RESULTS FOR Q2 AND H1 2019

Press release

Paris, August 1st 2019

Q2 19: FURTHER SUBSTANTIAL IMPROVEMENT IN THE LEVEL OF CAPITAL (CET1 RATIO AT 12.0%)

RESILIENT PROFITABILITY WITH A ROTE[1] AT 9.7%

HIGHLIGHTS AND KEY FINANCIAL DATA FOR Q2 AND H1 2019

- **Increase in CET1 of +52 basis points to 12.0%** (+106bp in H1 19, >200bp above the MDA)
- Underlying Group net income of **EUR 1,247 million[1,2] in Q2 19 and EUR 2,332 million[1,2] in H1 19**
- **Group underlying ROTE at 9.7% in Q2 19 and 9.1% in H1 19**
- **Resilient business revenues** (-0.9%* vs. Q2 18 and -0.5%* vs. H1 18): good trend in French Retail Banking (+2.1% excluding PEL/CEL vs. Q2 18) and International Retail Banking & Financial Services (+5.7%* vs. Q2 18)
- **Operating expenses contained** at EUR 4,270 million in Q2 19 (-3.0% vs. Q2 18) and EUR 9,059 million in H1 19 (-0.8% vs. H1 18)
- **Low cost of risk** at 25 basis points in Q2 19 and 23 basis points in H1 19
- **Continued refocusing of the Group:** finalisation of the disposal of Eurobank with an impact of +8 basis points on the CET1 ratio in Q2 19. Cumulative impact of around +47 basis points on the CET1 ratio of disposals announced to date
- **Adaptation of the operational set-up** in Global Banking & Investor Solutions **in the execution phase.**

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

"Societe Generale has provided further evidence of the successful execution of its strategic plan with two priority financial objectives: increasing its level of capital and improving profitability. In particular, we achieved our Core Equity Tier 1 target of 12% in H1 19.

There was further confirmation of the positive trends observed in the previous quarter in French Retail Banking and International Retail Banking & Financial Services: French Retail Banking consolidated the improving trend in its revenues while International Retail Banking & Financial Services continued to enjoy robust growth and profitability. Only a few months after it was announced, Global Banking & Investor Solutions' adaptation plan has entered the execution phase. A committed and responsible player, the Group has reaffirmed its coal withdrawal strategy, with the strengthening of its sector policy and its commitments regarding the decarbonisation of maritime transport. It has thereby confirmed its contribution to the positive transformation of our economies".

*The footnote * in this document corresponds to data 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.

(2) After restatement in accordance with the amendment to IAS 12

1. GROUP CONSOLIDATED RESULTS

In EUR m	Q2 19	Q2 18	Change		H1 19	H1 18	Change	
Net banking income	**6,284**	**6,454**	***-2.6%***	***-2.1%****	**12,475**	**12,748**	***-2.1%***	***-2.0%****
Underlying net banking income(1)	*6,284*	*6,454*	*-2.6%*	*-2.1%**	*12,475*	*12,748*	*-2.1%*	*-2.0%**
Operating expenses	**(4,270)**	**(4,403)**	***-3.0%***	***-2.5%****	**(9,059)**	**(9,132)**	***-0.8%***	***-0.5%****
Underlying operating expenses(1)	*(4,152)*	*(4,370)*	*-5.0%*	*-4.5%**	*(8,500)*	*(8,594)*	*-1.1%*	*-0.8%**
Gross operating income	**2,014**	**2,051**	***-1.8%***	***-1.2%****	**3,416**	**3,616**	***-5.5%***	***-5.9%****
Underlying gross operating income(1)	*2,132*	*2,084*	*+2.3%*	*+3.0%**	*3,975*	*4,154*	*-4.3%*	*-4.6%**
Net cost of risk	**(314)**	**(170)**	***+84.7%***	***+96.1%****	**(578)**	**(378)**	***+52.9%***	***+59.1%****
Underlying net cost of risk (1)	*(296)*	*(170)*	*+74.1%*	*+84.8%**	*(560)*	*(378)*	*+48.1%*	*+54.0%*
Operating income	**1,700**	**1,881**	***-9.6%***	***-9.4%****	**2,838**	**3,238**	***-12.4%***	***-13.0%****
Underlying operating income(1)	*1,836*	*1,914*	*-4.1%*	*-3.8%**	*3,415*	*3,776*	*-9.6%*	*-10.1%**
Net profits or losses from other assets	**(80)**	**(42)**	***-90.5%***	***-90.7%****	**(131)**	**(41)**	***n/s***	***n/s***
Income tax*(2)*	(390)	(448)	-12.9%	-12.4%*	(645)	(765)	-15.7%	-16.3%*
Reported Group net income	**1,054**	**1,224**	***-13.9%***	***-13.4%****	**1,740**	**2,127**	***-18.2%***	***-18.6%****
Underlying Group net income(1)	*1,247*	*1,333*	*-6.4%*	*-5.8%**	*2,332*	*2,590*	-10.0%	-10.3%
ROE	6.9%	8.6%			5.5%	7.5%		
ROTE	8.3%	10.4%			6.9%	8.9%		
Underlying ROTE (1)	***9.7%***	***11.2%***			***9.1%***	***11.0%***		

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

(2) *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. See Appendix 1.*

Societe Generale's Board of Directors, which met on July 31st, 2019 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q2 and H1 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 6,284m (-2.6% vs. Q2 18), EUR 12,475m (-2.1% vs. H1 18)

- French Retail Banking's net banking income (excluding PEL/CEL provision) rose +2.1% vs. Q2 18 and was stable in H1 19 (-0.6% vs. H1 18) in a continuing low interest rate environment. In Q2 19, revenues included a positive impact of EUR 61 million on adjustment on commission-related taxes.

- International Retail Banking & Financial Services' net banking income rose +2.4% (+5.7%*) in Q2 19, driven by the strong commercial momentum across all businesses and geographical regions. Accordingly, International Retail Banking revenues increased by +1.9% (+7.0%*), Insurance revenues +4.1% and Financial Services to Corporates' revenues +2.8%. The trend was identical in H1, with revenues up +3.3% (+6.1%*).

- Global Banking & Investor Solutions' net banking income decreased by -6.1% (-7.3%*) in Q2 19 vs. Q2 18 and by -2.6% (-4.6%*) in H1 19 vs. H1 18. In particular, the revenues of Global Markets and Investor Services were down -9.2% (-11.0%*) in Q2 19, due to still challenging market conditions. Financing & Advisory revenues were 2.6% (0.9%*) higher, driven by the good performance of Financing activities. Investment banking activities remained relatively sluggish in Europe over the period.

