RESULTS AT DECEMBER 31ST 2019

Press release

Paris, February 6th 2020

Q4 19 PERFORMANCE: STRONG GROWTH IN REVENUES AND UNDERLYING GROUP NET INCOME

Revenues up +4.8% (+6.8%*) in Q4 19 vs. Q4 18, initial tangible results of the improvement in Global Markets (+16% in Q4 19 vs. Q4 18)
Further decline (-0.7%[1]) in the Group's underlying operating expenses, positive jaws effect
Low cost of risk at 29 basis points in Q4 19
Substantial increase in underlying operating income, +33.1%[1] in Q4 19 vs. Q4 18
Increase in underlying Group net income to EUR 875 million[1] (+8.7% vs. Q4 18)

2019 ACHIEVEMENTS IN LINE WITH TARGETS

SUBSTANTIAL INCREASE IN THE CET 1 RATIO TO 12.7% AT DECEMBER 31ST, 2019 (10.9% AT DECEMBER 31ST, 2018)

2019 RESULTS REFLECTING COST DISCIPLINE AND GOOD RISK CONTROL

2019 revenues: -1.5%* vs. 2018; stable business revenues (-0.1%*)
Decline in the Group's underlying operating expenses: -1.0%[1] in 2019 vs. 2018
Cost of risk at 25 basis points in 2019, at the bottom of the announced range
French Retail Banking performance in line with 2019 revenue and cost targets; resilient profitability
Confirmation of the profitable growth potential of International Retail Banking & Financial Services (underlying RONE of 17.9%[1])
Implementation of Global Banking & Investor Solutions' restructuring plan above annual targets

DIVIDEND OF EUR 2.20 IN CASH PROPOSED TO THE GENERAL MEETING OF SHAREHOLDERS

STRENGTHENING THE BUSINESS MODEL

2019 saw the Group continue to strengthen its business model around the following key areas: consolidation of leadership positions in added-value businesses and segments; balance of businesses and geographical regions; deepening synergies and searching for efficiency. The main advances focused on three aspects: implementation of the refocusing plan, strengthening of core franchises and investments in the digitalisation of platforms and the customer experience.

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

SOCIETE GENERALE, A LEADER IN RESPONSIBLE FINANCE

The Group is aiming for a position as a banking leader in the area of responsible finance. During 2019, it was ranked No. 1 bank globally on environmental issues (Robecosam 2019) and received numerous awards across all CSR criteria.

2020 OUTLOOK

IMPROVEMENT IN PROFITABILITY

Group net income expected to be higher in 2020 than in 2019: slight growth in revenues in the current environment; decline in operating expenses, decline in the cost to income ratio, positive jaws effect
Cost of risk expected to be between 30 and 35 basis points in 2020
The Group is aiming for an improvement in its ROTE in 2020

MAINTAINING A SOLID LEVEL OF CAPITAL

The Group aims to steer above a CET1 ratio of 12% which remains its target.

VALUE CREATION FOR SHAREHOLDERS

Increase in tangible net asset value per share and earnings per share in 2020 vs. 2019
New dividend policy: payout ratio of 50% of underlying Group net income, which could include a share buyback component of up to 10%, with the dividend component being paid in cash

ORGANISATION OF TWO "DEEP DIVE" PRESENTATIONS IN 2020: IN H1 ON THE GROUP'S RESPONSIBLE FINANCE STRATEGY AND, IN H2, ON EFFICIENCY AND DIGITAL

Fréderic Oudéa, the Group's Chief Executive Officer, commented*:*
"2019 was a year of considerable progress during which we achieved all the targets, both strategic and financial, that we set ourselves. We are therefore entering 2020 with confidence, with a more compact business model based on leadership positions in high added-value businesses and a presence in buoyant geographical regions. We intend to capitalise on the robustness of this model to pursue the expansion of our core franchises and improve our profitability, by increasing our efforts in terms of operational efficiency and disciplined cost management. More than ever, our ambitions around the use of digital technologies to enhance the customer experience and the deepening of our CSR commitment are at the centre of our strategic approach. As we have just reaffirmed with all our teams in our raison d'être, we are determined to build a better and sustainable future with our customers."

***Lorenzo Bini Smaghi, on behalf of the Board of Directors**, commended the solid results for 2019, particularly with regard to the strengthening of the capital base and the control of operating expenses. He commended the determined actions of Frédéric Oudéa and the Societe Generale Group's management team in spearheading the transformation of the Bank.*

1. GROUP CONSOLIDATED RESULTS

In EUR m	Q4 19	Q4 18	Change		2019	2018	Change	
Net banking income	**6,213**	**5,927**	***+4.8%***	***+6.8%****	**24,671**	**25,205**	***-2.1%***	***-1.5%****
Operating expenses	**(4,503)**	**(4,458)**	***+1.0%***	***+2.1%****	**(17,727)**	**(17,931)**	***-1.1%***	***-0.5%****
Underlying operating expenses(1)	*(4,595)*	*(4,627)*	*-0.7%*	*+0.3%**	*(17,411)*	*(17,595)*	*-1.0%*	*-0.4%**
Gross operating income	**1,710**	**1,469**	***+16.4%***	***+21.6%****	**6,944**	**7,274**	***-4.5%***	***-3.8%****
Underlying gross operating income(1)	*1,618*	*1,300*	*+24.5%*	*+30.8%**	*7,260*	*7,610*	*-4.6%*	*-3.9%**
Net cost of risk	**(371)**	**(363)**	***+2.2%***	***+4.1%****	**(1,278)**	**(1,005)**	***+27.2%***	***+30.3%****
Underlying net cost of risk (1)	*(371)*	*(363)*	*+2.2%*	*+4.1%**	*(1,260)*	*(1,005)*	*+25.4%*	*+28.5%**
Operating income	**1,339**	**1,106**	***+21.1%***	***+27.6%****	**5,666**	**6,269**	***-9.6%***	***-9.2%****
Underlying operating income(1)	*1,247*	*937*	*+33.1%*	*+41.7%**	*6,000*	*6,605*	*-9.2%*	*-8.8%**
Net profits or losses from other assets	**(125)**	**(169)**	***+26.0%***	***+26.2%****	**(327)**	**(208)**	***-57.2%***	***-56.9%****
Underlying net profits or losses from other assets(1)	*12*	*72*	*-83.3%*	*-83.1%**	*59*	*60*	*-1.7%*	*-0.2%**
Net income from companies accounted for by the equity method	**(154)**	**13**	***n/s***	***n/s***	**(129)**	**56**	***n/s***	***n/s***
Underlying net income from companies accounted for by the equity method(1)	*4*	*13*	*n/s*	*n/s*	*29*	*56*	*n/s*	*n/s*
Income tax	(230)	(75)	x 3.1	x 3.1*	(1,264)	(1,304)	-3.1%	-2.4%*
Reported Group net income	**654**	**685**	***-4.6%***	***+4.0%****	**3,248**	**4,121**	***-21.2%***	***-20.9%****
Underlying Group net income(1)	***875***	***805***	***+8.7%***	***+17.1%****	***4,061***	***4,725***	***-14.1%***	***-13.6%****
ROE	3.7%	4.1%			5.0%	7.1%		
ROTE	5.0%	6.5%			6.2%	8.8%		
Underlying ROTE (1)	***6.2%***	***5.9%***			***7.6%***	***9.7%***		

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

As from January 1st 2019, in accordance with the amendment to IAS 12 "Income Tax", the tax saving related to the payment of coupons on undated subordinated and deeply subordinated notes, previously recorded in consolidated reserves, is now recognised in income on the "Income tax" line; 2018 comparative data have been restated.

