

## PRESS RELEASE

### REGULATED INFORMATION

Paris, November 3rd, 2016

#### Q3 16: SOUND COMMERCIAL AND FINANCIAL PERFORMANCE

- Net banking income excluding non-economic items\*\* of EUR 6.3bn, +3.7% vs. Q3 15  
Book net banking income of EUR 6.0bn, vs. EUR 6.4bn in Q3 15
- Operating expenses under control: +1.0% vs. Q3 15
- Continued decline in the cost of risk: commercial cost of risk<sup>(1)</sup> of 34 basis points in Q3 16 (-12 basis points vs. Q3 15)
- Group net income excluding non-economic items\*\*: EUR 1,257m in Q3 16, +39.0% vs. Q3 15  
Book Group net income of EUR 1,099m in Q3 16, vs. EUR 1,126m in Q3 15
- ROE excluding non-economic items\*\* of 9.7% in Q3 16 (7.0% in Q3 15)
- Good capital generation: fully-loaded CET 1 ratio of 11.4% (10.9% at end-2015). Total capital ratio of 17.6% (16.3% at end-2015)

#### 9M 16: GOOD RESULTS DRIVEN BY THE GROUP'S TRANSFORMATION

- Net banking income: EUR 19.2bn (-2.1% vs. 9M 15)
- Stable operating expenses: EUR 12.4bn (-1.0% vs. 9M 15)
- Net cost of risk down -15.9% vs. 9M 15, at EUR 1,605m
- Group net income: EUR 3,484m (+4.2% vs. 9M 15)

**EPS<sup>(2)</sup>: EUR 4.19 in 9M 16 vs. EUR 3.23 in 9M 15.**

**Items relating to financial data for 2015 have been restated in net banking income and for the capital allocated to the businesses so as to take account of the new capital allocation rule based on 11% of the businesses' RWA (risk-weighted assets).**

**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, non-economic items and the amounts serving as a basis for the different restatements carried out are presented in the methodology notes, section 10 of this press release, 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 litigation issues, in basis points for assets at the beginning of the period, including operating leases. Annualised calculation

(2) Excluding non-economic items. Gross EPS in 9M 16: EUR 3.94 and EUR 3.82 in 9M 15.

Societe Generale's Board of Directors met on November 2nd, 2016 under the chairmanship of Lorenzo Bini Smaghi and examined the results for Q3 and the first nine months of 2016.

Book **Group net income** amounted to EUR 1,099 million in Q3 16, vs. EUR 1,126 million in Q3 15. If non-economic items are stripped out<sup>(1)</sup>, Group net income totalled EUR 1,257 million, substantially higher than the EUR 904 million recorded in Q3 15 (+39.0%). The increase illustrates the benefits of the Group's well-balanced business model: International Retail Banking & Financial Services' earnings were higher (EUR 457 million, +30.6% vs. Q3 15) as were the earnings of Global Banking & Investor Solutions (EUR 469 million, +42.1% vs. a lacklustre Q3 15), whereas French Retail Banking's contribution to earnings totalled EUR 353 million vs. EUR 416 million in Q3 15. If non-economic items are stripped out, Group net income came to EUR 3,685 million for the first nine months of 2016 vs. EUR 2,876 million in 2015 (+28.2%).

**Net banking income, excluding non-economic items<sup>(1)</sup>** totalled EUR 6,251 million in Q3 16, up +3.7% vs. Q3 15. It amounted to EUR 19,476 million for the first nine months of 2016 vs. EUR 18,870 million in the first nine months of 2015, including EUR 725 million in respect of the capital gain on the disposal of Visa Inc. shares recorded in H1.

The Group continued with its efforts to control **operating expenses**. They came to EUR -4,016 million in Q3 16, up 1.0% vs. Q3 15. Operating expenses totalled EUR -12,419 million in the first nine months of 2016 vs. EUR -12,544 million in 2015, down -1.0%, testifying to the Group's ongoing efforts to control its costs.

