.7% vs. Q2 17.

In Russia, inflation remained at a low level and the Bank of Russia's key rate was unchanged at 7.25% in Q2 18. Against this backdrop, outstanding loans were up +12.5%* at constant exchange rates (+5.0% at current exchange rates), with a healthy momentum in loans to individual customers (+12.3%*). Outstanding deposits were substantially higher (+10.7%*, +4.2%), both for individual and business customers. Net banking income for SG Russia(1) increased +9.1%* vs. Q2 17 (-6.3% at current exchange rates given the depreciation of the rouble). Operating expenses were up +3.5%* (-9.9% at current exchange rates) and the net cost of risk amounted to EUR 4 million, vs. EUR 9 million in Q2 17. Overall, SG Russia made a positive contribution to Group net income of EUR 46 million; it was EUR 39 million in Q2 17.

In Africa, Mediterranean Basin and French Overseas Territories, in a buoyant economic environment, outstanding loans were up +7.0% in Q2 18 (+9.1%* vs. Q2 17) at EUR 20.4 billion, with a healthy commercial momentum in the main African operations. Outstanding deposits were up +7.7% (+10.1%*). Net banking income came to EUR 412 million in Q2 18, an increase vs. Q2 17 (+6.2%, +9.4%*). Over the same period, operating expenses remained under control, up +0.4% at current exchange rates and up +2.9%* at constant exchange rates. The contribution to Group net income came to EUR 69 million in Q2 18, up +38.0% vs. Q2 17.

Insurance

The life insurance savings business saw outstandings increase by +3.0% in Q2 18 vs. Q2 17. The business also benefited from a stronger trend towards unit-linked products, with the share of unit-linked products in outstandings up +2 points vs. Q2 17 at 27%.

There was further growth in Personal Protection insurance (premiums up +6.5% vs. Q2 17). Likewise, Property/Casualty insurance continued to grow (premiums up +7.2% vs. Q2 17), with substantial growth internationally.

The Insurance business turned in a good financial performance in Q2 18, with net banking income up +5.8% vs. Q2 17, at EUR 220 million (+6.0%* when adjusted for changes in Group structure and at

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

constant exchange rates). The cost to income ratio remained at a low level (35.5% in Q2 18). The business' contribution to Group net income increased by +6.7% vs. Q2 17 to EUR 95 million.

In H1 18, net banking income was up +9.9% (+6.1%*) at EUR 446 million and the contribution to Group net income was 11.9% higher at EUR 179 million.

Financial Services to Corporates

Financial Services to Corporates also enjoyed a good commercial momentum in Q2 18.

Operational Vehicle Leasing and Fleet Management experienced a substantial increase in its vehicle fleet (+10.1% vs. the end of Q2 17).

Equipment Finance's outstanding loans were up +7.1% (+7.6%*) in Q2 18 vs. Q2 17, at EUR 17.8 billion (excluding factoring), driven by healthy new business.

Financial Services to Corporates' net banking income was up +5.6% in Q2 18 vs. Q2 17 at EUR 470 million (+1.1%*). Operating expenses increased by +6.3% vs. Q2 17, to EUR 237 million (+2.5%*). The net cost of risk amounted to EUR 18 million, up EUR 9 million vs. Q2 17. The contribution to Group net income was EUR 133 million, down -13.1% vs. Q2 17, reflecting primarily the consolidation of ALD for around 80% at the time of its stock market flotation.

In H1 18, Financial Services to Corporates' net banking income came to EUR 905 million, stable vs. H1 17 (-3.8%*), and the contribution to Group net income amounted to EUR 249 million vs. EUR 317 million in H1 17.

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EUR m	Q2 18	Q2 17	Change		H1 18	H1 17	Change	
Net banking income	**2,412**	**2,399**	***+0.5%***	***+2.9%****	**4,627**	**4,958**	***-6.7%***	***-3.3%****
Operating expenses	(1,728)	(1,751)	*-1.3%*	*+1.0%**	(3,752)	(3,760)	*-0.2%*	*+2.9%**
Gross operating income	**684**	**648**	***+5.6%***	***+8.3%****	**875**	**1,198**	***-27.0%***	***-23.0%****
Net cost of risk	(7)	(4)	*+75.0%*	*x 5.4*	20	(41)	*n/s*	*n/s*
Operating income	677	644	*+5.1%*	*+7.4%**	895	1,157	*-22.6%*	*-18.5%**
Reported Group net income	**507**	**509**	***-0.4%***	***+1.2%****	**673**	**894**	***-24.7%***	***-21.3%****
RONE	**13.6%**	**13.5%**			**9.1%**	**11.8%**		
Underlying RONE(1)	**11.7%**	**12.2%**			**11.0%**	**13.5%**		
Underlying Cost to Income(1)	76%	76%	*n/s*	*n/s*	77%	72%	*n/s*	*n/s*