Operating expenses: EUR 4,270m (-3% vs. Q2 18), EUR 9,059m (-0.8% vs. H1 18)

Underlying operating expenses were down -5.0% vs. Q2 18 at EUR 4,152 million. They totalled EUR 8,500 million in H1 19, down -1.1% vs. H1 18.

Operating expenses were lower in French Retail Banking in Q2 19 (-1.0% vs. Q2 18) and stable in H1 19 (-0.2% vs. H1 18).

Efforts to support growth in International Retail Banking & Financial Services resulted in operating expenses increasing by +3.9% (+7.3%*) vs. Q2 18 and +3.0% (+6.5%*) vs. H1 18. When restated for the restructuring provision, operating expenses experienced a contained increase of +1.3% (+4.6%*) in Q2 19 and were 1.7% (5.1%*) higher in H1 19. The increase in costs continued to be less than the growth in revenues, both in Q2 and H1 2019, thereby confirming the positive jaws effect observed during previous quarters.

Global Banking & Investor Solutions' costs were up +10.8% (+10.0%*) in Q2 19 vs. Q2 18, including a EUR 227 million restructuring provision and EUR 21 million of EMC integration costs, and up +5.0% (+3.7%*) in H1 19. When restated for these items, operating expenses were down -3.5% in Q2 19 and -1.6% in H1 19.

Gross operating income: EUR 2,014m (-1.8% vs. Q2 18), EUR 3,416m (-5.5% vs. H1 18)

Underlying gross operating income totalled EUR 2,132 million in Q2 19 (+2.3% vs. Q2 18) and EUR 3,975 million in H1 19 (-4.3% vs. H1 18).

Cost of risk: EUR 314m in Q2 19 and EUR 578m in H1 19

The net cost of risk amounted to EUR 314 million in Q2 19, 84.7% higher than the exceptionally low level in Q2 18 (EUR 170 million) and EUR 578 million in H1 19, 52.9% higher than in H1 18.

The Group's commercial cost of risk (expressed as a fraction of outstanding loans) remained low and amounted to 25 basis points in Q2 19 (14 basis points in Q2 18 and 21 basis points in Q1 19).

- In French Retail Banking, the commercial cost of risk was higher at 27 basis points (20 basis points in Q2 18 and Q1 19)
- International Retail Banking & Financial Services' cost of risk stood at 38 basis points (23 basis points in Q2 18 and 39 basis points in Q1 19). This still low level reflects the gradual normalisation of the cost of risk.
- Global Banking & Investor Solutions' cost of risk stood at the still low level of 8 basis points. It was higher than the level in Q2 18 (2 basis points) and slightly lower than in Q1 19 (10 basis points).

The cost of risk stood at 23 basis points in H1 19. It was 16 basis points in H1 18.

The Group expects a cost of risk of between 25 and 30 basis points in 2019.

The gross doubtful outstandings ratio was lower at 3.4% at end-June 2019 (vs. 3.5% at end-March 2019). The Group's gross coverage ratio for doubtful outstandings stood at 55%(1) at end-June 2019 (it was 55% at March 31st, 2019).

Operating income: EUR 1,700m (-9.6% vs. Q2 18), EUR 2,838m (-12.4% vs. H1 18)

Underlying operating income came to EUR 1,836 million, down -4.1% vs. Q2 18 including an adjustment of operating taxes of EUR +241 million.
It amounted to EUR 3,415 million in H1 19, down -9.6% vs.H1 18.

---

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

Net profits or losses from other assets: EUR -80m in Q2 19 and EUR -131m in H1 19

Net profits or losses from other assets totalled EUR -80 million in Q2 19, including EUR -84 million corresponding to the effect of the application of IFRS 5 as part of the implementation of the Group's refocusing plan. The Group recognised a capital loss of EUR -43 million in respect of the announced disposal of PEMA as well as additional capital losses in respect of disposals currently under way or finalised, notably in the Balkans.

Net income

In EURm	Q2 19	Q2 18	H1 19	H1 18
Reported Group net income	1,054	1,224	1,740	2,127
Underlying Group net income(2)	1,247	1,333	2,332	2,590

In %	Q2 19	Q2 18	H1 19	H1 18
ROTE (reported)	8.3%	10.4%	6.9%	8.9%
Underlying ROTE(2)	9.7%	11.2%	9.1%	11.0%

Earnings per share amounts to EUR 1.69 in H1 19 (EUR 2.22 in H1 18). The dividend provision amounts to EUR 0.85 per share in H1 19.

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

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 62.5 billion at June 30th, 2019 (EUR 61.0 billion at December 31st, 2018). Net asset value per share was EUR 62.49 and tangible net asset value per share was EUR 54.46, an increase of 2.5% year-on-year.

The **consolidated balance sheet** totalled EUR 1,389 billion at June 30th, 2019 (EUR 1,309 billion at December 31st, 2018). The net amount of customer loan outstandings at June 30th, 2019, including lease financing, was EUR 421 billion (EUR 421 billion at December 31st, 2018) – excluding assets and securities sold under repurchase agreements. At the same time, customer deposits amounted to EUR 405 billion, vs. EUR 399 billion at December 31st, 2018 (excluding assets and securities sold under repurchase agreements).

At end-June 2019, the parent company had issued EUR 21.2 billion of medium/long-term debt, having an average maturity of 4.3 years and an average spread of 54.7 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 0.9 billion. At June 30th, 2019, the Group had issued a total of EUR 22.1 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 145% at end-June 2019 vs. 129% at end-December 2018. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-June 2019. At end-June 2019, the Group had achieved 69% of its long-term financing programme scheduled for 2019.

The Group's **risk-weighted assets** (RWA) amounted to EUR 361.1 billion at June 30th, 2019 (vs. EUR 376.0 billion at end-December 2018) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 81.5% of the total, at EUR 294.2 billion, down -2.8% vs. December 31st, 2018.

At June 30th, 2019, the Group's **Common Equity Tier 1** ratio stood at 12.0% and 12.2% pro forma for the announced disposals (for around 19 basis points), the residual impact of the integration of EMC (for around -5 basis points) and the estimated result of the Global Employee Share Ownership Plan (for 3 basis points). The Tier 1 ratio stood at 14.8% at end-June 2019 (13.7%(1) at end-December 2018) and the total capital ratio amounted to 17.9% (16.7%(1) at end-December 2018).
With a level of 25.8%(2) of RWA and 7.5% of leveraged exposure at end-June 2019, the Group's TLAC ratio is already above the FSB's requirements for 2019. At June 30th, 2019, the Group was also above its MREL requirements of 8% of the TLOF(3) (which, in December 2016, represented a level of 24.36% of RWA), which were used as a reference for the SRB calibration.
The **leverage ratio** stood at 4.3% at June 30th, 2019, stable vs. end-December 2018.