The **net cost of risk** stood at the low level of EUR -417 million in Q3 16 (down -27.0% vs. Q3 15) and EUR -1,605 million in the first nine months of 2016 (EUR -1,908 million in the first nine months of 2015), at its lowest level since 2007. The **commercial cost of risk** continued to decline, to 34 basis points in Q3 16 (39 basis points in the first nine months of 2016), down -12 basis points vs. Q3 15, and -9 basis points in the first nine months, highlighting the quality of the Group's loan approval policy and assets.

**ROE, excluding non-economic items, stood at 9.7% in Q3 16** (vs. 7.0% in Q3 15).

The "Basel 3" **Common Equity Tier 1 (fully-loaded CET1) ratio stood at 11.4%** (10.9% at end-2015), very close to the Group's target of 11.5% to 12.0% at end-2018. The total capital ratio amounted to 17.6% at end-September 2016 (vs. 16.3% at end-2015), an increase of +96 basis points in Q3 thanks to the earnings contribution and an additional Tier 1 capital issue.

Commenting on the Group's results for the first nine months of 2016, Frédéric Oudéa – Chief Executive Officer – stated:

**"Societe Generale delivered a good commercial and financial performance in Q3 2016. Quarter after quarter, the Group has demonstrated the pertinence of its well-balanced and diversified banking model, its ability to develop its businesses and adapt to a challenging and uncertain environment. The Group is pursuing its trajectory in a disciplined manner, with a view to winning new customers and enhancing its added value offering, notably by integrating digital technologies, while at the same time rigorously managing its costs and risks and strengthening its balance sheet. Benefiting from the constant commitment of its teams, sharing a common ambition and culture, the Group is confident about its outlook and determined to pursue the challenge of its transformation process."**

---

<sup>(1)</sup> Excluding non-economic items (revaluation of own financial liabilities and Debt Value Adjustment). Book net banking income in Q3 16: EUR 6,010m; in Q3 15: EUR 6,364m; in 9M 16: EUR 19,169m; in 9M 15: EUR 19,586m. Book Group net income of EUR 3,484m in 9M 16; EUR 3,345m in 9M 15.

## 1. GROUP CONSOLIDATED RESULTS

In EUR m	Q3 16	Q3 15	Change		9M 16	9M 15	Change	
<b>Net banking income</b>	<b>6,010</b>	<b>6,364</b>	<b>-5.6%</b>	<b>-5.1%*</b>	<b>19,169</b>	<b>19,586</b>	<b>-2.1%</b>	<b>-1.1%*</b>
<i>Net banking income(1)</i>	6,251	6,026	+3.7%	+4.4%*	19,476	18,870	+3.2%	+4.3%*
Operating expenses	(4,016)	(3,978)	+1.0%	+2.0%*	(12,419)	(12,544)	-1.0%	+0.2%*
<b>Gross operating income</b>	<b>1,994</b>	<b>2,386</b>	<b>-16.4%</b>	<b>-16.6%*</b>	<b>6,750</b>	<b>7,042</b>	<b>-4.1%</b>	<b>-3.4%*</b>
<i>Gross operating income(1)</i>	2,235	2,048	+9.1%	+8.9%*	7,057	6,326	+11.6%	+12.5%*
Net cost of risk	(417)	(571)	-27.0%	-26.4%*	(1,605)	(1,908)	-15.9%	-13.3%*
Operating income	1,577	1,815	-13.1%	-13.5%*	5,145	5,134	+0.2%	+0.1%*
<i>Operating income(1)</i>	1,818	1,477	+23.1%	+22.3%*	5,452	4,418	+23.4%	+23.2%*
Net profits or losses from other assets	62	(1)	n/s	n/s	50	(42)	n/s	n/s
<b>Reported Group net</b>	<b>1,099</b>	<b>1,126</b>	<b>-2.4%</b>	<b>-1.1%*</b>	<b>3,484</b>	<b>3,345</b>	<b>+4.2%</b>	<b>+6.0%*</b>
<i>Group net income(1)</i>	1,257	904	+39.0%	+41.2%*	3,685	2,876	+28.2%	+30.7%*
<b>ROE (after tax)</b>	<b>8.4%</b>	<b>9.0%</b>			<b>9.1%</b>	<b>9.0%</b>		
Adjusted ROE (1)	9.7%	7.0%			9.6%	7.7%		