Societe Generale's Board of Directors, which met on February 5th, 2020 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q4 and approved the results for full-year 2019.

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

Net banking income: EUR 24,671m (-2.1% vs. 2018), EUR 6,213m (+4.8% vs. Q4 18)

The Group's net banking income was down -2.1% in 2019, due primarily to a base effect in the Corporate Centre, with the stability of businesses' net banking income (-0.1%*).

There was a slight increase of +0.3% in French Retail Banking's net banking income (excluding PEL/CEL provision). This was higher than the target communicated by the Group, against the backdrop of a low interest rate environment and the transformation of the French networks.
International Retail Banking & Financial Services enjoyed 4.6%* revenue growth, with the healthy commercial momentum offsetting the revenue attrition related to disposals finalised during the year.
Global Banking & Investor Solutions' net banking income fell -1.6%. Revenues were slightly higher (+0.9%), excluding the impact of restructuring and the disposal of Private Banking in Belgium.

Net banking income totalled EUR 6,213 million in Q4 19, substantially higher (+4.8%) than in Q4 18.

Operating expenses: EUR -17,727m (-1.1% vs. 2018), EUR -4,503m (+1% vs. Q4 18)

Underlying operating expenses declined -1.0% in 2019. Around 70% of the multi-annual programme to reduce costs by EUR 1.1 billion had been implemented at end-2019.

In French Retail Banking, operating expenses were up +1.3% in 2019 vs. 2018, in line with the target communicated by the Group. They were contained at +0.3% in 2019 vs. 2018, when adjusted for the restructuring provision of EUR 55 million in Q4 19.
International Retail Banking & Financial Services saw an improvement in its operational efficiency, with a positive jaws effect excluding provisions for restructuring and tax on assets in Romania. When restated accordingly, operating expenses were up +4.3%* in 2019 vs. 2018.
Global Banking & Investor Solutions confirmed the successful implementation of its EUR 500 million cost savings plan, 44% of which had already been achieved in 2019 and which is fully secured for 2020. Costs declined by -1.6% in 2019, when adjusted for the restructuring provision of EUR 227 million.

Costs rose +1% in Q4 19 to EUR 4,503 million, with underlying costs declining -0.7%. The Group experienced a positive jaws effect.

Cost of risk: EUR -1,278m (+27.2% vs. 2018), EUR -371m (+2.2% vs. Q4 18)

The Group's commercial cost of risk (expressed as a fraction of outstanding loans) amounted to 25 basis points in 2019, at the bottom of the full-year target range of between 25 and 30 basis points. Normalisation therefore remains very gradual compared with the level in 2018 (21 basis points).

The cost of risk came to 29 basis points in Q4 19 (29 basis points in Q4 18 and 26 basis points in Q3 19).

The Group expects a cost of risk of between 30 and 35 basis points in 2020.

The gross doubtful outstandings ratio continued to decline throughout 2019 and amounted to 3.2% at December 31st, 2019 (3.6% at end-December 2018). The Group's gross coverage ratio for doubtful outstandings stood at 55%(1) at December 31st, 2019 (54%(1) at December 31st, 2018).

Net profits or losses from other assets: EUR -327m in 2019, EUR -125m in Q4 19

Net profits or losses from other assets totalled EUR -327 million in 2019, including EUR -386 million corresponding to the effect of the application of IFRS 5 as part of the implementation of the Group's refocusing plan.

Net profits or losses from other assets totalled EUR -125 million in Q4 19, including in particular the effect of the application of IFRS 5 as part of the implementation of the Group's refocusing plan, amounting to EUR -137 million.

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

Net income from companies accounted for by the equity method: EUR -129m in 2019, EUR -154m in Q4 19

Net income from companies accounted for by the equity method includes an impairment of EUR -158 million corresponding to the Group's entire minority stake (16.8%) in SG de Banque au Liban.

Group net income: EUR 3,248m (-21.2% vs. 2018), EUR 654m (-4.6% vs. Q4 18)

In EURm	Q4 19	Q4 18	2019	2018
Reported Group net income	654	685	3,248	4,121
Underlying Group net income(1)	875	805	4,061	4,725

In %	Q4 19	Q4 18	2019	2018
ROTE (reported)	5.0%	6.5%	6.2%	8.8%
Underlying ROTE(1)	6.2%	5.9%	7.6%	9.7%

Earnings per share amounts to EUR 3.05 in 2019 (EUR 4.24 in 2018).

On this basis, the Board of Directors has decided to propose the payment of a dividend of EUR 2.20 per share in cash to the Combined General Meeting of Shareholders. The dividend will be detached on May 26th, 2020 and paid on May 28th, 2020.

(1) Adjusted for exceptional items and effect of the linearisation of IFRIC 21.

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 63.5 billion at December 31st, 2019 (EUR 61.0 billion at December 31st, 2018). Net asset value per share was EUR 63.70 and tangible net asset value per share was EUR 55.61.

The consolidated balance sheet totalled EUR 1,356 billion at December 31st, 2019 (EUR 1,309 billion at December 31st, 2018). The net amount of customer loan outstandings at December 31st, 2019, including lease financing, was EUR 430 billion (EUR 421 billion at December 31st, 2018) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 410 billion, vs. EUR 399 billion at December 31st, 2018 (excluding assets and securities sold under repurchase agreements).

At end-December 2019, the parent company had issued EUR 40.1 billion of medium/long-term debt, having an average maturity of 4.3 years and an average spread of 47 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 2.9 billion. At December 31st, 2019, the Group had issued a total of EUR 43.0 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 119% at end-December 2019 vs. 129% at end-December 2018. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-December 2019.