The Group is rated by five rating agencies: (i) DBRS - long-term rating (senior preferred debt) "A (high)", positive trends, 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", positive outlook, short-term rating "A-1".

(1)Taking into account the option of a dividend payment in shares, with the assumption of a 50% subscription rate (impact of +24bp on the CET1 ratio)
(2) Including 2.5% of senior preferred debt
(3) TLOF: Total Liabilities and Own Funds

3. FRENCH RETAIL BANKING

In EUR m	**Q2 19**	**Q2 18**	**Change**	**H1 19**	**H1 18**	**Change**
Net banking income	1,994	1,991	*+0.2%*	3,910	3,999	*-2.2%*
Net banking income excl. PEL/CEL	*2,021*	*1,980*	*+2.1%*	*3,949*	*3,971*	*-0.6%*
Operating expenses	(1,348)	(1,361)	*-1.0%*	(2,834)	(2,841)	*-0.2%*
Gross operating income	**646**	**630**	***+2.5%***	**1,076**	**1,158**	***-7.1%***
Gross operating income excl. PEL/CEL	*673*	*619*	*+8.8%*	*1,115*	*1,130*	*-1.4%*
Net cost of risk	(129)	(93)	*+38.7%*	(223)	(227)	*-1.8%*
Operating income	**517**	**537**	***-3.7%***	**853**	**931**	***-8.4%***
Reported Group net income	**356**	**365**	***-2.5%***	**590**	**635**	***-7.1%***
RONE	**12.6%**	**13.2%**		**10.5%**	**11.3%**	
Underlying RONE (1)	**12.6%**	**12.1%**		**11.5%**	**11.5%**	

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

French Retail Banking delivered a solid performance in Q2 19 against the backdrop of a low interest rate environment and the transformation of the French networks. Underlying RONE stood at 12.6% in Q2 19.

Activity and net banking income

French Retail Banking's three brands, Societe Generale, Crédit du Nord and Boursorama, enjoyed a healthy commercial momentum during the quarter.

Boursorama gained around 137,000 new clients in Q2 19 and consolidated its position as the leading online bank in France, with nearly 1.9 million clients at end-June, an increase of +29% year-on-year.

Moreover, the Societe Generale and Crédit du Nord networks strengthened their franchises on the Group's target customers (companies, professionals, mass affluent and high-potential clients, wealthy clients).

In the individual customer segment, French Retail Banking expanded its business among mass affluent and wealthy clients, with the number of customers increasing by 2% vs. Q2 18. Net inflow for wealthy clients remained robust at EUR 1.1 billion, taking assets under management to EUR 66.7 billion (including Crédit du Nord) at end-June 2019, up 5.1% vs. Q2 18.

Bancassurance continued to enjoy buoyant activity: life insurance experienced net inflow of EUR 684 million. Outstandings were up +1.5% at EUR 94.8 billion, with the unit-linked share accounting for 24.5% of outstandings.

Societe Generale was ranked companies' favourite bank in a survey published by Challenges magazine. On the back of this success, Societe Generale continued to roll out its specific facilities for the corporate sector and professionals. At end-June 2019, Societe Generale had 13 regional business centres, 110 "Pro Corners" (espaces pro) in branches and 10 dedicated "Pro Corners".

Overall, the commercial momentum remained robust: average loan outstandings rose +4.7% vs. Q2 18 (to EUR 194.1 billion) and average outstanding balance sheet deposits +3.6% (to EUR 205.5 billion), still driven by sight deposits (+7.7%). As a result, the average loan/deposit ratio stood at 94.4% in Q2 19 (an increase of one point vs. Q2 18).

Housing loan production totalled EUR 6.3 billion in Q2 19 and consumer loan production came to EUR 1.2 billion in Q2 19. Outstanding loans to individuals totalled EUR 113.9 billion in Q2 19, up +3.3% vs. Q2 18.
Corporate investment loan production (including leasing) came to EUR 4.3 billion in Q2 19. Average investment loan outstandings amounted to EUR 69.6 billion in Q2 19, up +7.7% vs. Q2 18.

French Retail Banking posted revenues (excluding PEL/CEL) of EUR 2,021 million in Q2 19, up +2.1% vs. Q2 18 and +4.9% vs. Q1 19.

Although still adversely affected by the low interest rate environment, there was an improvement in net interest income (excluding PEL/CEL), with an increase of 1.7% vs. Q2 18 (+2.8% vs. Q1 19).

Commissions (which included a EUR +61 million adjustment on commission-related taxes) were 1.2% lower in Q2 19 compared to the high level in Q2 18 (+2.9% vs. Q1 19), due to the decline in financial commissions in a challenging stock market environment and the impact of the banking industry's commitments in relation to vulnerable populations (effect of the "gilets jaunes" (yellow vest) movement).

Revenues (excluding PEL/CEL) were down -0.6% in H1 19 vs. H1 18, with a decrease of -0.8% in net interest income (excluding PEL/CEL) and commissions down -1.9%.

The Group has confirmed that it expects a decline in revenues of between 0% and -1% in 2019 vs. 2018, after neutralising the impact of PEL/CEL provisions.

Operating expenses

French Retail Banking's operating expenses totalled EUR 1,348 million in Q2 19, down -1.0% vs. Q2 18. The cost to income ratio stood at 67.9% in Q2 19 (excluding PEL/CEL and after linearisation of the IFRIC 21 charge). Operating expenses were stable in H1 19 (-0.2% vs. H1 18).

The digital transformation process continued with the enhanced use of digital services by the Group's customers. Accordingly, nearly 70% of the increases in card ceilings were carried out online over the last 12 months in the Societe Generale network. The Group also closed 32 Societe Generale branches in Q2 19. There are now 1,844 branches nationwide, in line with the 2020 target of around 1,700 branches.

The Group expects an increase in operating expenses of between 1% and 2% in 2019 vs. 2018.

Operating income

The cost of risk increased to 27bp in Q2 19 (vs. 20bp in Q2 18). Operating income came to EUR 517 million in Q2 19 (EUR 537 million in Q2 18).
The cost of risk amounted to 23bp in H1 19 (vs. 24bp in H1 18). Operating income totalled EUR 853 million in H1 19 (EUR 931 million in H1 18).

Contribution to Group net income

French Retail Banking's contribution to Group net income amounted to EUR 356 million in Q2 19 (EUR 365 million in Q2 18) and RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at the robust level of 12.6% (vs. 12.1% in Q2 18).
The contribution to Group net income came to EUR 590 million in H1 19 (EUR 635 million in H1 18) and RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 11.5%.