(1) Adjusted for IFRIC 21 implementation

Global Banking & Investor Solutions posted revenues of EUR 2,412 million in Q2 18, slightly higher (+0.5%) than in Q2 17 (+2.9%*), reflecting the resilience of Global Markets and Investor Services and the healthy momentum in Financing activities.

In H1 18, net banking income totalled EUR 4,627 million, down -6.7% year-on-year (-3.3%*) following a decline in Q1 in market activities.

Another key event in Q2 18 was the signing of the agreement to acquire EMC (Equity Markets and Commodities). The estimated negative impact on Common Equity Tier 1 will amount to around 10 basis points as from 2019. The deal covers Investment Solutions, Flow Products and Asset Management activities, including associated market-making, sales and structuring capabilities. In line with Societe Generale's strategy, the acquisition of these activities would consolidate the bank's global leadership position in derivatives and investment solutions across all asset classes and contribute to Lyxor's expansion in Europe by strengthening its ETF franchise. Once the activities have been fully integrated, this acquisition is likely to generate additional GOI of around EUR 150 million. It will have an accretive impact on the Group's ROE as from 2020.

The Group also announced that it had signed an agreement for the disposal of its private banking activities in Belgium.

Global Markets & Investor Services

Global Markets & Investor Services' net banking income amounted to EUR 1,490 million in Q2 18, slightly lower (-0.4%) than in Q2 17 (+2.1%*), and EUR 2,862 million in H1 18, down -9.8% vs. H1 17 (-6.0%*). Despite a lacklustre start to the quarter, the franchise continued to enjoy a good level of commercial activity, with an increase in all regions, in market conditions that remained less favourable in Europe.

At EUR 580 million, the revenues of **Fixed Income, Currencies & Commodities** were down -1.0% (+2%*) in Q2 18 vs. Q2 17. Revenues amounted to EUR 1,115 million, down -18.2% in H1 18 vs. H1 17. The return of volatility, especially around the Italian elections, enabled flow activities to benefit from a good level of client activity on Rates and Commodities, which offset a less buoyant Credit market. In this environment, structured product activities posted a good level of revenues despite slightly lower demand.

The revenues of **Equities and Prime Services** were down -4.0% in Q2 18 vs. Q2 17 (-1%*) at EUR 696 million and down -7.4% in H1 18 vs. H1 17 at EUR 1,355 million. Revenues from cash and listed product activities were lower in Europe, in an environment of still lacklustre volatility and in conjunction with the implementation of MiFID 2. However, the excellent performance of flow derivatives and Financing activities together with the dynamic Prime Services franchise, helped the flow activity post higher revenues. Commercial activity and market conditions remained mixed in Europe compared to other regions in the structured products segment, which saw its revenues increase vs. Q1 18 but remain lower than last year.

Securities Services' assets under custody amounted to EUR 4,089 billion at end-June 2018, up +3.6% vs. Q2 17. Over the same period, assets under administration were up +2.5% at EUR 636 billion. Securities Services' revenues were up +15.7% in Q2 18 vs. Q2 17 at EUR 214 million. In H1 18, the increase was +12.6% vs. H1 17 at EUR 392 million. This sharp rise reflects the continued healthy commercial momentum, following on from an excellent first quarter, as well as the impact of the revaluation of Euroclear securities for EUR 33 million.

Financing & Advisory

Financing & Advisory's revenues totalled EUR 665 million, significantly higher (+5.2%) than in Q2 17 (+7.9%*) and at their highest level since 2016. Revenues amounted to EUR 1,265 million in H1 18 and were stable vs. H1 17 (+3.6%*). In Q2 18, commercial activity was buoyant for all financing activities, which enjoyed an excellent level of origination business, reflecting the franchises' commercial dynamism. Commissions were also higher, notably for Real Estate, Shipping and Natural Resources financing. Global Transaction Banking also saw a significant increase in commissions, particularly for Cash Management, in line with its development plan. These good performances were partially offset by a sluggish market in investment banking.