The Group's **risk-weighted assets** (RWA) amounted to EUR 345.0 billion at December 31st, 2019 (vs. EUR 376.0 billion at end-December 2018) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 81.9% of the total, at EUR 282.5 billion, down 6.7% vs. December 31st, 2018.

At December 31st, 2019, the Group's **Common Equity Tier 1** ratio stood at 12.7%[1], nearly 270 basis points above the regulatory requirement. The Tier 1 ratio stood at 15.1% at end-December 2019 (13.7% at end-December 2018) and the total capital ratio amounted to 18.3% (16.7% at end-December 2018).
With a level of 27.4% of RWA and 7.9% of leveraged exposure at end-December 2019, the Group's TLAC ratio is already above the FSB's requirements for 2019. At December 31st, 2019, the Group was also above its MREL requirements of 8% of the TLOF[2] (which, in December 2016, represented a level of 24.4% of RWA).
The **leverage ratio** stood at 4.3% at December 31st, 2019, stable vs. end-December 2018.

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

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[1] *Pro forma for the announced disposals (+10 basis points) and the integration of EMC (-3 basis points), the CET1 ratio amounts to 12.8%*
[2] *TLOF: Total Liabilities and Own Funds*

3. FRENCH RETAIL BANKING

In EUR m	Q4 19	Q4 18	Change	2019	2018	Change
Net banking income	1,957	1,912	*+2.4%*	7,746	7,860	*-1.5%*
Net banking income excl. PEL/CEL	*1,969*	*1,925*	*+2.3%*	*7,863*	*7,838*	*+0.3%*
Operating expenses	(1,491)	(1,430)	*+4.3%*	(5,700)	(5,629)	*+1.3%*
Gross operating income	**466**	**482**	***-3.3%***	**2,046**	**2,231**	***-8.3%***
Net cost of risk	(149)	(143)	*+4.2%*	(467)	(489)	*-4.5%*
Operating income	**317**	**339**	***-6.5%***	**1,579**	**1,742**	***-9.4%***
Reported Group net income	**230**	**282**	***-18.4%***	**1,131**	**1,237**	***-8.6%***
RONE	**8.2%**	**10.1%**		**10.0%**	**11.0%**	
Underlying RONE (1)	**9.3%**	**9.9%**		**11.1%**	**10.9%**	

(1) Adjusted for restructuring provision, linearisation of IFRIC 21, PEL/CEL provision

French Retail Banking delivered a resilient performance against the backdrop of a low interest rate environment and the transformation of the French networks. Underlying RONE stood at 9.3% in Q4 19 and 11.1% in 2019.

French Retail Banking's three brands (Societe Generale, Crédit du Nord and Boursorama) enjoyed a healthy commercial momentum during the quarter.
Boursorama consolidated its position as the leading online bank in France, with more than 2.1 million clients at end-December 2019.
French Retail Banking expanded its business among mass affluent and wealthy clients, with the number of customers increasing by around 1% vs. December 31st, 2018. Net inflow for wealthy clients remained robust at around EUR 0.9 billion in Q4 19 (EUR 4.2 billion in 2019), taking assets under management to EUR 68.8 billion (including Crédit du Nord) at end-December 2019.
French Retail Banking continued to strengthen its corporate client base, with the number of customers increasing by around 1% vs. Q4 18.
Bancassurance continued to enjoy buoyant activity: life insurance experienced net inflow of around EUR 1.7 billion in 2019. Outstandings were up +4.1% at EUR 96.1 billion, with the unit-linked share accounting for 25% of outstandings.
There was also an increase in personal protection insurance, with a penetration rate of 21.8% in 2019, up by around 60 basis points vs. 2018.

Average loan outstandings climbed +6.4% vs. Q4 18 to EUR 201.5 billion, underpinned by the favourable momentum in housing loans, consumer loans and investment loans. As a result, average outstanding loans to individuals were 7.0% higher than in Q4 18 at EUR 119.8 billion while average investment loan outstandings rose 6.8% vs. Q4 18 to EUR 71.2 billion.
Average outstanding balance sheet deposits(1) were 4.4% higher than in Q4 18 at EUR 210.7 billion, still driven by sight deposits (+9.0%(2) vs. Q4 18).
As a result, the average loan/deposit ratio stood at 95.6% in Q4 19 (up 1.8 points vs. Q4 18).

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

The Group continued to adapt its operational set-up, in parallel with the digital transformation process. Societe Generale network customers are increasingly using digital tools, with 57% of "digital active" customers. The Group has closed 390 Societe Generale branches since 2015, representing 78% of the 2015-2020 target. Societe Generale continued to roll out its specific facilities for the corporate sector and professionals. At end-December 2019, Societe Generale had 19 regional business centres, 116 "Pro Corners" (espaces pro) in branches and 10 dedicated "Pro Corners".

Net banking income excluding PEL/CEL: EUR 7,863m (+0.3% vs. 2018), EUR 1,969m (+2.3% vs. Q4 18)

2019: performances were in line with targets, with net banking income (excluding PEL/CEL) up +0.3% compared to 2018 (vs. an expected decline of between 0% and -1% in 2019). Net interest income (excluding PEL/CEL) was 2.0% higher, underpinned in particular by buoyant volumes, a positive trend on certain margins and the tiering effect. Commissions were 2.1% lower than in 2018, impacted in particular by the banking industry's commitments in relation to vulnerable populations.

Q4 19: net interest income (excluding PEL/CEL) increased by 6.8% vs. Q4 18. Commissions were down -1.7% vs. Q4 18 and up +1.2% vs. Q3 19.

The Group expects revenues to evolve between 0% and -1% in 2020 vs. 2019, after neutralising the impact of PEL/CEL provisions.

Operating expenses: EUR 5,700m (+1.3% vs. 2018), EUR 1,491m (+4.3% vs. Q4 18)

2019: operating expenses were 1.3% higher than in 2018, in line with targets (+1% to +2%) including a EUR 55 million restructuring provision recognised in Q4 19.
This restructuring provision relates to planned changes that could concern part of French Retail Banking's head office, the platforms for processing customer transactions (back offices) and certain network support functions. When restated for this provision, operating expenses were slightly higher (+0.3% vs. 2018). The cost to income ratio (excluding restructuring provision and restated for the PEL/CEL provision) stood at 71.8% in 2019 .

Q4 19: operating expenses were 4.3% higher than in Q4 18. When restated for the restructuring provision, operating expenses were slightly higher (+0.4%) than in Q4 18.

The Group expects operating expenses to decline in 2020 vs. 2019.

Cost of risk: EUR 467m (-4.5% vs. 2018), EUR 149m (+4.2% vs. Q4 18)

2019: the cost of risk remained low at 24 basis points; it was 26 basis points in 2018.