(1) Adjusted for revaluation of own financial liabilities and DVA

### Net banking income

The Group's net banking income, excluding non-economic items, totalled EUR 6,251 million in Q3 16, up +3.7% vs. Q3 15, driven by the businesses' good commercial performance.

Net banking income, excluding non-economic items, rose +3.2% to EUR 19,476 million in the first nine months of the year. It includes the capital gain on the disposal of Visa Inc. shares, recorded in the Corporate Centre for EUR 725 million in Q2 16.

- French Retail Banking's (RBDF) net banking income was down -5.5% (excluding PEL/CEL effect) in Q3 16 and -3.5% for the first nine months of 2016 compared with a very good year in 2015. The low interest rate and unfavourable market environment has reduced the interest margin and financial commissions, whereas service commissions have held up well, testifying to the division's commercial dynamism.
- International Retail Banking & Financial Services' (IBFS) net banking income rose +0.7% (+1.8%\* when adjusted for changes in Group structure and at constant exchange rates) in Q3 16 and +1.2% (+3.7%\* when adjusted for changes in Group structure and at constant exchange rates) in the first nine months of 2016 compared with the same periods in 2015. The increase was driven by the dynamic activities of Financial Services to Corporates and Insurance, as well as International Retail Banking in Europe.
- Global Banking & Investor Solutions (GBIS) generated net banking income up +13.7% in Q3 16 vs. Q3 15, and down -3.1% in 9M 16 vs. 9M 15, which experienced a very high level in H1. There was a good level of commercial activity both in Financing & Advisory and in Global Markets and Investor Services, whereas weak markets affected Asset and Wealth Management activities.

The accounting impact of the revaluation of the Group's own financial liabilities was EUR -237 million in Q3 16, vs. EUR +447 million in Q3 15. For 9M 16, the impact in net banking income of the revaluation of own financial liabilities was EUR -304 million vs. EUR +821 million in 9M 15. The DVA impact was EUR -4 million in Q3 16 and EUR -3 million in total at end-September 2016 – it was EUR -109 million in Q3 15 for a total in the first nine months of EUR -105 million.

These two factors constitute the restated non-economic items in the analyses of the Group's results.

Book net banking income totalled EUR 6,010 million in Q3 16 (-5.6% vs. Q3 15) and EUR 19,169 million for the first nine months of 2016 (-2.1% vs. 9M 15).

### **Operating expenses**

The Group's operating expenses amounted to EUR -4,016 million in Q3 16 vs. EUR -3,978 million in Q3 15. They totalled EUR -12,419 million in the first nine months of the year vs. EUR -12,544 million for the same period in 2015. Without taking into account the refund of part of the Euribor fine and after correction of the IFRIC 21 impact, expenses in 9M 16 were generally stable (+0.5%) vs. 9M 15, testifying to the efforts to control operating expenses against the backdrop of the Group's transformation process. The non-recurring costs associated with the savings plans implemented amounted to EUR -133 million in the first nine months of the year. These savings plans, which are due to end in 2017, should enable the Group to save nearly EUR 2 billion over the period 2012-2017, thereby generating room for manoeuvre to invest in its digital transformation and enabling it to stabilise the level of its operating expenses in 2016 vs. 2015 (increase of between 0% and 1% excluding the partial refund of the Euribor fine).