Asset and Wealth Management

Asset and Wealth Management revenues totalled EUR 257 million in Q2 18, down -5.2% vs. Q2 17, and EUR 500 million in H1 18, down -4.4% vs. H1 17.

Private Banking's assets under management amounted to EUR 119 billion at end-June 2018, higher (+1.6%) than in March 2018. Despite healthy transactional activity and robust inflow in France, **Private Banking** revenues continued to be impacted by the ongoing decline in international activities. Net banking income totalled EUR 205 million, down -6.0% vs. the high level in Q2 17, while the margin came to 104 basis points vs. 110 basis points in Q2 17. In H1 18, revenues totalled EUR 390 million, down -6.7% vs. H1 17.

Lyxor's assets under management came to EUR 119 billion, up +1.6% vs. Q1 18, thanks to a favourable currency and market effect, offsetting a more moderate inflow after a very active first quarter. This total represents a new high for the business. Lyxor's revenues totalled EUR 47 million in Q2 18, down -4.1% vs. a good Q2 17, reflecting a slight decline in revenues in the ETF segment and the lower generation of performance fees in Q2 18. In H1 18, revenues amounted to EUR 99 million, up +4.2% vs. H1 17.

Operating expenses

Global Banking & Investor Solutions' operating expenses were down -1.3% (+1.0%*) in Q2 18 vs. Q2 17. In H1 18, they were slightly lower (-0.2%, +2.9%*). When restated for the implementation of IFRIC 21, operating expenses were down -0.8% vs. H1 17, reflecting efforts made to control costs. The cost to income ratio stood at 76.8% in H1 18, after linearising the impact of IFRIC 21.

Operating income

Gross operating income came to EUR 684 million, up +5.6% vs. Q2 17, and EUR 875 million in H1 18, down -27.0% vs. H1 17.

In a favourable economic environment, the net cost of risk amounted to EUR -7 million vs. EUR -4 million in Q2 17, reflecting good risk management. In H1 18, there was a EUR 20 million write-back in the net cost of risk (EUR -41 million in H1 17).

Global Banking & Investor Solutions' operating income totalled EUR 677 million in Q2 18, up +5.1% vs. Q2 17, and EUR 895 million in H1 18, down -22.6%.

Net income

The division's contribution to Group net income came to EUR 507 million in Q2 18, down -0.4%. RONE amounted to 13.6% in Q2 18, up for the third consecutive quarter.

6. CORPORATE CENTRE

In EUR m	Q2 18	Q2 17	H1 18	H1 17
Net banking income	**(24)**	**(1,194)**	**58**	**(1,242)**
Net banking income (1)	*(24)*	*(970)*	*58*	*(1,043)*
Operating expenses	(212)	(58)	(258)	(96)
Gross operating income	(236)	(1,252)	(200)	(1,338)
Gross operating income (1)	*(236)*	*(1,028)*	*(200)*	*(1,139)*
Net cost of risk	5	451	(5)	101
Net profits or losses from other assets	(28)	210	(32)	207
Reported Group net income	**(257)**	**(389)**	**(272)**	**(786)**
Group net income (1)	*(257)*	*(231)*	*(272)*	*(645)*

(1) Adjusted for revaluation of own financial liabilities in Q2 17 and H1 17

The Corporate Centre includes:

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

The revaluation of the Group's own financial liabilities is no longer recognised in profit or loss for the period due to the implementation of IFRS 9 as from January 1st, 2018. Consequently, earnings are no longer restated for this non-economic item.

The Corporate Centre's net banking income totalled EUR -24 million in Q2 18 vs. EUR -970(1) million in Q2 17 which included an expense of EUR -963 million for the settlement of the litigation issue with the Libyan Investment Authority.

Operating expenses included an allocation to the provision for disputes of EUR 200 million.

Societe Generale is actively pursuing its discussions with the U.S. authorities in order to reach an agreement to resolve the investigation into certain USD transactions processed by Societe Generale involving countries that are the subject of US economic sanctions. Although the timing and the financial impact of a potential agreement remain uncertain, it is possible that the pending discussions lead to an agreement in the coming weeks.