Q4 19: the commercial cost of risk stood at 30 basis points, stable vs. Q4 18.

Contribution to Group net income: EUR 1,131m (-8.6% vs. 2018), EUR 230m (-18.4% vs. Q4 18)

Excluding the restructuring provision and PEL/CEL provision, the contribution to Group net income was up +2.1% in 2019.
RONE (excluding restructuring provision, after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 9.3% in Q4 19 (vs. 9.9% in Q4 18) and 11.1% in 2019 (vs. 10.9% in 2018).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EUR m	Q4 19	Q4 18	Change		2019	2018	Change	
Net banking income	2,077	2,161	-3.9%	+2.3%*	8,373	8,317	+0.7%	+4.6%*
Operating expenses	(1,141)	(1,145)	*-0.3%*	*+5.4%**	(4,581)	(4,526)	*+1.2%*	*+5.6%**
Gross operating income	**936**	**1,016**	***-7.9%***	***-1.3%****	**3,792**	**3,791**	***+0.0%***	***+3.4%****
Net cost of risk	(158)	(114)	*+38.6%*	*+49.2%**	(588)	(404)	*+45.5%*	*+56.1%**
Operating income	**778**	**902**	***-13.7%***	***-7.7%****	**3,204**	**3,387**	***-5.4%***	***-2.7%****
Net profits or losses from other assets	1	2	*-50.0%*	*-40.5%**	3	8	*-62.5%*	*-50.0%**
Reported Group net income	**463**	**563**	***-17.8%***	***-10.7%****	**1,955**	**2,065**	***-5.3%***	***-1.9%****
RONE	17.3%	19.7%			17.7%	18.1%		
Underlying RONE (1)	***16.8%***	***19.0%***			***17.9%***	***18.1%***		

(1) Adjusted for the linearisation of IFRIC 21 and the restructuring provision of EUR 34 million

In International Retail Banking, outstanding loans totalled EUR 88.3 billion. They rose +6.3%* in 2019 when adjusted for changes in Group structure and at constant exchange rates, with a healthy momentum in all regions. They were down -5.1% at current structure and exchange rates, given the disposals finalised during 2019 (SG Albania, Express Bank in Bulgaria, Societe Generale Montenegro, Eurobank in Poland, Societe Generale Serbia, Mobiasbanca in Moldova, SKB in Slovenia and OBSG in Macedonia). Outstanding deposits followed a similar trend, up +4.9%* (-6.3% at current structure and exchange rates) in 2019 at EUR 78.1 billion.

For the Europe scope, outstanding loans were up +5.8%* vs. end-December 2018, at EUR 54.3 billion (-13.4%), driven by the excellent momentum in Western Europe (+9.9%) and solid growth in Romania (+2.9%*) and the Czech Republic (+3.3%*). Outstanding deposits were up +2.2%* (-17.5%).

In Russia, commercial activity was robust in a buoyant banking market, particularly in the individual customer segment. Outstanding loans were up +8.7%* (+21.5%) while outstanding deposits climbed +13.4%* (+25.1%) in 2019.

In Africa, Mediterranean Basin and French Overseas Territories, the commercial performance was generally solid. Outstanding loans rose +6.1%* (or +8.1%) in 2019, with an excellent commercial momentum in Sub-Saharan Africa (+14.4%*). Outstanding deposits were up +6.3%* (+8.3%).

In the Insurance business, the life insurance savings business saw outstandings increase +8.4%* vs. end-December 2018. The share of unit-linked products in outstandings was 30% at end-December 2019, up +3.4 points vs. end-2018. Personal Protection and Property/Casualty insurance also enjoyed robust growth, with premiums increasing by respectively +7.4%* and +9.2%* vs. 2018.

Sogecap carried out a EUR 350 million capital increase following the decision of the Board of Directors on December 12th, 2019. The Sogecap group's solvency ratio is expected to exceed 220% at end-December 2019[(1)]. This capital increase has a limited impact on the Group's CET1 ratio. It is already included in the end of year ratio.

[(1)] Based on our latest estimates following the publication of the ministerial decree of December 24th, 2019 relating to surplus life insurance funds

Financial Services to Corporates enjoyed a good commercial momentum in 2019. Operational Vehicle Leasing and Fleet Management saw an increase in its vehicle fleet (+6.1% in 2019) to 1.8 million vehicles. Equipment Finance's outstanding loans were up +2.5%* in 2019, at EUR 18.5 billion (excluding factoring).

Net banking income: EUR 8,373m (+4.6%*, +0.7% vs. 2018), EUR 2,077m (+2.3%*, -3.9% vs. Q4 18)

Revenues totalled EUR 8,373 million in 2019, up +4.6%* (+0.7%) vs. 2018. Revenue growth offset the full-year impact related to disposals finalised in 2019. Net banking income amounted to EUR 2,077 million in Q4 19, up +2.3%* (-3.9%) vs. Q4 18.

In **International Retail Banking**, net banking income totalled EUR 5,592 million in 2019, up +5.6%* (-0.3%) vs. 2018, driven by the good momentum in all regions, i.e. SG Russia[1] (+7.8%*, +10.4%), Africa, Mediterranean Basin and French Overseas Territories (+6.9%*, +8.8%) and Europe (+4.0%*, -7.4%).

Net banking income totalled EUR 1,392 million in Q4 19, up +2.9%* vs. Q4 18, excluding the structure effect and currency effect (-5.8%). In Europe, revenues were up +0.7%* (-16.9%) despite the negative trend in interest rates in the Czech Republic in the second half of the year. Revenue growth (+3.4%*, +11.3%) for SG Russia was driven by car and housing loan activities. There was further confirmation of the healthy revenue momentum in Sub-Saharan Africa in Q4 19 (+11.5%* vs. Q4 18).

The Insurance business posted a good financial performance in 2019, with net banking income increasing +2.5%* to EUR 909 million. Net banking income declined -0.8%* (-0.9%) in Q4 19 vs. Q4 18, to EUR 222 million, impacted by an increase in property/casualty insurance claims.

Financial Services to Corporates' net banking income rose +2.7% (+3.1%*) in 2019 to EUR 1,872 million, reflecting growth in the fleet for Operational Vehicle Leasing and Fleet Management. Financial Services to Corporates' net banking income came to EUR 463 million in Q4 19, up +0.7% (+2.2%*) vs. Q4 18.

Operating expenses: EUR -4,581m (+5.6%*, +1.2% vs. 2018), EUR -1,141m (+5.4%*, -0.3% vs. Q4 18)

Operating expenses were up +5.6%* (+1.2%) in 2019, including a restructuring provision related to the simplification of the head office structure amounting to EUR 34 million in 2019 and a tax on assets in Romania amounting to EUR 16 million in Q4 19. When restated for these items, operating expenses were 4.3%* higher than in 2018, generating a positive jaws effect. The cost to income ratio stood at 54.7% in 2019 and 54.9% in Q4 19.

