SOCIETE GENERALE

PRESS RELEASE

QUARTERLY FINANCIAL INFORMATION

Paris, August 2nd, 2017

Q2 17: SOUND RESULTS

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

H1 17: GOOD HALF-YEAR RESULTS

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

EPS[(4)]: EUR 2.12 in H1 17 (EUR 2.77 in H1 16). Provision for dividend of EUR 1.10/share

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, (commercial) cost of risk in basis points, ROE, RONE, net assets, tangible net assets, EPS excluding non-economic items, and the amounts serving as a basis for the different restatements carried out (in particular the transition from accounting data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios. The footnotes * and ** in this document are specified below:

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

** Excluding non-economic items.

(1) Excluding PEL/CEL provision.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SOCIETE GENERALE

1. GROUP CONSOLIDATED RESULTS

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

(1) Adjusted for revaluation of own financial liabilities and DVA
(2) Corrected for the effect of the implementation of IFRIC 21 and the refund of the Euribor fine in Q1 16 amounting to EUR 218 million

Net banking income

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

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

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

- French Retail Banking's net banking income was slightly lower (-1.8% excluding PEL/CEL provision) in Q2 17 than in Q2 16. This trend reflects the decline in net interest income (-6.6% vs. Q2 16), still adversely affected by a low interest rate environment, and the continued increase in commissions illustrating the gradual transition to a more fee-generating model (+5.0% vs. Q2 16).

- International Retail Banking & Financial Services' net banking income increased +6.2% (+5.5%*) in Q2 17, driven by the growth of activities in all businesses and geographical regions. In Q2 17, International Retail Banking revenues climbed +5.1% (+7.1%*) underpinned by a strong commercial momentum, Insurance revenues rose +4.9%* and Financial Services to Corporates' revenues were slightly higher (+1.5%*).

- Global Banking & Investor Solutions' revenues were down -4.3% in Q2 17 vs. Q2 16, which represented a high comparison base. Global Markets and Investor Services declined -3.1%, with a contrasting trend between Fixed Income, Currencies & Commodities adversely affected by an unfavourable environment (-6.8% vs. Q2 16) and Equity activities which proved more resilient (-3.3% vs. Q2 16). Financing & Advisory revenues declined compared to the high level in Q2 2016. In Asset and Wealth Management, net banking income rose +5.5% due primarily to the healthy growth of Lyxor's assets under management.

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

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

Operating expenses

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

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

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

Gross operating income

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

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

Cost of risk

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

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

- In French Retail Banking, the commercial cost of risk was 29 basis points in Q2 17 (33 basis points in Q2 16).

- International Retail Banking & Financial Services' cost of risk continued to decline, to 14 basis points in Q2 17 vs. 64 basis points in Q2 16. This effect can be attributed in particular to the low level of impairments and major provision write-backs in Romania.

- Global Banking & Investor Solutions' cost of risk was at a very low level of 1 basis point in Q2 17 (29 basis points in Q2 16).

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

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

SOCIETE GENERALE

Operating income

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

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

Net profits or losses from other assets

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

Net income

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

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

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

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

2. THE GROUP'S FINANCIAL STRUCTURE

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

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

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

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

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

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

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

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

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

SOCIETE GENERALE

3. FRENCH RETAIL BANKING

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

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

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

Activity and net banking income

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

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

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

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

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

[(1)] *2017 Customer Satisfaction Competition Survey carried out by the French CSA research institute among 3,000 banking relationship managers within SMEs*

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

Operating expenses

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

Operating income

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

Contribution to Group net income

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

SOCIETE GENERALE

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

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

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

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

(1) Adjusted for IFRIC 21 implementation

International Retail Banking

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

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

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

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

In the Czech Republic, the Group delivered another solid commercial performance in Q2 17. Outstanding loans rose +12.2% (+8.4%*), driven by home loans and consumer loans. Outstanding deposits climbed +15.8% (+11.8%*) year-on-year. Revenues were stable (+0.0%, -1.8%*) in Q2 17 at EUR 259 million, given the persistent low interest rate environment. Over the same period, operating expenses remained under control at EUR 133 million (+2.3%, +0.2%*). The contribution to Group net income, which amounted to EUR 57 million (+9.6% vs. Q2 16) benefited from a low net cost of risk.