At June 30th, 2018, the provision for disputes, which includes this case, amounted to EUR 1.43 billion.

Gross operating income was EUR -236 million in Q2 18 vs. EUR -1,028(1) million in Q2 17. It was nil excluding exceptional items in H1 18.

The net cost of risk amounted to EUR 5 million in Q2 18 vs. EUR 451 million in Q2 17, which was impacted by the recognition of a write-back of EUR 750 million to cover the settlement with the LIA and by an additional allocation of EUR 300 million to the provision for disputes.

Net profits or losses from other assets include principally the capital loss recognised according to IFRS 5 on the disposal of the Group's activities in Bulgaria and Albania for EUR -27 million.

The Corporate Centre's contribution to Group net income was EUR -257 million in Q2 18 (EUR -231(1) million in Q2 17) and EUR -272 million in H1 18 (EUR -645(1) million in H1 17).

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(1) Excluding non-economic items

7. CONCLUSION

Societe Generale generated Group net income of EUR 1,156 million in Q2 2018. The Group's underlying net income of EUR 1,265 million and underlying ROTE of 11.2% reflect the businesses' solid momentum, driven by the expansion of the Group's key franchises and the transformation of its activities.

In line with the "Transform to Grow" plan announced to the market in November 2017, the Group has confirmed its strategic trajectory around 5 key pillars enabling it to deliver superior, profitable and sustainable growth:

- **Growing**, with dynamic performances in each of the businesses. After a slow start to the year and in a low interest rate environment, the Group expects a slight decline in French Retail Banking revenues in 2018. International Retail Banking & Financial Services has confirmed its sustainable and profitable growth profile. The Group has also continued to develop its core franchises in Global Banking & Investor Solutions.

- **Transforming**, with major progress in French Retail Banking and the continued improvement in the Group's risk profile.

- **Maintaining** rigorous cost discipline.

- **Completing** the refocusing, with the announcement of several disposal transactions today, generating an estimated positive effect on Common Equity Tier 1 of around 15 basis points in 2018-2019. Other significant announcements are expected between now and the end of the year.

- **Establishing,** at all levels, a culture of responsibility, throughout the Group and its activities, by turning the page on the LIA and IBOR litigation issues, rolling out the Culture and Conduct programme within the Group and implementing specific business initiatives, such as the objective of contributing EUR 100 billion to energy transition financing between 2016 and 2020 (with more than 50% having already been achieved).

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8. 2018 FINANCIAL CALENDAR

2018 Financial communication calendar

November 8th, 2018	Third quarter 2018 results
February 7th, 2019	Fourth quarter and FY 2018 results
May 3rd, 2019	First quarter 2019 results
August 1st, 2019	Second quarter and first half 2019 results
November 6th, 2019	Third quarter 2019 results

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

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

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

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

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;

- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

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

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

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

9. APPENDIX 1: FINANCIAL DATA

CONSOLIDATED INCOME STATEMENT

In M EUR	Q2 18	Q2 17	Change	H1 18	H1 17	Change
Net banking income	6,454	5,199	+24.1%	12,748	11,673	+9.2%
Operating expenses	(4,403)	(4,169)	+5.6%	(9,132)	(8,813)	+3.6%
Gross operating income	**2,051**	**1,030**	**+99.1%**	**3,616**	**2,860**	**+26.4%**
Net cost of risk	(170)	259	n/s	(378)	(368)	+2.7%
Operating income	**1,881**	**1,289**	**+45.9%**	**3,238**	**2,492**	**+29.9%**
Net profits or losses from other assets	(42)	208	n/s	(41)	245	n/s
Net income from companies accounted for by the equity method	13	13	+0.0%	29	50	-42.0%
Impairment losses on goodwill	0	0	n/s	0	1	n/s
Income tax	(516)	(302)	+70.9%	(886)	(691)	+28.2%
Net income	**1,336**	**1,208**	**+10.6%**	**2,340**	**2,097**	**+11.6%**
O.w. non-controlling interests	180	150	+20.0%	334	292	+14.4%
Group net income	**1,156**	**1,058**	**+9.3%**	**2,006**	**1,805**	**+11.1%**
Tier 1 ratio at the end of period	13.6%	14.4%				