As a reminder, the IFRIC 21 adjustment consists in smoothing the charges recognised in their entirety at their due date (in practice in Q1) over the whole of the financial year in order to provide a more reliable picture of the costs actually attributable to the activity for the period. The taxes therefore recognised in their entirety in 2016 amounted to EUR -523 million vs. EUR -403 million in 2015 (up EUR +120 million).

### **Gross operating income**

The Group's gross operating income amounted to EUR 1,994 million in Q3 16 (EUR 2,386 million in Q3 15) and EUR 6,750 million in the first nine months of the year (EUR 7,042 million in 9M 15). Excluding the effect of the revaluation of own financial liabilities and DVA, gross operating income came to EUR 2,235 million in Q3 16 (+9.1% vs. Q3 15), taking the total in 9M 16 to EUR 7,057 million (+11.6%).

### **Cost of risk**

The Group's net cost of risk amounted to EUR -417 million in Q3 16, down -27.0% vs. Q3 15, providing further confirmation of the good quality of the Group's loan approval policy and assets. The net cost of risk was down -15.9% for the first nine months of 2016 compared with the same period in 2015, at EUR -1,605 million. As a reminder, the provision for litigation issues totalled EUR 1.9 billion at end-September 2016, with no change in Q3 16.

The commercial cost of risk (expressed as a fraction of outstanding loans) continued to decline: it is situated towards the bottom end of the Group's full-year target range at 34 basis points in Q3 16 and 39 basis points in the first nine months of 2016 (vs. 46 basis points and 48 basis points respectively for the same periods in 2015). For the year as a whole, the commercial cost of risk is therefore expected to be below the lower limit of the 2016 target (between 50 and 55 basis points).

- In French Retail Banking, the commercial cost of risk was generally stable vs. Q2 16, at 36 basis points in Q3 16. It amounted to 35 basis points in the first nine months of 2016 (vs. 42 basis points in Q3 15 and in 9M 15).
- At 67 basis points in Q3 16 and 68 basis points in the first nine months of 2016 (vs. 91 basis points in Q3 15 and 101 basis points in the first nine months of 2015), International Retail Banking & Financial Services' cost of risk was substantially lower, illustrating the improvement in the loan portfolio. There was a significant decline in the cost of risk in Russia.
- Global Banking & Investor Solutions' cost of risk returned to a low level of 9 basis points in Q3 16. It amounted to 26 basis points in the first nine months of the year (vs. 17 basis points in Q3 15 and 13 basis points in the first nine months of 2015).

The gross doubtful outstandings ratio amounted to 5.1% at end-September 2016 (vs. 5.5% at end-September 2015). The Group's gross coverage ratio for doubtful outstandings stood at 65%, up +1 point vs. end-June 2016 and year-on-year.

## Operating income

The Group's operating income totalled EUR 1,577 million in Q3 16 or EUR 5,145 million in the first nine months (vs. EUR 1,815 million in Q3 15 and EUR 5,134 million in 9M 15).

## Net income

Group net income amounted to EUR 1,099 million in Q3 16, or EUR 3,484 million in total in the first nine months of 2016. This compares with EUR 1,126 million in Q3 15 and EUR 3,345 million for 9M 15.

When corrected for non-economic items (revaluation of own financial liabilities and DVA), Group net income amounted to EUR 1,257 million in Q3 16 vs. EUR 904 million in Q3 15 (+39.0%), and EUR 3,685 million in total in the first nine months of the year (EUR 2,876 million in 9M 15, +28.2%).

The increase illustrates the Group's well-balanced business model: the lower contribution from French Retail Banking (-15.1% in Q3 16 vs. Q3 15, -3.2% in 9M 16 vs. 9M 15, with a historically high level in 2015 in this activity) was more than offset by the increased contribution to earnings of International Retail Banking & Financial Services and Global Banking & Investor Solutions. International Retail Banking & Financial Services' contribution to earnings rose +30.6% in Q3 16 vs. Q3 15 (and +45.7% in 9M), with an increase in all activities. In Global Banking & Investor Solutions, earnings were up +42.1% in Q3 16 vs. Q3 15 (-12.3% in 9M after a very high level in H1 15 and a lacklustre Q3 15) on the back of the rebound in Global Markets and the growth in Financing & Advisory activities. Overall, the businesses' contribution to Group net income rose +16.7% in Q3 16 vs. Q3 15 and +4.1% in 9M 16 vs. 9M 15.