Operating expenses were up +5.4%* (-0.3%) in Q4 19 vs. Q4 18.

In International Retail Banking, operating expenses were up +5.4%* (-0.6%) vs. 2018 and +7.7%* (stable at current structure and exchange rates) vs. Q4 18 given the tax in Romania.

In the **Insurance** business, operating expenses rose +4.8% vs. 2018 to EUR 349 million and +1.3% vs. Q4 18, in conjunction with the Insurance business' commercial expansion ambitions.

In **Financial Services to Corporates,** operating expenses rose +2.6% (+2.7%*) vs. 2018 and declined -3.9% (-2.9%*) vs. Q4 18.

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

Cost of risk: EUR -588m (+56.1%*, +45.5%) vs. 2018, EUR -158m (+49.2%*, +38.6%) vs. Q4 18

2019: The cost of risk remained low at 43 basis points (30 basis points in 2018), given the slight deterioration in the cost of risk in Africa and, to a lesser extent, the gradual normalisation in Europe and Russia.

Q4 19: The cost of risk stood at 46 basis points vs. 33 basis points in Q4 18 and 49 basis points in Q3 19.

Contribution to Group net income: EUR 1,955m (-1.9%*, -5.3%) vs. 2018, EUR 463m (-10.7%*, -17.8%) vs. Q4 18

Underlying RONE stood at the high level of 17.9% in 2019, vs. 18.1% in 2018 and 16.8% in Q4 19, vs. 19.0% in Q4 18.

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EUR m	Q4 19	Q4 18	Change		2019	2018	Change	
Net banking income	2,186	2,041	*+7.1%*	*+6.0%**	8,704	8,846	*-1.6%*	*-3.1%**
Operating expenses	(1,773)	(1,779)	*-0.3%*	*-1.3%**	(7,352)	(7,241)	*+1.5%*	*+0.4%**
Gross operating income	**413**	**262**	***+57.6%***	***+55.3%****	**1,352**	**1,605**	***-15.8%***	***-18.6%****
Net cost of risk	**(66)**	(98)	*-32.7%*	*-33.6%**	**(206)**	(93)	*x 2.2*	*x 2.2*
Operating income	**347**	**164**	***x 2.1***	***x 2.1****	**1,146**	**1,512**	***-24.2%***	***-26.9%****
Reported Group net income	**291**	**179**	***+62.6%***	***+60.9%****	**958**	**1,197**	***-20.0%***	***-22.7%****
RONE	8.3%	4.5%			6.3%	7.8%		
Underlying RONE (1)	***6.5%***	***2.7%***			***7.4%***	***7.8%***		

(1) Adjusted for the linearisation of IFRIC 21 and the restructuring cost of EUR 227 million

In 2019, Global Banking & Investor Solutions successfully implemented its restructuring plan, respecting the given financial targets:

- The target of reducing risk-weighted assets (RWA) by EUR 10 billion by 2020 (including EUR 8 billion in Global Markets), was already achieved in Q3 2019, more than one year ahead of schedule.
- 44% of the EUR 500 million of cost savings were achieved in 2019 (vs. a target of 20%-30%), with the total secured for 2020, ensuring the reliability of the target of EUR 6.8 billion of operating expenses in 2020.
- Restructuring costs were recognised in the amount of EUR 268 million, in line with the target of EUR 250-300 million.
- The loss of revenues from activities closed or scaled back is in line with the given full-year target of EUR 300 million.

Net banking income: EUR 8,704m (-1.6% vs. 2018), EUR 2,186m (+7.1% vs. Q4 18)

When adjusted for the impact of restructuring (activities in the process of being closed or scaled back), the cost of exceptional RWA reduction operations and the disposal of Private Banking in Belgium, net banking income was up +0.9% vs. 2018.
Adjusted net banking income was 11.0% higher in Q4 19 than in Q4 18.

In Global Markets & Investor Services, when adjusted for restructuring, revenues were down -1.6% in 2019 vs. 2018, after a H1 characterised by low volumes. Reported net banking income totalled EUR 5,210 million in 2019, down -3.8% vs. 2018.
Q4 19 revenues totalled EUR 1,300 million, up +12.8% vs. Q4 18 and +17.5% on an adjusted basis.
When restated for the impact of restructuring in Global Markets, revenues from Fixed Income & Currencies were 3.4% higher. Without the restatement, they were down -2.3% vs. 2018.
Revenues restated for restructuring were substantially higher (+40.5%) in Q4 19 than in Q4 18, driven by a rebound in client activity on rate and credit activities (+26.7% on a reported basis).
Equities and Prime Services' net banking income totalled EUR 2,502 million in 2019, down -5.2% vs. 2018. Despite a challenging environment, the Group maintained its leadership position in structured products, with the franchise once again being voted "Structured Products House of the Year" by Risk Awards.
Net banking income amounted to EUR 637 million in Q4 19, an increase of +8.9% vs. Q4 18. Derivatives delivered a robust performance, offsetting the decline in volumes for cash equities and Prime Services.

Securities Services' assets under custody amounted to EUR 4,213 billion at end-December 2019, a decline of EUR 34 billion vs. end-September 2019. Over the same period, assets under administration were slightly higher (+2.4%) at EUR 647 billion.
Securities Services' revenues totalled EUR 714 million in 2019, down -2.7%. They were 4.5% lower in Q4 19 than in Q4 18, adversely affected by the low interest rate environment.

Financing & Advisory revenues totalled EUR 2,547 million in 2019, up +3.3% vs. 2018 despite the cost of exceptional RWA reduction operations. This increase reflects the strong commercial momentum of financing activities. The Asset Backed Products platform continued to expand.
Transaction banking revenues continued to grow (revenues were 9.2% higher in 2019 than in 2018), benefiting from the successful implementation of growth initiatives.
Net banking income came to EUR 643 million in Q4 19, down -2.1% compared to a strong Q4 18.