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

GROUP NET INCOME AFTER TAX BY CORE BUSINESS

In M EUR	Q2 18	Q2 17	Change	H1 18	H1 17	Change
French Retail Banking	365	370	-1.4%	635	701	-9.4%
International Retail Banking and Financial Services	541	568	-4.8%	970	996	-2.6%
Global Banking and Investor Solutions	507	509	-0.4%	673	894	-24.7%
Core Businesses	1,413	1,447	-2.3%	2,278	2,591	-12.1%
Corporate Centre	(257)	(389)	+33.9%	(272)	(786)	+65.4%
Group	1,156	1,058	+9.3%	2,006	1,805	+11.1%

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CONSOLIDATED BALANCE SHEET

(Assets - in millions of euros)	30.06.2018	01.01.2018*
Central banks	85,456	114,404
Financial assets at fair value through profit or loss	382,656	369,112
Hedging derivatives	12,024	12,718
Financial assets measured at fair value through other comprehensive income	57,335	50,468
Securities at amortised cost	11,428	11,592
Due from banks at amortised cost	63,783	53,656
Customer loans at amortised cost	427,296	417,391
Revaluation differences on portfolios hedged against interest rate risk	504	663
Investment of insurance activities	149,134	147,611
Tax assets	5,479	6,292
Other assets	67,548	60,449
Non-current assets held for sale	4,313	13
Investments accounted for using the equity method	655	659
Tangible and intangible assets	25,537	24,200
Goodwill	4,874	4,988
Total	**1,298,022**	**1,274,216**

(Liabilities - in millions of euros)	30.06.2018	01.01.2018*
Central banks	9,956	5,604
Financial liabilities at fair value through profit or loss	373,147	368,550
Hedging derivatives	6,438	6,146
Debt securities issued	101,658	103,235
Due to banks	89,783	88,621
Customer deposits	415,101	410,633
Revaluation differences on portfolios hedged against interest rate risk	5,481	6,020
Tax liabilities	1,153	1,608
Other liabilities	76,293	69,139
Non-current liabilities held for sale	4,042	
Liabilities related to insurance activities contracts	132,258	131,717
Provisions	5,356	6,345
Subordinated debts	13,993	13,647
Total liabilities	**1,234,659**	**1,211,265**
SHAREHOLDERS' EQUITY		
Shareholders' equity Group share		
Issued common stocks equity instruments and capital reserves	29,585	29,427
Retained earnings	28,542	27,698
Net income	2,006	2,806
Sub-total	**60,133**	**59,931**
Unrealised or deferred capital gains and losses	(1,174)	(1,503)
Sub-total equity Group share	**58,959**	**58,428**
Non-controlling interests	4,404	4,523
Total equity	**63,363**	**62,951**
Total	**1,298,022**	**1,274,216**

NB. Customer loans include lease financing.

(*) Balances at January 1st, 2018 after first-time application of IFRS 9, except for subsidiaries in the insurance sector.

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10. APPENDIX 2: METHODOLOGY

1 – The Group's consolidated results as at June 30th, 2018 were examined by the Board of Directors on August 1st, 2018.

The limited review procedures carried out by the Statutory Auditors are in progress on the condensed interim consolidated financial statements as at June 30th, 2018.

2 – Net banking income

The pillars' net banking income is defined on page 44 of Societe Generale's 2018 Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 – Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in notes 5 and 8.2 to the Group's consolidated financial statements as at December 31st, 2017 (pages 390 et seq. and page 410 of Societe Generale's 2018 Registration Document). The term "costs" is also used to refer to Operating Expenses.

The **Cost/Income Ratio** is defined on page 44 of Societe Generale's 2018 Registration Document.

4 – IFRIC 21 adjustment

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

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

Non-economic items correspond to the revaluation of the Group's own financial liabilities and the debt value adjustment on derivative instruments (DVA). These two factors constitute the restated non-economic items in the analyses of the Group's results. They lead to the recognition of self-generated earnings reflecting the market's evaluation of the counterparty risk related to the Group. They are also restated in respect of the Group's earnings for prudential ratio calculations. In accordance with IFRS 9, the variation in the revaluation of the Group's own financial liabilities is no longer recognised in earnings for the period but in shareholders' equity. Consequently, the Group will no longer present published information restated for non-economic items.