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EUR m	Q2 19	Q2 18	Change		H1 19	H1 18	Change	
Net banking income	2,124	2,075	+2.4%	+5.7%*	4,200	4,064	+3.3%	+6.1%*
Operating expenses	(1,145)	(1,102)	*+3.9%*	*+7.3%**	(2,349)	(2,281)	*+3.0%*	*+6.5%**
Gross operating income	**979**	**973**	***+0.6%***	***+3.9%****	**1,851**	**1,783**	***+3.8%***	***+5.8%****
Net cost of risk	(133)	(75)	*+77.3%*	*x 2.1*	(261)	(166)	*+57.2%*	*+73.1%**
Operating income	**846**	**898**	***-5.8%***	***-3.4%****	**1,590**	**1,617**	***-1.7%***	***-0.3%****
Net profits or losses from other assets	0	0	*n/s*	*-100.0%*	1	4	*-75.0%*	*-74.8%**
Reported Group net income	**515**	**541**	***-4.8%***	***-2.2%****	**979**	**970**	***+0.9%***	***+2.7%****
RONE	18.6%	18.9%			17.3%	17.0%		
Underlying RONE (1)	***18.9%***	***18.3%***			***18.2%***	***17.7%***		

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

Net banking income totalled EUR 2,124 million in Q2 2019, up +2.4% vs. Q2 18 and +5.7%* excluding the structure and exchange rate effect, driven by an excellent commercial momentum in all regions and businesses. Operating expenses were 3.9% (7.3%*) higher over the period including the restructuring provision (EUR 29 million) related to the simplification of the head office structure. When restated for this item, operating expenses experienced a contained increase of +1.3% (+4.6%*), generating a positive jaws effect. The cost to income ratio stood at 53.9% in Q2 19. Gross operating income was EUR 979 million in Q2 19 (+0.6% vs. Q2 18). The net cost of risk came to EUR 133 million in Q2 19, vs. EUR 75 million in Q2 18 and EUR 128 million in Q1 19. The contribution to Group net income totalled EUR 515 million in Q2 19, down -4.8% vs. Q2 18. Underlying RONE stood at 18.9% in Q2 19.

Revenues amounted to EUR 4,200 million in H1 2019, up +3.3% and +6.1%* when adjusted for changes in Group structure and at constant exchange rates. Operating expenses increased by +3.0% (+6.5%*) to EUR 2,349 million. When restated for the restructuring provision, they were 1.7% (5.1%*) higher. Gross operating income totalled EUR 1,851 million (+3.8% vs. H1 18). The net cost of risk was 57.2% higher than in H1 2018 which included the receipt of an insurance payout in Romania. The contribution to Group net income came to EUR 979 million (+0.9% vs. H1 18).

International Retail Banking

International Retail Banking's outstanding loans totalled EUR 91.6 billion at end-June 2019. They rose +0.6% (+6.3%* when adjusted for changes in Group structure and at constant exchange rates) vs. Q2 18. Outstanding deposits were up +2.6% (+7.9%* when adjusted for changes in Group structure and at constant exchange rates) vs. Q2 18, at EUR 83.6 billion, with a healthy momentum in all regions, especially in Russia in a buoyant banking market.

International Retail Banking revenues were up +1.9% (+7.0%* when adjusted for changes in Group structure and at constant exchange rates) vs. Q2 18, at EUR 1,412 million, while operating expenses were down -0.6% (+4.0%* when adjusted for changes in Group structure and at constant exchange rates) vs. Q2 18, resulting in a positive jaws effect in Q2 19. Gross operating income came to EUR 630 million, up +5.4% (+11.0%*) vs. Q2 18. International Retail Banking's contribution to Group net income amounted to EUR 297 million in Q2 19 (-5.1% vs. Q2 18 and -0.8%* when restated for the exchange rate and structure effect). RONE, adjusted for the linearisation of IFRIC 21, came to 17.1% in Q2 19.

International Retail Banking's net banking income totalled EUR 2,799 million in H1 19, up +3.2% (+7.5%*) vs. H1 18. The contribution to Group net income amounted to EUR 543 million vs. EUR 542 million in H1 18 (+0.2% and +3.2%*).

Europe

For the Europe scope, outstanding loans were up +5.2%* vs. Q2 18, at EUR 59 billion, and outstanding deposits were up +3.9%*. The healthy commercial momentum is also reflected in non-interest income, which was 6%* higher than in Q2 18. The increase in revenues (+6.2%*) in a buoyant macro-economic environment and the decrease in operating expenses (-0.1%*) over the period resulted in a positive jaws effect. Accordingly, the contribution to Group net income was 8.3% higher than in Q2 18 at EUR 223 million.

In Western Europe, outstanding loans were up +10.9% vs. Q2 18, at EUR 21.3 billion, with car financing remaining buoyant. Q2 revenues totalled EUR 223 million and gross operating income EUR 125 million, up +8.7% vs. Q2 18. The net cost of risk amounted to EUR 36 million, up +16.1%. The contribution to Group net income came to EUR 67 million, an increase of +4.7% vs. Q2 18.

In the Czech Republic, outstanding loans rose +3.0% (+0.7%*) vs. Q2 18 to EUR 25.5 billion. Outstanding deposits climbed +6.3% (+3.9%*) year-on-year to EUR 33.2 billion. Revenues grew by +6.3% (+6.6%*) vs. Q2 18 to EUR 289 million. At EUR 140 million in Q2 19, operating expenses were 6.0% (5.7%*) lower than in Q2 18, which included a EUR 11.5 million restructuring provision. The contribution to Group net income came to EUR 78 million, up +18.2% vs. Q2 18, with a write-back in the net cost of risk of EUR 9 million in Q2 19.

In Romania, outstanding loans totalled EUR 6.5 billion at end-June 2019, down -2.8% in absolute terms but up +2.8%* when adjusted for changes in Group structure and at constant exchange rates vs. end-June 2018. Outstanding deposits rose +0.9% (+2.5%* when adjusted for changes in Group structure and at constant exchange rates) to EUR 9.6 billion. Net banking income climbed +8.3% vs. Q2 18 (+10.5%*) to EUR 157 million in Q2 19. Operating expenses were 3.7% higher at current exchange rates (+5.6%*) at EUR 84 million in Q2 19. There was a write-back in the net cost of risk of EUR 25 million in Q2 19 compared with a zero net cost of risk in Q2 18. The contribution to Group net income came to EUR 50 million, up +61.3% vs. Q2 18.