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

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

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

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

Insurance

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

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

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

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

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

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

Financial Services to Corporates

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

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

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

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

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

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

(1) Including the over-allotment option

SOCIETE GENERALE

5. GLOBAL BANKING & INVESTOR SOLUTIONS

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

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

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

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

Global Markets & Investor Services

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

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

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

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

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

Financing & Advisory

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

Asset and Wealth Management

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

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

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

Operating expenses

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

Operating income

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

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

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

Net income

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

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(1) *Partial refund of the Euribor fine of EUR 218m in Q1 16*

6. CORPORATE CENTRE

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

(1) Adjusted for revaluation of own financial liabilities

The Corporate Centre includes:

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

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

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

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

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

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

7. CONCLUSION

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

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

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

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

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

8. 2017-2018 FINANCIAL CALENDAR

2017-2018 financial communication calendar

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

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

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

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

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

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

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

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

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

9. APPENDIX 1: FINANCIAL DATA

Consolidated Income Statement

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

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

GROUP NET INCOME AFTER TAX BY CORE BUSINESS

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

CONSOLIDATED BALANCE SHEET

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

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

NB. Customer loans include lease financing.

10. APPENDIX 2: METHODOLOGY

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

2 – Net banking income

The pillars' **net banking income** is defined on page 44 of Societe Generale's 2017 Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 – Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in notes 5 and 8.2 to the Group's consolidated financial statements as at December 31st, 2016 (pages 381 et seq. and page 401 of Societe Generale's 2017 Registration Document). The term "costs" is also used to refer to Operating Expenses.

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

4 – IFRIC 21 adjustment

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

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

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

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

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

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

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

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

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

* *Non-economic items*

** *Exceptional items*

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

The cost of risk or commercial cost of risk is defined on pages 46 and 528 of Societe Generale's 2017 Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

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

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

7 – ROE, RONE

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

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

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

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

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

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

Symmetrically, Group net income used for the ratio numerator is book Group net income adjusted for "interest, net of tax payable to holders of deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9).

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

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

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

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

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

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

9 – Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 48 of Societe Generale's 2017 Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE. As specified on page 48 of Societe Generale's 2017 Registration Document, the Group also publishes EPS adjusted for the impact of non-economic items presented in methodology note No. 5.

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

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

** Adjusted for revaluation of own financial liabilities and DVA*

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

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

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

Societe Generale

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

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

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

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

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

30.06.2017

CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET - ASSETS

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

CONSOLIDATED BALANCE SHEET - LIABILITIES

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

CONSOLIDATED INCOME STATEMENT

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

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

STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

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

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

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

CHANGES IN SHAREHOLDERS' EQUITY

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

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

CASH FLOW STATEMENT

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

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

ACCOUNTING STANDARDS

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

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

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

FINANCIAL STATEMENTS PRESENTATION

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

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

PRESENTATION CURRENCY

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

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

2. ACCOUNTING STANDARDS APPLIED BY THE GROUP

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

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

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

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

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

2017

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

2018

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

2019

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

2021

- IFRS 17 "Insurance Contracts"

ACCOUNTING STANDARDS ADOPTED BY THE EUROPEAN UNION

IFRS 9 "FINANCIAL INSTRUMENTS"

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

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

Classification and measurement

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

Credit risk

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

Hedge accounting (general model)

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

Macro-hedging

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

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

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

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

ORGANISATION OF IFRS 9 IMPLEMENTATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

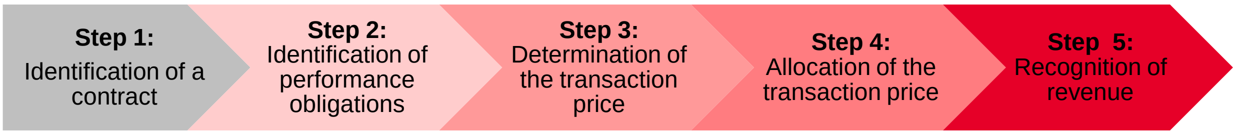
At this point of the IFRS 9 implementation process, the consequences of its application to Group financial statements cannot be estimated reasonably.