Asset and Wealth Management's net banking income totalled EUR 947 million in 2019, an increase of +1.2%, when adjusted for the disposal of Private Banking in Belgium, vs. 2018 (-2.0% on a reported basis).
Net banking income amounted to EUR 243 million in Q4 19, up +8.2% (+4.7% on a reported basis).
At end-December 2019, Private Banking's assets under management were 1.4% higher than in September 2019, at EUR 119 billion. Inflow remained buoyant in France. When adjusted for the disposal of Private Banking in Belgium, net banking income amounted to EUR 727 million in 2019, 0.3% higher than in 2018 (-3.8% on a reported basis).
Net banking income was 3.9% higher in Q4 19 than in Q4 18 (-0.5% on a reported basis).
Lyxor's assets under management reached a record level of EUR 149 billion at end-December 2019, up +7.6% vs. September 2019 and +26.1% year-on-year, including EUR 17 billion from the integration of Commerzbank assets. Revenues totalled EUR 200 million in 2019, an increase of +4.7% vs. 2018.
Revenues were 21.3% higher in Q4 19 than in Q4 18, driven by a healthy level of performance fees and the contribution of Commerzbank assets.

Operating expenses: EUR 7,352m (+1.5% vs. 2018), EUR 1,773m (-0.3% vs. Q4 18)

2019: when restated for restructuring costs of EUR 268 million, the costs of integrating EMC activities and the disposal of Private Banking in Belgium, operating expenses were down -2.5%, reflecting the success of the cost savings plan implemented in Global Banking & Investor Solutions (+1.5% vs. 2018 on a reported basis). When restated solely for the restructuring provision of EUR 227 million, costs were 1.6% lower in 2019 than in 2018.
Q4 19: restated operating expenses were down -1.9% vs. Q4 18 (-0.3% on a reported basis).

Net cost of risk: EUR 206m (EUR 93m in 2018), EUR 66m (EUR 98m in Q4 18)

The net cost of risk remains low: 17 basis points in Q4 19 and 13 basis points in 2019.

Contribution to Group net income: EUR 958m (-20.0% vs. 2018), EUR 291m (+62.6% vs. Q4 18)

When restated for IFRIC 21 and the restructuring provision of EUR 227 million, the pillar's RONE stood at 7.4% in 2019 (vs. 7.8% in 2018).

6. CORPORATE CENTRE

In EUR m	Q4 19	Q4 18	2019	2018
Net banking income	(7)	(187)	(152)	182
Operating expenses	(98)	(104)	(94)	(535)
Gross operating income	**(105)**	**(291)**	**(246)**	**(353)**
Net cost of risk	2	(8)	(17)	(19)
Net profits or losses from other assets	(145)	(243)	(394)	(274)
Net income from companies accounted for by the equity method	(155)	1	(152)	7
Reported Group net income	**(330)**	**(339)**	**(796)**	**(378)**

Q4 18 and 2018 figures restated for the application of the amendment to IAS 12. See Appendix 1.

The Corporate Centre includes:

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

The Corporate Centre's net banking income totalled EUR -152 million in 2019 vs. EUR 182 million in 2018 (which included the revaluation of Euroclear securities for EUR 271 million) and EUR -7 million in Q4 19 vs. EUR -187 million in Q4 18.

Operating expenses totalled EUR -94 million in 2019 and included an operating tax adjustment for EUR +241 million. They amounted to EUR -535 million in 2018 and included an allocation to the provision for disputes of EUR -336 million. Operating expenses totalled EUR -98 million in Q4 19 vs. EUR -104 million in Q4 18.

Gross operating income totalled EUR -246 million in 2019 vs. EUR -353 million in 2018 and EUR -105 million in Q4 19 vs. EUR -291 million in Q4 18.

Net profits or losses from other assets totalled EUR -145 million in Q4 19 and included primarily, with regard to the application of IFRS 5 as part of the implementation of the Group's refocusing plan, an expense amounting to EUR -137 million corresponding to the announced disposal of SG Finans for EUR -100 million (primarily in respect of the impairment of goodwill and intangible assets) and the finalisation of the disposals of Ohridska Banka Societe Generale in North Macedonia (for EUR -21 million), PEMA (for EUR -5 million), and SKB Banka in Slovenia (for EUR -11 million). Net profits or losses from other assets totalled EUR -394 million in 2019.

Net income from companies accounted for by the equity method includes an impairment of EUR -158 million corresponding to the Group's entire minority stake (16.8%) in SG de Banque au Liban.

The Corporate Centre's contribution to Group net income was EUR -796 million in 2019 vs. EUR -378 million in 2018 and EUR -330 million in Q4 19 vs. EUR -339 million in Q4 18.

7. CONCLUSION

In 2019, the Group delivered on its commitments in a still uncertain interest rate and market environment.
The Group's CET1 ratio increased by around 180 basis points in 2019, underpinned in particular by organic capital generation, securitisation transactions and other risk transfers, the reduction of risk-weighted assets in Global Banking & Investor Solutions and the good progress of the refocusing programme.

In French Retail Banking, performances were in line with the announced targets, with revenues (excluding PEL/CEL) and costs (excluding restructuring provision) generally stable in 2019.
International Retail Banking & Financial Services continued to deliver solid growth, a positive jaws effect and high profitability.
In Global Banking & Investor Solutions, the Group successfully implemented its restructuring plan, enabling a reduction in costs while maintaining the quality of its franchises.

For 2020, the Group remains fully committed to its priorities, capital and profitability, in order to create value for its customers, shareholders and employees.

The Group aims to steer above a CET1 ratio of 12% which remains its target (i.e. around 200 basis points above regulatory requirements).

Against the backdrop of a still uncertain environment regarding revenues, the Group remains focused on improving its profitability due to the selective allocation of capital, prioritising fast-growing and highly profitable businesses, combined with rigorous cost discipline. In 2020, the Group expects an increase in Group net income compared to 2019, with slight growth in revenues in the current environment and a reduction in the Group's operating expenses, leading to a decline in the cost to income ratio. The Group is therefore aiming for a positive jaws effect at Group level and in all the pillars.

The Group will continue to pay close attention to its risk control, with the cost of risk expected to be between 30 and 35 basis points in 2020.

The Group is aiming for an improvement in its ROTE in 2020.

For 2020, the Group plans a modification to its dividend policy, with a payout ratio of 50% of underlying Group net income, which could include a share buyback component of up to 10%, with the dividend component being paid in cash.