As a reminder, in H1 2016, the Group recognised the refund of part of the Euribor fine paid at end-2013 (impact in Group net income of EUR +218 million in the Global Banking & Investor Solutions division), and the capital gain on the disposal of Visa Inc. shares (impact in Group net income of EUR +662 million in the Corporate Centre).

The Group's ROE, excluding non-economic items, was 9.7% in Q3 (8.4% in absolute terms) and 9.6% for the first nine months of 2016 (9.1% in absolute terms). On a comparable basis, ROE amounted to 7.0% for Q3 15 (9.0% in absolute terms) and 7.7% for 9M 15 (9.0% in absolute terms).

Earnings per share amounts to EUR 3.94 at end-September 2016 (vs. EUR 3.82 at end-September 2015). When adjusted for non-economic items, EPS at end-September 2016 is EUR 4.19 vs. EUR 3.23 for the first nine months of 2015.

## 2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 60.9 billion at September 30th, 2016 (EUR 59.0 billion at December 31st, 2015). Net asset value per share was EUR 62.75, including EUR 1.87 of unrealised capital gains. Tangible net asset value per share was EUR 56.75.

The **consolidated balance sheet** totalled EUR 1,405 billion at September 30th, 2016 (EUR 1,334 billion at December 31st, 2015). The net amount of **customer loan outstandings**, including lease financing, was EUR 398 billion (EUR 386 billion at December 31st, 2015) – excluding assets and securities sold under repurchase agreements. At the same time, **customer deposits** amounted to EUR 385 billion, vs. EUR 360 billion at December 31st, 2015 (excluding assets and securities sold under repurchase agreements).

In the first nine months of 2016, the Group issued EUR 27.5 billion of medium/long-term debt with EUR 24.5 billion at parent company level (in respect of a financing programme of EUR 29 billion in 2016), having an average maturity of 5.5 years and an average spread of 42 basis points (vs. the 6-month mid-swap, excluding subordinated debt), and EUR 3.0 billion by the subsidiaries. The LCR (Liquidity Coverage Ratio) increased and was well above regulatory requirements at 149% at end-September 2016 vs. 124% at end-2015.

The Group's **risk-weighted assets** amounted to EUR 353.6 billion at September 30th, 2016 (vs. EUR 356.7 billion at end-December 2015) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 83% of the total, at EUR 292.3 billion, down -0.4% vs. December 31st, 2015.

At September 30th, 2016, the Group's **Common Equity Tier 1** ratio stood at 11.4%<sup>(2)</sup> (10.9% at end-December 2015 and 11.1% at end-June 2016), with an increase of +30 basis points in Q3 16. It is situated at a level very close to the Group's target aimed at obtaining a fully-loaded CET 1 ratio of between 11.5% and 12% at end-2018. The Tier 1 ratio was 14.3% (13.5% at end-December 2015 and 13.6% at end-June 2016) and the total capital ratio amounted to 17.6%, an increase of +96 basis points vs. end-June 2016 (16.7%) due to good capital generation during the quarter and an additional Tier 1 capital issue over the period (16.3% at end-December 2015).

Based on the pre-notification received from the European Central Bank, and subject to official confirmation, the **level of additional requirement in respect of Pillar 2** for Societe Generale is likely to be revised as from January 1st, 2017, to 1.50%. Taking into account the different additional regulatory buffers, the minimum requirement in respect of the CET1 ratio that would trigger the Maximum Distributable Amount mechanism would be around 7.75% (phased-in ratios at January 1st, 2017) and subsequently gradually increase, all other things being equal, to around 9.50% at January 1st, 2019 without taking into account the potential effect of the countercyclical buffer. The regulatory phased-in ratio, amounting to 11.6% at end-September 2016, gives the Group comfortable room for manoeuvre to meet these new requirements.