IFRS 15 “Revenue from contracts with customers”

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

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

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



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

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

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

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

Issued by IASB on 19 January 2016

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

Amendments to IAS 7 “Disclosure Initiative”

Issued by IASB on 29 January 2016

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

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

Issued by IASB on 20 June 2016

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

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

Issued by IASB on 12 September 2016

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

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

Issued by IASB on 8 December 2016

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

AMENDMENTS TO IAS 40 "TRANSFERS OF INVESTMENT PROPERTY"

Issued by IASB on 8 December 2016

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

IFRIC 22 "FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION"

Issued by IASB on 8 December 2016

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

IFRS 16 "LEASES"

Issued by IASB on 13 January 2016

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

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

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

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

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

IFRIC 23 "UNCERTAINTY OVER INCOME TAX TREATMENTS"

Issued by IASB on 7 June 2017

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

IFRS 17 "INSURANCE CONTRACTS"

Issued by IASB on 18 May 2017

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

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

4. USE OF ESTIMATES AND JUDGMENT

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

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

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

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

NOTE 2 - CONSOLIDATION

NOTE 2.1 - CONSOLIDATION SCOPE

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

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

ANTARIUS

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

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

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

SPLITSKA BANKA

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

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

ALD

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

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

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

NOTE 2.2 - GOODWILL

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

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

NOTE 3 - FINANCIAL INSTRUMENTS

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

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

1. TRADING PORTFOLIO AT FAIR VALUE THROUGH PROFIT OR LOSS

ASSETS

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

(1) See Note 3.2 Financial derivatives.

LIABILITIES

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

(2) See Note 3.2 Financial derivatives.

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

ASSETS

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

LIABILITIES

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

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

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

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

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

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

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

NOTE 3.2 - FINANCIAL DERIVATIVES

1. TRADING DERIVATIVES

BREAKDOWN OF TRADING DERIVATIVES

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

2. HEDGING DERIVATIVES

BREAKDOWN OF HEDGING DERIVATIVES

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

NOTE 3.3 - AVAILABLE-FOR-SALE FINANCIAL ASSETS

1. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

(1) Including UCITS.

CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

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

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

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

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

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

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

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

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

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

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

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

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

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

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

3. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS MEASURED AT FAIR VALUE

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

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

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

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

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

4. ESTIMATES OF MAIN UNOBSERVABLE INPUTS

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

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

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

5. SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

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

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

The “standardised” variation is:

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

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

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

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

6. DEFERRED MARGIN RELATED TO MAIN UNOBSERVABLE INPUTS

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

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

NOTE 3.5 - LOANS AND RECEIVABLES

1. DUE FROM BANKS

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

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

2. CUSTOMER LOANS

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

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

NOTE 3.6 - DEBTS

1. DUE TO BANKS

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

2. CUSTOMER DEPOSITS

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

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

3. DEBT SECURITIES ISSUED

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

NOTE 3.7 - INTEREST INCOME AND EXPENSE

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

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

BREAKDOWN OF OTHER CUSTOMER LOANS INCOME:

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

NOTE 3.8 - IMPAIRMENT AND PROVISIONS

1. IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN OF ASSET IMPAIRMENTS

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

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

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

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

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

2. PROVISIONS

BREAKDOWN OF PROVISIONS

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

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

PROVISIONS FOR DISPUTES

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

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

3. COST OF RISK

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

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

1. FINANCIAL ASSETS MEASURED AT AMORTISED COST

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

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

2. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

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

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

NOTE 4 - OTHER ACTIVITIES

NOTE 4.1 - FEE INCOME AND EXPENSE

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

NOTE 4.2 - OTHER ASSETS AND LIABILITIES

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

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

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

NOTE 4.3 - OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

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

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

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

2. OTHER LIABILITIES

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

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

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

NOTE 5 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

1. PERSONNEL EXPENSES

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

2. DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

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

3. DESCRIPTION OF THE 2017 SHARE-BASED PAYMENT PLANS

2017 SOCIETE GENERALE FREE SHARES PLAN (1)

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

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

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

2017 SOCIETE GENERALE PERFORMANCE SHARES PLAN [(1)]

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

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

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

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

NOTE 6 - INCOME TAX

1. INCOME TAX

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

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

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

2. PROVISIONS FOR TAX ADJUSTMENTS

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

NOTE 7 - SHAREHOLDERS' EQUITY

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

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

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

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

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

2. TREASURY STOCK

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

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

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

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

3. EQUITY INSTRUMENTS ISSUED

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

NOTE 7.2 - EARNINGS PER SHARE AND DIVIDENDS

1. EARNINGS PER SHARE

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

(1) Excluding treasury shares.

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

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

2. DIVIDEND PAID

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

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

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1 - SEGMENT REPORTING

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

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

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

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

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

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

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

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

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

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

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

NOTE 8.2 - OTHER OPERATING EXPENSES

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

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

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

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

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

NOTE 8.3 - PROVISIONS

1. BREAKDOWN OF PROVISIONS

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

2. UNDERWRITING RESERVES OF INSURANCE COMPANIES

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

NOTE 9 - INFORMATION ON RISKS AND LITIGATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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