8. 2020 FINANCIAL CALENDAR

2020 Financial communication calendar

May 6th, 2020	First quarter 2020 results
May 19th, 2020	General Meeting
August 3rd, 2020	Second quarter and first half 2020 results
November 5th, 2020	Third quarter and nine-month 2020 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

GROUP NET INCOME BY CORE BUSINESS

In M EUR	Q4 19	Q4 18	Change	2019	2018	Change
French Retail Banking	230	282	-18.4%	1,131	1,237	-8.6%
International Retail Banking and Financial Services	463	563	-17.8%	1,955	2,065	-5.3%
Global Banking and Investor Solutions	291	179	62.6%	958	1,197	-20.0%
Core Businesses	984	1,024	-3.9%	4,044	4,499	-10.1%
Corporate Centre	(330)	(339)	2.6%	(796)	(378)	n/s
Group	654	685	-4.6%	3,248	4,121	-21.2%

Corporate Centre and Group figures for Q4 18 and 2018 restated for the application of the amendment to IAS 12

TABLE FOR THE TRANSITION FROM PUBLISHED DATA TO DATA RESTATED FOR THE APPLICATION OF THE AMENDMENT TO IAS 12

	Income Tax			Group Net Income		
	Reported	IAS 12 impact	Adjusted	Reported	IAS 12 impact	Adjusted
2017	(1,708)	**198**	(1,510)	2,806	**198**	3,004
Q1 18	(370)	**53**	(317)	850	**53**	903
Q2 18	(516)	**68**	(448)	1,156	**68**	1,224
Q3 18	(539)	**75**	(464)	1,234	**75**	1,309
Q4 18	(136)	**61**	(75)	624	**61**	685
2018	(1,561)	**257**	(1,304)	3,864	**257**	4,121
Q1 19	(310)	**55**	(255)	631	**55**	686

CONSOLIDATED BALANCE SHEET

(ASSETS - In millions of euros)	31.12.2019	31.12.2018
Cash, due from central banks	102,311	96,585
Financial assets at fair value through profit or loss	385,739	365,550
Hedging derivatives	16,837	11,899
Financial assets measured at fair value through other comprehensive income	53,256	50,026
Securities at amortised cost	12,489	12,026
Due from banks at amortised cost	56,366	60,588
Customer loans at amortised cost	450,244	447,229
Revaluation differences on portfolios hedged against interest rate risk	401	338
Investment of insurance activities	164,938	146,768
Tax assets	5,779	5,819
Other assets	68,045	67,446
Non-current assets held for sale	4,507	13,502
Investments accounted for using the equity method	112	249
Tangible and intangible assets(1)	30,652	26,751
Goodwill	4,627	4,652
Total	**1,356,303**	**1,309,428**

(1) As a result of the application of IFRS 16 "Leases" as from January 1st, 2019, the Group has recorded a right-of-use asset under "Tangible and intangible assets" that represents its rights to use the underlying leased assets.

(LIABILITIES - In millions of euros)	31.12.2019	31.12.2018
Due to central banks	4,097	5,721
Financial liabilities at fair value through profit or loss	364,129	363,083
Hedging derivatives	10,212	5,993
Debt securities issued	125,168	116,339
Due to banks	107,929	94,706
Customer deposits	418,612	416,818
Revaluation differences on portfolios hedged against interest rate risk	6,671	5,257
Tax liabilities(1)	1,409	1,157
Other liabilities(2)	85,062	76,629
Non-current liabilities held for sale	1,333	10,454
Insurance contracts related liabilities	144,259	129,543
Provisions	4,387	4,605
Subordinated debts	14,465	13,314
Total liabilities	**1,287,733**	**1,243,619**
SHAREHOLDERS' EQUITY		
Shareholders' equity, Group share		
Issued common stocks and capital reserves	21,969	20,746
Other equity instruments	9,133	9,110
Retained earnings*	29,558	28,085
Net income*	3,248	4,121
Sub-total	**63,908**	**62,062**
Unrealised or deferred gains and losses	(381)	(1,036)
Sub-total equity, Group share	**63,527**	**61,026**
Non-controlling interests	5,043	4,783
Total equity	**68,570**	**65,809**
Total	**1,356,303**	**1,309,428**

** The amounts have been restated following the first-time application of the amendment to IAS 12 "Income taxes".*
(1) Since January 1st, 2019, provisions for income tax adjustments are presented under "Tax liabilities" as a consequence of the application of IFRIC 23 "Uncertainty over income tax treatments".
(2) As a result of the application of IFRS 16 "Leases" as from January 1st, 2019, the Group has recorded a lease liability under "Other Liabilities" that represents the obligation to make lease payments.

10. APPENDIX 2: METHODOLOGY

1 - The Group's consolidated results as at December 31st, 2019 were approved by the Board of Directors on February 5th, 2020.
The financial information presented in respect of the fourth quarter and 2019 has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The audit procedures carried out by the Statutory Auditors on the consolidated financial statements are in progress.

2 – Net banking income

The pillars' net banking income is defined on page 40 of Societe Generale's 2019 Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 – Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2018 (pages 416 et seq. of Societe Generale's 2019 Registration Document). The term "costs" is also used to refer to Operating Expenses.
The Cost/Income Ratio is defined on page 40 of Societe Generale's 2019 Registration Document.

4 – IFRIC 21 adjustment

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

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

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.
Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar **for PEL/CEL provision allocations or write-backs**. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

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

Q4 19 (in EURm)	**Operating Expenses**	**Net cost of risk**	**Net profit or losses from other assets**	**NIEM***	**Group net income**	**Business**
Reported	(4,503)	(371)	(125)	(154)	654	
(+) IFRIC 21 linearisation	*(152)*				*(112)*	
*(-)Restructuring provision**	*(60)*				*(40)*	*RBDF (EUR -55m), IBFS (EUR -5m)*
*(-) Write-off of Group minority stake in SG de Banque au Liban**				*(158)*	*(158)*	*Corporate Centre*
*(-) Group refocusing plan**			*(137)*		*(135)*	*Corporate Centre*
Underlying	(4,595)	(371)	12	4	875	

Q4 18 (in EURm)	**Operating Expenses**	**Net cost of risk**	**Net profit or losses from other assets**	**NIEM***	**Group net income**	**Business**
Reported	(4,458)	(363)	(169)	13	685	
(+) IFRIC 21 linearisation	*(169)*				*(121)*	
*(-) Provision for disputes**			*(241)*		*(241)*	*Corporate Centre*
Underlying	(4,627)	(363)	72	13	805	

2019 (in EURm)	**Operating Expenses**	**Net cost of risk**	**Net profit or losses from other assets**	**NIEM***	**Group net income**	**Business**
Reported	(17,727)	(1,278)	(327)	(129)	3,248	
*(-) Restructuring provision**	*(316)*				*(233)*	*GBIS (EUR -227m) / IBFS (EUR -34m), RBDF (EUR -55m)*
*(-) Write-off of Group minority stake in SG de Banque au Liban**				*(158)*	*(158)*	*Corporate Centre*
*(-) Group refocusing plan**		*(18)*	*(386)*		*(422)*	*Corporate Centre*
Underlying	(17,411)	(1,260)	59	29	4,061	

2018 (in EURm)	**Operating Expenses**	**Net cost of risk**	**Net profit or losses from other assets**	**NIEM***	**Group net income**	**Business**
Reported	(17,931)	(1,005)	(208)	56	4,121	
*(-) Provision for disputes**	*(336)*				*(336)*	*Corporate Centre*
*(-) Group refocusing plan**			*(268)*		*(268)*	*Corporate Centre*
Underlying	(17,595)	(1,005)	60	56	4,725	