The **leverage ratio** stood at 4.1% at September 30th, 2016 (4.0% at end-December 2015 and 3.9% at end-June 2016), an increase of 28 basis points in Q3 16.

The Group is rated by the rating agencies DBRS (long-term rating: "A (high)" with a stable outlook; short-term rating: "R-1 (middle)"), FitchRatings (long-term rating: "A" with a stable outlook; short-term rating: "F1"), 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).

---

<sup>(2)</sup> The phased-in ratio, including the earnings for H1 16, stood at 11.6% at end-September 2016, vs. 11.4% at end-December 2015.

### 3. FRENCH RETAIL BANKING

In EUR m	Q3 16	Q3 15	Change	9M 16	9M 15	Change
<b>Net banking income</b>	<b>2,042</b>	<b>2,172</b>	<b>-6.0%</b>	<b>6,226</b>	<b>6,399</b>	<b>-2.7%</b>
<i>Net banking income ex. PEL/CEL</i>	2,059	2,180	-5.5%	6,253	6,482	-3.5%
Operating expenses	(1,346)	(1,326)	+1.5%	(4,111)	(4,021)	+2.2%
<b>Gross operating income</b>	<b>696</b>	<b>846</b>	<b>-17.7%</b>	<b>2,115</b>	<b>2,378</b>	<b>-11.1%</b>
<i>Gross banking income ex. PEL/CEL</i>	713	854	-16.5%	2,142	2,461	-13.0%
Net cost of risk	(174)	(201)	-13.4%	(522)	(614)	-15.0%
Operating income	522	645	-19.1%	1,593	1,764	-9.7%
<b>Reported Group net income</b>	<b>353</b>	<b>416</b>	<b>-15.1%</b>	<b>1,084</b>	<b>1,120</b>	<b>-3.2%</b>
<b>RONE</b>	<b>12.9%</b>	<b>15.6%</b>		<b>13.7%</b>	<b>13.9%</b>	
Adjusted RONE <sup>(1)</sup>	12.8%	15.4%		14.1%	14.7%	

(1) Corrected for the implementation of IFRIC 21 and PEL/CEL

French Retail Banking's commercial dynamism continued in Q3 16, in line with H1 2016, and was accompanied by resilient profitability in a low interest rate environment.

In the business segment, French Retail Banking established relationships with 3,200 new companies<sup>(1)</sup> in the first nine months of the year (+6% vs. 9M 15) due to new initiatives in this market. Following the launch of SG Entrepreneurs which aims to offer entrepreneurs a comprehensive range of products and services, Societe Generale intends to create a hundred "pro corners" ("*espaces pro*") nationwide in order to provide its professional clients with greater proximity and expertise. In the individual customer segment, the number of new customers remained robust in the branch networks (+354,000 accounts opened), while Boursorama, the leading 100% mobile bank, strengthened its leadership position in France with 918,000 customers at end-September 2016. Moreover, digital initiatives are beginning to bear fruit. There has been a substantial increase in the number of digital connections (internet, App and mobile site) and nearly 50% of branch network customers connect at least one a month, overwhelmingly approving the new functionalities.

Average outstanding loans rose +2.7% in Q3 16 vs. Q3 15 to EUR 183.8 billion, driven by the increase in outstanding housing loans (+4.0%) as well as corporate loans (+1.7%). After a record year in 2015, housing loan production has returned to a normal level and was down -32.8% vs. Q3 15, albeit with a stronger momentum than in H1 16. Corporate investment loan production was up +2.3% in Q3 16 vs. Q3 15 but slowed compared with the trend in H1 16. However, it remains healthy given the still fragile recovery underway for several quarters.