In other European countries, outstanding loans and deposits were down by respectively -46.8% and -44.9% given the disposals finalised in H1 19 (SG Albania, Express Bank in Bulgaria and Eurobank in Poland). When adjusted for changes in Group structure and at constant exchange rates, there was a healthy commercial momentum with growth in outstanding loans of +8.5%* and deposits of +8.0%* vs. end-June 2018. Revenues declined -41.8% (-4.1%*) vs. Q2 18, while operating expenses were 41.7% (2.4%*) lower than in Q2 18. The net cost of risk amounted to EUR 3 million. The contribution to Group net income came to EUR 28 million, down -37.8% vs Q2 18.

Russia

In Russia, commercial activity was robust in a buoyant banking market. At end-June 2019, outstanding loans were up +12.7%* at constant exchange rates (+15.2% at current exchange rates) while outstanding deposits climbed +36.1%* (+39.2% at current exchange rates). Net banking income for SG Russia(1) was 13%* higher than in Q2 18 (+15.2% at current exchange rates) at EUR 227 million. The strong growth in non-interest income (+22%* vs. Q2 18) illustrates the healthy commercial momentum. Operating expenses were up +9.2%* (+11.2% at current exchange rates) at EUR 149 million. The net cost of risk amounted to EUR 20 million vs. EUR 4 million in Q2 18. SG Russia made a contribution to Group net income of EUR 45 million, slightly lower (-1.8%) than in Q2 18. RONE stood at 15.4% in Q2 19.

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

Africa

In Africa and the other regions where the Group operates, commercial activity was generally healthy especially in Sub-Saharan Africa. Outstanding loans rose +7.2% (+6.5%*) vs. Q2 18 to EUR 21.9 billion. Outstanding deposits were up +6.4% (+5.6%*) at EUR 21.7 billion, with a good momentum in Sub-Saharan Africa. Net banking income totalled EUR 438 million, up +6.3% (+5.2%*) with, in particular, a good performance by non-interest income (+7%* vs. Q2 18). Operating expenses rose +8.7% (+6.9%*), in conjunction with the commercial expansion and organisational changes. The net cost of risk came to EUR -86 million. The contribution to Group net income amounted to EUR 37 million in Q2 19, down -46.4% vs. Q2 18.

Insurance

The life insurance savings business saw outstandings increase +3.9% in Q2 19 vs. Q2 18. The share of unit-linked products in outstandings was 28% at end-June 2019, up +0.8 points vs. Q2 18.

Personal Protection and Property/Casualty insurance enjoyed robust growth, with premiums increasing by respectively +9.9%* and +14.6%* vs. Q2 18.

International activity continued to experience strong growth in H1 19 vs. H1 18 (+34%* for life insurance savings, +27%* for Personal Protection insurance and +32%* for Property/Casualty insurance) and accounted for 18% of insurance business. Activity was buoyant in France in H1 19 (+2% for life insurance savings, +4% for Protection insurance).

The Insurance business posted a good financial performance in Q2 19, with net banking income increasing +4.1% to EUR 229 million in Q2 19 (+3.6%*). Operating expenses rose +3.8% (+4.3%*) vs. Q2 18 to EUR 81 million, in conjunction with the Insurance business' commercial expansion ambitions. The contribution to Group net income was 7.4% higher at EUR 102 million. RONE, adjusted for the linearisation of IFRIC 21, came to 25.8% in Q2 19.

Net banking income was up +3.1% (+3.2%*) in H1 19 at EUR 460 million. The contribution to Group net income was 5.6% higher at EUR 189 million.

Financial Services to Corporates

Financial Services to Corporates enjoyed a good commercial momentum in Q2 19.

Operational Vehicle Leasing and Fleet Management saw an increase in its vehicle fleet (+7.2% vs. end of Q2 18) to 1.70 million vehicles at end-June 2019, primarily through organic growth.

Equipment Finance's outstanding loans were up +2.6%* in Q2 19 vs. Q2 18 at EUR 18.2 billion (excluding factoring), driven by a good level of new business.

Financial Services to Corporates' net banking income rose +2.8% (+2.6%*) in Q2 19 vs. Q2 18 to EUR 483 million. Operating expenses increased by +6.8% (+6.4%*) vs. Q2 18 to EUR 253 million. The net cost of risk amounted to EUR 22 million, an increase of EUR 4 million vs. Q2 18. The contribution to Group net income was EUR 135 million, up +1.5% vs. Q2 18. RONE, adjusted for the linearisation of IFRIC 21, came to 18.9% in Q2 19.

Financial Services to Corporates' net banking income totalled EUR 941 million in H1 2019, up +4.0% (+3.9%*) vs. H1 2018. The contribution to Group net income amounted to EUR 266 million (+6.8%).

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EUR m	Q2 19	Q2 18	Change		H1 19	H1 18	Change	
Net banking income	2,266	2,412	*-6.1%*	*-7.3%**	4,505	4,627	*-2.6%*	*-4.6%**
Operating expenses	(1,915)	(1,728)	*+10.8%*	*+10.0%**	(3,941)	(3,752)	*+5.0%*	*+3.7%**
Gross operating income	**351**	**684**	***-48.7%***	***-50.1%****	**564**	**875**	***-35.5%***	***-39.0%****
Net cost of risk	**(33)**	(7)	*x 4.7*	*x 4.4*	**(75)**	20	*n/s*	*n/s*
Operating income	**318**	**677**	***-53.0%***	***-54.4%****	**489**	**895**	***-45.4%***	***-48.2%****
Reported Group net income	**274**	**507**	***-46.0%***	***-47.5%****	**414**	**673**	***-38.5%***	***-41.8%****
RONE	7.1%	13.6%			5.2%	9.1%		
Underlying RONE (1)	***10.0%***	***11.7%***			***8.9%***	***11.0%***		

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

Q2 19 was characterised by a mixed performance in Global Markets (resilience of Equities and Prime Services and decline in Fixed Income, Currencies & Commodities); a good performance in Financing and Global Transaction Banking activities and weak investment banking activity in Europe. This trend reflects the Group's strategic priorities, notably the refocusing on Equities and Prime Services as well as the development of Financing & Advisory activities.

Global Banking & Investor Solutions posted net banking income of EUR 2,266 million, down -6.1% vs. Q2 18 (-7.3%*), and up +1.2% vs. Q1 19. Net banking income declined by -2.6% (-4.6%*) in H1 19 to EUR 4,505 million.