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

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

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

In M EUR	Q2 18	Q2 17	Change	H1 18	H1 17	Change
Net Banking Income	**6,454**	**5,199**	**+24.1%**	**12,748**	**11,673**	**+9.2%**
*Reevaluation of own financial liabilities**		*(224)*			*(199)*	
*DVA**		*(3)*			*(6)*	
*LIA settlement***		*(963)*			*(963)*	
Underlying Net Banking Income	**6,454**	**6,389**	**+1.0%**	**12,748**	**12,841**	***-0.7%***
Operating expenses	**(4,403)**	**(4,169)**	**+5.6%**	**(9,132)**	**(8,813)**	**+3.6%**
IFRIC 21 linearisation	*(167)*	*(145)*		*338*	*313*	
*Provision for disputes***	*(200)*			*(200)*		
Underlying Operating expenses	**(4,370)**	**(4,314)**	**+1.3%**	**(8,594)**	**(8,500)**	**+1.1%**
Net cost of risk	**(170)**	**259**	***n/s***	**(378)**	**(368)**	***+2.7%***
*Provision for disputes***		*(300)*			*(300)*	
*LIA settlement***		*750*			*400*	
Underlying Net Cost of Risk	**(170)**	**(191)**	**-11.0%**	**(378)**	**(468)**	**-19.2%**
Net profit or losses from other assets	**(42)**	**208**	***n/s***	**(41)**	**245**	***n/s***
*Sale of Express Bank and Societe Generale Albania***	**(27)**			**(27)**		
*Change in consolidation method of Antarius***		203			203	
Underlying Net profits or losses from other assets	**(15)**	**5**	***n/s***	**(14)**	**42**	***n/s***
Group net income	**1,156**	**1,058**	***+9.3%***	**2,006**	**1,805**	***+11.1%***
Effect in Group net income of above restatements	*(109)*	*(107)*		*(463)*	*(746)*	
Underlying Group net income	**1,265**	**1,165**	***+8.6%***	**2,469**	**2,551**	***-3.2%***

* Non-economic items
** Exceptional items

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

The cost of risk or commercial cost of risk is defined on pages 46 and 564 of Societe Generale's 2018 Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

	(In M EUR)	Q2 18	Q2 17	H1 18	H1 17
French Retail Banking	Net Cost of Risk	93	135	227	268
	Gross loan outstandings	186,245	178,386	185,727	179,649
	Cost of Risk in bp	**20**	**30**	**24**	**30**
International Retail Banking and Financial Services	Net Cost of Risk	75	43	166	153
	Gross loan outstandings	132,749	125,160	132,190	124,932
	Cost of Risk in bp	**23**	**14**	**25**	**24**
Global Banking and Investor Solutions	Net Cost of Risk	7	3	- 20	40
	Gross loan outstandings	149,283	164,994	148,499	163,342
	Cost of Risk in bp	**2**	**1**	**- 3**	**5**
Corporate Centre	Net Cost of Risk	- 4	-	5	-
	Gross loan outstandings	6,614	7,497	6,849	7,371
	Cost of Risk in bp	**- 24**	**-**	**15**	**-**
Group	Net Cost of Risk	170	181	378	461
	Gross loan outstandings	474,891	476,037	473,264	475,295
	Cost of Risk in bp	**14**	**15**	**16**	**19**

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

7 – ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 47 of Societe Generale’s 2018 Registration Document. This measure makes it possible to assess Societe Generale’s return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group’s businesses, according to the principles presented on page 47 of Societe Generale’s Registration Document.

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

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

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End of period	H1 18	Q1 18	2017	H1 17
Shareholders' equity Group share	**58,959**	**58,925**	**59,373**	**60,111**
Deeply subordinated notes	(9,197)	(8,362)	(8,520)	(10,059)
Undated subordinated notes	(274)	(263)	(269)	(279)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	(213)	(218)	(165)	(201)
Unrealised gains/losses booked under shareholders' equity, excluding conversion reserves	130	(525)	(1,031)	(1,101)
Dividend provision	(892)	(2,136)	(1,762)	(881)
ROE equity	**48,513**	**47,421**	**47,626**	**47,591**
Average ROE equity	**47,745**	**47,523**	**48,087**	**47,834**
Average goodwill	(5,155)	(5,158)	(4,924)	(4,788)
Average intangible assets	(1,988)	(1,966)	(1,831)	(1,785)
Average ROTE equity	**40,602**	**40,399**	**41,332**	**41,261**