(*) NIEM : Net income from companies accounted for by the equity method

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 42 and 562 of Societe Generale's 2019 Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

	(In EUR m)	Q4 19	Q4 18	2019	2018
French Retail Banking	Net Cost Of Risk	149	144	467	489
	Gross loan Outstandings	197,813	189,034	194,359	186,782
	Cost of Risk in bp	**30**	**30**	**24**	**26**
International Retail Banking and Financial Services	Net Cost Of Risk	158	114	588	404
	Gross loan Outstandings	137,222	137,172	136,303	134,306
	Cost of Risk in bp	**46**	**33**	**43**	**30**
Global Banking and Investor Solutions	Net Cost Of Risk	66	97	206	93
	Gross loan Outstandings	157,528	157,974	161,865	152,923
	Cost of Risk in bp	**17**	**25**	**13**	**6**
Corporate Centre	Net Cost Of Risk	(2)	8	17	19
	Gross loan Outstandings	9,714	8,591	9,403	7,597
	Cost of Risk in bp	**(13)**	**37**	**17**	**25**
Societe Generale Group	Net Cost Of Risk	371	363	1,278	1,005
	Gross loan Outstandings	502,277	492,771	501,929	481,608
	Cost of Risk in bp	**29**	**29**	**25**	**21**

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 pages 42 and 43 of Societe Generale's 2019 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 43 of Societe Generale's 2019 Registration Document.
Group net income used for the ratio numerator is book Group net income adjusted for "interest net of tax payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.
Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period	Q4 19	Q4 18	2019	2018
Shareholders' equity Group share	**63,527**	**61,026**	**63,527**	**61,026**
Deeply subordinated notes	(9,501)	(9,330)	(9,501)	(9,330)
Undated subordinated notes	(283)	(278)	(283)	(278)
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	4	(14)	4	(14)
OCI excluding conversion reserves	(575)	(312)	(575)	(312)
Dividend provision	(1,869)	(1,764)	(1,869)	(1,764)
ROE equity end-of-period	**51,303**	**49,328**	**51,303**	**49,328**
Average ROE equity	**51,415**	**49,016**	**50,586**	**48,138**
Average Goodwill	(4,544)	(4,946)	(4,586)	(5,019)
Average Intangible Assets	(2,327)	(2,177)	(2,243)	(2,065)
Average ROTE equity	**44,544**	**41,893**	**43,757**	**41,054**
Group net Income (a)	**654**	**685**	**3,248**	**4,121**
Underlying Group net income (b)	**875**	**805**	**4,061**	**4,725**
Interest on deeply subordinated notes and undated subordinated notes (c)	(178)	(185)	(715)	(719)
Cancellation of goodwill impairment (d)	85	176	200	198
Ajusted Group net Income (e) = (a)+ (c)+(d)	**561**	**676**	**2,733**	**3,600**
Ajusted Underlying Group net Income (f)=(b)+(c)	**697**	**620**	**3,346**	**4,006**
Average ROTE equity (g)	**44,544**	**41,893**	**43,757**	**41,054**
ROTE [quarter: (4*e/g), 12M: (e/g)]	5.0%	6.5%	6.2%	8.8%
Average ROTE equity (underlying) (h)	**44,619**	**41,951**	**43,983**	**41,345**
Underlying ROTE [quarter: (4*f/h), 12M: (f/h)]	6.2%	5.9%	7.6%	9.7%

Note: Q4 18 and 2018 Group net income adjusted for the effect of the amendment to IAS 12. See Appendix 1.

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

In EUR m	Q4 19	Q4 18	Change	2019	2018	Change
French Retail Banking	**11,165**	11,158	+0.1%	**11,263**	11,201	+0.6%
International Retail Banking and Financial Services	**10,675**	11,417	-6.5%	**11,075**	11,390	-2.8%
Global Banking and Investor Solutions	**13,943**	16,058	-13.2%	**15,201**	15,424	-1.4%
Core Businesses	**35,783**	38,634	-7.4%	**37,539**	38,015	-1.3%
Corporate Centre	**15,632**	10,382	+50.6%	**13,047**	10,123	+28.9%
Group	**51,415**	49,016	+4.9%	**50,586**	48,138	+5.1%

8 – Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 45 of the Group's 2019 Registration Document. The items used to calculate them are presented below:

End of period	2019	2018	2017
Shareholders' equity Group share	**63,527**	**61,026**	**59,373**
Deeply subordinated notes	(9,501)	(9,330)	(8,520)
Undated subordinated notes	(283)	(278)	(269)
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	4	(14)	(165)
Bookvalue of own shares in trading portfolio	375	423	223
Net Asset Value	**54,122**	**51,827**	**50,642**
Goodwill	(4,510)	(4,860)	(5,154)
Intangible Assets	(2,362)	(2,224)	(1,940)
Net Tangible Asset Value	**47,250**	**44,743**	**43,548**
Number of shares used to calculate NAPS**	**849,665**	**801,942**	**801,067**
Net Asset Value per Share	**63.7**	**64.6**	**63.2**
Net Tangible Asset Value per Share	**55.6**	**55.8**	**54.4**

*** The number of shares considered is the number of ordinary shares outstanding as at December 31st, 2019, excluding treasury shares and buybacks, but including the trading shares held by the Group.*
In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.

9 – Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 44 of Societe Generale's 2019 Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE. As specified on page 44 of Societe Generale's 2019 Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).
The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands)	2019	2018	2017
Existing shares	**834,062**	**807,918**	**807,754**
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	4,011	5,335	4,961
Other own shares and treasury shares	149	842	2,198
Number of shares used to calculate EPS**	**829,902**	**801,741**	**800,596**
Group net Income	**3,248**	**4,121**	**3,004**
Interest, net of tax on deeply subordinated notes and undated subordinated notes	(715)	(719)	(664)
Capital gain net of tax on partial buybacks	-	-	-
Adjusted Group net income	**2,533**	**3,402**	**2,340**
EPS (in EUR)	**3.05**	**4.24**	**2.92**
Underlying EPS* (in EUR)	**4.10**	**5.00**	**5.03**

Note: 2017 and 2018 Group net income adjusted for the effect of the amendment to IAS 12. See appendix page 31.

** Excluding exceptional items and including linearisation of the IFRIC 21 effect.*
*** The number of shares considered is the number of ordinary shares outstanding as at December 31st, 2019, excluding treasury shares and buybacks, but including the trading shares held by the Group.*

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

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 149,000 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