The adjustment of the operational set-up announced in May has entered the execution phase. The new organisational structures in the businesses and their support functions have been in place since July 1st. In Global Markets, the proprietary trading subsidiary (Descartes Trading) is in run-off and the OTC commodities business is in the process of being closed. The voluntary departure plan was also launched in France on July 1st and reductions in the workforce were initiated during the second quarter outside France. A restructuring provision was recognised for EUR 227 million in operating expenses (the Group had announced restructuring costs of EUR 250-300 million in 2019).
As part of the adaptation of its operational set-up in Global Markets, the Group has reduced its risk-weighted assets (RWA) by EUR 2.6 billion, taking the decline to EUR 4.9 billion out of a total target of EUR 8 billion.
Concerning the acquisition of Equity Markets & Commodities (EMC), Commerzbank's market activities, an initial transfer of structured products and ETFs was implemented in Q2 19. Integration costs amounting to EUR 21 million were recorded in Q2 19.

Global Markets & Investor Services

Global Markets & Investor Services' revenues were down -9.2% in Q2 19 vs. Q2 18, at EUR 1,353 million, impacted by still challenging market conditions. Revenues were 6.3% higher than in Q1 19.
Revenues totalled EUR 2,626 million in H1 19, down -8.2% vs. H1 18 and up +12.0% vs. H2 18.

At EUR 524 million, the revenues of Fixed Income, Currencies & Commodities were down -9.7% in Q2 19 vs. Q2 18, and up +16.4% vs. Q1 19. The low interest rate environment in Europe and low volatility observed in currency activities adversely affected Rate and Currency activities in Q2 19. These declines in revenue were mitigated by the good performance of Credit and emerging market activities.

Equities and Prime Services' revenues were down -6.6% vs. Q2 18 at EUR 650 million, against a backdrop of low volumes on flow activities. Revenues were up +4.2% vs. Q1 19, benefiting from better market conditions at the beginning of Q2.

Securities Services' assets under custody amounted to EUR 4,158 billion at end-June 2019, up +1.8% vs. end-March 2019. Over the same period, assets under administration were stable at EUR 631 billion. Revenues were down -16.4% in Q2 19 vs. Q2 18 at EUR 179 million. However, they were stable when restating the Q2 18 results for the impact of the revaluation of Euroclear securities amounting to EUR 33 million.

Financing & Advisory

Financing & Advisory's revenues totalled EUR 682 million in Q2 2019, up +2.6% (+0.9%*) vs. Q2 2018. Revenues amounted to EUR 1,393 million in H1 2019 and were 10.1% (8.0%*) higher than in H1 2018.

Q2 2019 was marked by the good momentum of Financing Activities and a sluggish market in investment banking in Europe. All Asset Financing businesses enjoyed buoyant commercial activity, with a good level of origination (particularly in aircraft and property financing). The natural resources division provided further evidence of its robust momentum in energy project financing, and in the mining and metal industry sector. The Asset Backed Product franchise continued to grow.

Global Transaction Banking's earnings were substantially higher in Q2 19 (+18.7%), with a strong commercial momentum in Cash Management and Correspondent Banking.

Asset and Wealth Management

The net banking income of the Asset and Wealth Management business line totalled EUR 231 million in Q2 19, down -10.1% vs. Q2 18 and -5% when restated for the sale of the Private Banking activities in Belgium in Q2 18. Net banking income amounted to EUR 486 million in H1 2019, down -2.8% vs. H1 2018. It remained stable if H1 2018 is restated for the sale of the Private Banking activities in Belgium.

Private Banking's assets under management totalled EUR 114 billion at end-June 2019, slightly higher (+0.9%) than in March 2019. Net banking income was down -14.6% in Q2 19 vs. Q2 18 at EUR 175 million. Inflow remained buoyant in France, Switzerland and Luxembourg and the business benefited from an improvement in transactional activity compared to Q1 19.

Lyxor's assets under management came to EUR 135 billion at end-June 2019, 12% higher than in March 2019, due primarily to the inclusion of EUR 12 billion related to the integration of an EMC fund (Commerz Fund Solutions). Revenues totalled EUR 51 million in Q2 19, up +8.5% (+6% excluding EMC's revenues) vs. Q2 18.

Operating expenses

Global Banking & Investor Solutions' operating expenses were up +10.8% vs. Q2 18, at EUR 1,915 million, and up +5.0% vs. H1 18. They included a EUR 227 million restructuring provision (broken down into EUR 160 million for Global Markets & Investor Services, EUR 45 million for Financing & Advisory and EUR 22 million for Asset and Wealth Management) and EUR 21 million of integration costs in respect of EMC activities.
When restated for these items, operating expenses were down -3.5% vs. Q2 18 and -1.6% vs. H1 18.

The cost to income ratio came to 77.9% (75.7% in Q2 18) when linearising IFRIC 21 and restating the restructuring provision.

Gross operating income

Gross operating income totalled EUR 351 million in Q2 19, down -48.7% vs. Q2 18, and EUR 564 million in H1 19, down -35.5% vs. H1 18.

The net cost of risk amounted to EUR -33 million (compared to a net cost of risk of EUR -7 million in Q2 18).

Operating income

Global Banking & Investor Solutions' operating income totalled EUR 318 million in Q2 19, down -53.0% vs. Q2 18, and EUR 489 million in H1 2019, down -45.4% vs. H1 2018.

Net income

The pillar's contribution to Group net income amounted to EUR 274 million in Q2 19, down -46.0% vs. Q2 18, and EUR 414 million in H1 19, down -38.5% vs. H1 18.

When restated for IFRIC 21 and the restructuring provision, the pillar's RONE stood at 10.0%, an increase of 2 points compared to Q1 19.

6. CORPORATE CENTRE

In EUR m	**Q2 19**	**Q2 18**	**H1 19**	**H1 18**
Net banking income	(100)	(24)	(140)	58
Operating expenses	138	(212)	65	(258)
Gross operating income	**38**	**(236)**	**(75)**	**(200)**
Net cost of risk	(19)	5	(19)	(5)
Net profits or losses from other assets	(81)	(28)	(134)	(32)
Reported Group net income	**(91)**	**(189)**	**(243)**	**(151)**

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 -100 million in Q2 19 vs. EUR -24 million in Q2 18 and EUR -140 million in H1 19 vs. EUR +58 million in H1 18.

Operating expenses totalled EUR 138 million in Q2 19 vs. EUR -212 million in Q2 18 and EUR +65 million in H1 19 vs. EUR -258 million in H1 18. In Q2 19, operating expenses included an adjustment of operating taxes of EUR +241 million. In Q2 18, operating expenses included an allocation to the provision for disputes of EUR 200 million.

Gross operating income amounted to EUR 38 million in Q2 19 vs. EUR -236 million in Q2 18 and EUR -75 million in H1 19 vs. EUR -200 million in H1 18.