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

In EUR m	Q2 18	Q2 17	Change	H1 18	H1 17	Change
French Retail Banking	11,066	10,797	+2.5%	11,226	10,778	+4.2%
International Retail Banking and Financial Services	11,451	11,352	+0.9%	11,440	11,255	+1.6%
Global Banking and Investor Solutions	14,965	15,096	-0.9%	14,856	15,216	-2.4%
Total Core Businesses	37,483	37,425	+0.6%	37,522	37,249	+0.7%
Corporate Centre	10,484	10,539	-0.5%	10,223	10,585	-3,4%
Group	47,967	47,784	+0.4%	47,745	47,834	-0.2%

8 – Net assets and tangible net assets are defined in the methodology, page 49 of the Group's 2018 Registration Document. The items used to calculate them are presented below:

End of period	H1 18	Q1 18	2017	H1 17
Shareholders' equity Group share	**58,959**	**58,925**	**59,373**	**60,111**
Deeply subordinated notes	(9,197)	(8,362)	(8,520)	(10,059)
Undated subordinated notes	(274)	(263)	(269)	(279)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	(213)	(218)	(165)	(201)
Bookvalue of own shares in trading portfolio	500	174	223	35
Net Asset Value	**49,775**	**50,256**	**50,642**	**49,608**
Goodwill	(5,140)	(5,163)	(5,154)	(5,027)
Intangibles Assets	(2,027)	(1,993)	(1,940)	(1,833)
Net Tangible Asset Value	**42,608**	**43,100**	**43,547**	**42,748**
Number of shares used to calculate NAPS**	**801,924**	**801,830**	**801,067**	**800,848**
NAPS (EUR)	**62.1**	**62.7**	**63.2**	**61.9**
Net Tangible Asset Value per share (EUR)	**53.1**	**53.8**	**54.4**	**53.4**

*** The number of shares considered is the number of ordinary shares outstanding as at June 30th, 2018, excluding treasury shares and buybacks, but including the trading shares held by the Group.*

In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.

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9 – Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 48 of Societe Generale's 2018 Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE. As specified on page 48 of Societe Generale's 2018 Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).

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

Average number of shares (thousands)	H1 18	Q1 2018	2017	H1 17
Existing shares	**807,918**	**807,918**	**807,754**	**807,714**
Deductions				
Shares allocated to cover stock option plans and free shares awarded to staff	5,059	4,704	4,961	4,713
Other own shares and treasury shares	1,252	1,765	2,198	2,645
Number of shares used to calculate EPS	**801,607**	**801,449**	**800,596**	**800,355**
Group net income	**2,006**	**850**	**2,806**	**1,805**
Interest, net of tax on deeply subordinated notes and undated subordinated notes	(223)	(102)	(466)	(254)
Capital gain net of tax on partial buybacks	0	0	0	0
Adjusted Group net income	**1,783**	**748**	**2,340**	**1,551**
EPS (in EUR)	**2.22**	**0.93**	**2.92**	**1.94**
Underlying EPS* (in EUR)	**2.80**	**1.38**	**5.03**	**2.87**

** Excluding non-economic and exceptional items and including linearisation of the IFRIC 21 effect (for H1 18, Q1 17 and H1 17).*

10 – The Societe Generale Group's **Common Equity Tier 1 capital** is calculated in accordance with applicable CRR/CRD4 rules. The fully-loaded **solvency ratios** are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is calculated according to applicable CRR/CRD4 rules including the provisions of the delegated act of October 2014.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth, aiming to be the trusted partner for its clients, committed to the positive transformations of society and the economy.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world. Societe Generale has over 147,000 members of staff in 67 countries and supports on a daily basis 31 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking,** which encompasses the Societe Generale, Crédit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- **International Retail Banking, Insurance and Financial Services to Corporates,** with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions,** which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), four of the STOXX ESG Leaders indices, and the MSCI Low Carbon Leaders Index.

For more information, you can follow us on twitter @societegenerale or visit our website www.societegenerale.com