Net profits or losses from other assets totalled EUR -81 million and included in particular, in respect of the application of IFRS 5, an expense related to the disposal of PEMA amounting to EUR -43 million and an expense of EUR -27 million representing the residual impact of the disposal of the Group's activities in the Balkans.

The income tax expense was adjusted for Q2 18 and H1 18 in respect of the application of the amendment to IAS 12. Accordingly, the contribution to Group net income was adjusted for the tax effect of interest paid to holders of deeply subordinated notes and undated subordinated notes (EUR +68 million in Q2 18 and EUR +121 million in H1 18) which was recognised in income over the period. This effect amounts to EUR +63 million in Q2 19 and EUR +118 million in H1 19.

The Corporate Centre's contribution to Group net income was EUR -91 million in Q2 19 vs. EUR -189 million in Q2 18 and EUR -243 million in H1 19 vs. EUR -151 million in H1 18.

7. CONCLUSION

During Q2 and H1 2019, the Group demonstrated its ability to achieve its CET1 target of 12% by 2020 as quickly as possible and to improve its profitability. There was a further increase in the CET1 ratio (+52 basis points) compared with the last quarter to 12.0% at end-June 2019. Underlying Group net income amounted to EUR 1,247 million in Q2 19 (EUR 2,332 million in H1 19) and underlying ROTE stood at 9.7% (9.1% in H1 19).

International Retail Banking & Financial Services delivered durable and profitable growth and saw a further improvement in its operating leverage in H1, excluding the restructuring provision. In a low interest rate environment, French Retail Banking posted a rise in revenues with rigorous cost control, resulting in resilient profitability. Global Banking & Investor Solutions is fully engaged in the adaptation of its operational set-up (reduction of risk-weighted assets, reduction of costs) while at the same time improving its profitability in Q2 19 vs. Q1 19. Costs, excluding the restructuring provision and EMC integration costs, were down -3.5% in Q2 19 vs. Q2 18.

The Group's cost saving programme (EUR 1.6 billion by 2020) is also well under way with, to date, an achievement rate of nearly 35%.

The refocusing programme continued, with the finalisation of the disposal of Eurobank in Poland in Q2 19 and the announcement of the disposal of PEMA in Germany in July. Overall, the expected impact of the disposals announced to date is around 47 basis points (including 28 basis points already finalised) based on a target of 80-90 basis points.

Engaged in the positive transformation of economies and society, the Group has achieved a major milestone in its coal withdrawal strategy by working for the decarbonisation of maritime transport and strengthening its sector policy. It has also confirmed its pioneering role in positive impact financing, is investing in the development of Africa and supporting the transition towards sustainable cities.

8. 2019/2020 FINANCIAL CALENDAR

2019/2020 Financial communication calendar

November 6th, 2019	Third quarter and nine-month 2019 results
February 6th, 2020	Fourth quarter and FY 2019 results
May 6th, 2020	First quarter 2020 results
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 AFTER TAX BY CORE BUSINESS

In EUR m	Q2 19	Q2 18	Change	H1 19	H1 18	Change
French Retail Banking	356	365	-2.5%	590	635	-7.1%
International Retail Banking & Financial Services	515	541	-4.8%	979	970	+0.9%
Global Banking & Investor Solutions	274	507	-46.0%	414	673	-38.5%
Core Businesses	1,145	1,413	-19.0%	1,983	2,278	-12.9%
Corporate Centre	(91)	(189)	+51.8%	(243)	(151)	-61.0%
Group	1,054	1,224	-13.9%	1,740	2,127	-18.2%

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
H1 18	(886)	**121**	(765)	2,006	**121**	2,127
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)	30.06.2019	31.12.2018
Central banks	99,479	96,585
Financial assets at fair value through profit or loss	420,968	365,550
Hedging derivatives	17,765	11,899
Financial assets measured at fair value through other comprehensive income	53,124	50,026
Securities at amortised cost	12,151	12,026
Due from banks at amortised cost	70,173	60,588
Customer loans at amortised cost	438,251	447,229
Revaluation differences on portfolios hedged against interest rate risk	69	338
Investment of insurance activities	157,907	146,768
Tax assets	5,475	5,819
Other assets	70,361	67,446
Non-current assets held for sale	9,008	13,502
Investments accounted for using the equity method	243	249
Tangible and intangible assets(1)	28,986	26,751
Goodwill	4,649	4,652
Total	**1,388,609**	**1,309,428**

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

(LIABILITIES - In millions of euros)	30.06.2019	31.12.2018
Central banks	7,740	5,721
Financial liabilities at fair value through profit or loss	406,254	363,083
Hedging derivatives	9,703	5,993
Debt securities issued	127,276	116,339
Due to banks	101,269	94,706
Customer deposits	412,941	416,818
Revaluation differences on portfolios hedged against interest rate risk	7,563	5,257
Tax liabilities(1)	1,237	1,157
Other liabilities(2)	82,620	76,629
Non-current liabilities held for sale	7,070	10,454
Liabilities related to insurance activities contracts	138,577	129,543
Provisions	4,575	4,605
Subordinated debts	14,565	13,314
Total liabilities	**1,321,390**	**1,243,619**
SHAREHOLDERS' EQUITY		
Shareholders' equity, Group share		
Issued common stocks, equity instruments and capital reserves	31,353	29,856
Retained earnings*	30,042	28,085
Net income*	1,740	4,121
Sub-total	**63,135**	**62,062**
Unrealised or deferred capital gains and losses	(643)	(1,036)
Sub-total equity, Group share	**62,492**	**61,026**
Non-controlling interests	4,727	4,783
Total equity	**67,219**	**65,809**
Total	**1,388,609**	**1,309,428**

** The amounts have been restated following the first-time application of an amendment to IAS 12 "Income taxes".*
(1) Since 1 January 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 1 January 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 financial information presented in respect of Q2 and H1 2019 was examined by the Board of Directors on July 31st, 2019 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The limited review procedures carried out by the Statutory Auditors are in progress on the condensed interim consolidated financial statements as at June 30th, 2019.

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:

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

Q2 18 (in EURm)	**Operating Expenses**	**Net cost of risk**	**Net profit or losses from other assets**	**Group net income**	**Business**
Reported	**(4,403)**	**(170)**	**(42)**	**1,224**	
(+) IFRIC 21 linearisation	*(167)*			*(118)*	
(-) Provision for disputes	*(200)*			*(200)*	*Corporate Centre*
(-)Group refocusing plan			*(27)*	*(27)*	*Corporate Centre*
Underlying	**(4,370)**	**(170)**	**(15)**	**1,333**	

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

H1 18 (in EURm)	**Operating Expenses**	**Net cost of risk**	**Net profit or losses from other assets**	**Group net income**	**Business**
Reported	**(9,132)**	**(378)**	**(41)**	**2,127**	
(+) IFRIC 21 linearisation	*338*			*236*	
(-) Provision for disputes	*(200)*			*(200)*	*Corporate Centre*
(-)Group refocusing plan			*(27)*	*(27)*	*Corporate Centre*
Underlying	**(8,594)**	**(378)**	**(14)**	**2,590**	

* Breakdown of the restructuring provision for GBIS: Global Markets & Investor Services (EUR -160m), Financing & Advisory (EUR -45m), Asset and Wealth Management (EUR -22m)

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)	Q2 19	Q2 18	H1 19	H1 18
French Retail Banking	Net Cost Of Risk	129	93	223	227
	Gross loan Outstandings	192,896	186,245	192,159	185,727
	Cost of Risk in bp	**27**	**20**	**23**	**24**
International Retail Banking and Financial Services	Net Cost Of Risk	133	75	261	166
	Gross loan Outstandings	139,634	132,749	134,747	132,190
	Cost of Risk in bp	**38**	**23**	**39**	**25**
Global Banking and Investor Solutions	Net Cost Of Risk	33	7	75	(20)
	Gross loan Outstandings	164,162	149,283	164,512	148,499
	Cost of Risk in bp	**8**	**2**	**9**	**(3)**
Corporate Centre	Net Cost Of Risk	19	(4)	19	5
	Gross loan Outstandings	8,705	6,614	8,977	6,849
	Cost of Risk in bp	**86**	**(24)**	**42**	**15**
Societe Generale Group	Net Cost Of Risk	314	170	578	378
	Gross loan Outstandings	505,397	474,891	500,395	473,264
	Cost of Risk in bp	**25**	**14**	**23**	**16**

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 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 payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.
Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period	Q2 19	Q2 18	H1 19	H1 18
Shareholders' equity Group share	**62,492**	**58,959**	**62,492**	**58,959**
Deeply subordinated notes	(9,861)	(9,197)	(9,861)	(9,197)
Undated subordinated notes	(280)	(274)	(280)	(274)
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	(39)	(213)	(39)	(213)
OCI excluding conversion reserves	(636)	130	(636)	130
Dividend provision	(717)	(892)	(717)	(892)
ROE equity end-of-period	**50,959**	**48,513**	**50,959**	**48,513**
Average ROE equity	**50,250**	**47,967**	**49,842**	**47,745**
Average Goodwill	(4,541)	(5,152)	(4,619)	(5,155)
Average Intangible Assets	(2,194)	(2,010)	(2,194)	(1,988)
Average ROTE equity	**43,515**	**40,805**	**43,029**	**40,602**
Group net Income (a)	**1,054**	**1,224**	**1,740**	**2,127**
Underlying Group net income (b)	**1,247**	**1,333**	**2,332**	**2,590**
Interest on deeply subordinated notes and undated subordinated notes (c)	(192)	(189)	(357)	(344)
Cancellation of goodwill impairment (d)	41	22	108	22
Adjusted Group net Income (e) = (a)+ (c)+(d)	**903**	**1,057**	**1,491**	**1,805**
Adjusted Underlying Group net Income (f)=(b)+(c)	**1,056**	**1,144**	**1,975**	**2,246**
Average ROTE equity (g)	**43,515**	**40,805**	**43,029**	**40,602**
ROTE [quarter: (4*e/g), 6M: (2*e/g)]	8.3%	10.4%	6.9%	8.9%
Average ROTE equity (underlying) (h)	**43,612**	**40,859**	**43,325**	**40,833**
Underlying ROTE [quarter: (4*f/h), 6M: (2*f/h)]	9.7%	11.2%	9.1%	11.0%

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

In EUR m	Q2 19	Q2 18	Change	H1 19	H1 18	Change
French Retail Banking	**11,306**	11,066	+2.2%	**11,281**	11,226	+0.5%
International Retail Banking & Financial Services	**11,051**	11,452	-3.5%	**11,334**	11,440	-0.9%
Global Banking & Investor Solutions	**15,543**	14,965	+3.9%	**16,062**	14,856	+8.1%
Core Businesses	**37,900**	37,483	+1.1%	**38,677**	37,522	+3.1%
Corporate Centre	**12,350**	10,484	+17.8%	**11,165**	10,223	+9.2%
Group	**50,250**	47,967	+4.8%	**49,842**	47,745	+4.4%

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	H1 19	Q1 19	2018	H1 18
Shareholders' equity Group share	**62,492**	**61,830**	**61,026**	**58,959**
Deeply subordinated notes	(9,861)	(9,473)	(9,330)	(9,197)
Undated subordinated notes	(280)	(283)	(278)	(274)
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	(39)	(37)	(14)	(213)
Bookvalue of own shares in trading portfolio	431	550	423	500
Net Asset Value	**52,743**	**52,587**	**51,827**	**49,775**
Goodwill	(4,548)	(4,544)	(4,860)	(5,140)
Intangible Assets	(2,226)	(2,162)	(2,224)	(2,027)
Net Tangible Asset Value	**45,969**	**45,881**	**44,743**	**42,608**
Number of shares used to calculate NAPS**	**844,026**	**804,211**	**801,942**	**801,924**
Net Asset Value per Share	**62.5**	**65.4**	**64.6**	**62.1**
Net Tangible Asset Value per Share	**54.5**	**57.1**	**55.8**	**53.1**

*** The number of shares considered is the number of ordinary shares outstanding as at June 30th, 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. 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)	H1 19	Q1 19	2018	H1 18
Existing shares	**821,189**	**807,918**	**807,918**	**807,918**
Deductions				
Shares allocated to cover stock option plans and free shares awarded to staff	4,214	4,467	5,335	5,059
Other own shares and treasury shares	249	374	842	1,252
Number of shares used to calculate EPS**	**816,726**	**803,077**	**801,741**	**801,607**
Group net Income	**1,740**	**686**	**4,121**	**2,127**
Interest on deeply subordinated notes and undated subordinated notes	(357)	(165)	(719)	(344)
Capital gain net of tax on partial buybacks				
Adjusted Group net income	**1,383**	**521**	**3,402**	**1,783**
EPS (in EUR)	**1.69**	**0.65**	**4.24**	**2.22**
Underlying EPS* (in EUR)	**2.42**	**1.12**	**5.00**	**2.80**

** Excluding exceptional items and including linearisation of the IFRIC 21 effect.*

*** The number of shares considered is the average number of shares over the period, excluding treasury shares and buybacks, but including the trading shares held by the Group.*

Q1 19, 2018 and H1 18 data restated for the application of IAS 12 on Group net income and "interest on deeply subordinated notes and undated subordinated notes"

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