The sharp increase in sight deposits (+16.8% vs. Q3 15) led to strong growth in balance sheet deposits to EUR 186.8 billion in Q3 16 (+8.8% vs. Q3 15). Over the same period, French Retail Banking's growth drivers enjoyed good commercial momentum: in 9M 16, life insurance posted gross inflow of EUR +7.8 billion and Private Banking in France net inflow of EUR +3.1 billion (including EUR 1 billion in Q3 16), while factoring and cash management were buoyant. Continuing the downward trend in 2015, the average loan/deposit ratio amounted to 98% (vs. 105% in Q4 15).

(1) SMEs with turnover of more than EUR 1.5 million

Net banking income only partially reflects the good commercial momentum due to the negative effects of the low interest rate environment and the increase in mortgage renegotiations. After neutralising the impact of PEL/CEL provisions, net banking income amounted to EUR 2,059 million, down -5.5% vs. the historically high level in Q3 15.

Net interest income (excluding PEL/CEL provision) was down -7.4% vs. Q3 15 (-5.3% vs. 9M 15), reflecting the negative impact of low interest rates and loan renegotiations, with the production of higher margin loans and robust deposit inflow only partially mitigating these effects. Over the same period, commissions were down -2.9% vs. Q3 15. In 9M 16, they were virtually stable (-0.9%), with healthy service commissions (+0.4% vs. 9M 15), thanks to the development of synergies with the Group's other businesses and the substantial new customers won, whereas financial commissions were down -5.4% in a challenging market environment.

French Retail Banking's operating expenses were up +1.5% in Q3 16 (vs. Q3 15), reflecting the costs related to the implementation of the new regulatory environment (Eckert law, MIF ...) as well as investments in the digital transformation process and in fast-growing businesses. As part of its transformation plan, the Group has notably closed 63 branches in France since the beginning of the year.

The net cost of risk declined -13.4% in Q3 16 vs. Q3 15, to a low level (36 basis points), reflecting the quality of the portfolio. In 9M 16, the cost of risk amounted to 35 basis points vs. 42 basis points over the same period in 2015, and the net cost of risk decreased -15.0% vs. the previous year.

Operating income came to EUR 522 million in Q3 16 (down -19.1% vs. Q3 15).

French Retail Banking's contribution to Group net income amounted to EUR 353 million in Q3 16, down -15.1% (vs. EUR 416 million in Q3 15).

In 9M 16, French Retail Banking posted net banking income (excluding PEL/CEL effect) of EUR 6,253 million, down -3.5% vs. 9M 15, reflecting the trend expected for the year. Operating expenses totalled EUR -4,111 million (+2.2% vs. 9M 15) and operating income EUR 1,593 million (-9.7% vs. 9M 15). The contribution to Group net income came to EUR 1,084 million, slightly lower (-3.2%) than in 9M 15. The division's ROE stood at 14.1% (excluding PEL/CEL effect and restated for IFRIC 21) vs. 14.7% in 2015 over the same period (in absolute terms: 13.7% for 9M 16 and 13.9% for 9M 15).



#### 4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

The division's contribution to Group net income totalled EUR 457 million in Q3 16, up +30.6% vs. Q3 15. The increase can be attributed to revenue growth of +0.7% (+1.8%\*), control of operating expenses (+1.3%; +2.5%\*) and a sharp decline of -31.5% (-30.2%\*) in the net cost of risk vs. Q3 15.

In 9M 16, revenues totalled EUR 5,631 million, up +1.2% (+3.7%\*) vs. 9M 15, operating income amounted to EUR 1,819 million (+28.2%; 26.7%\*) and the contribution to Group net income came to EUR 1,193 million (+45.7%).

In EUR m	Q3 16	Q3 15	Change		9M 16	9M 15	Change	
<b>Net banking income</b>	<b>1,915</b>	<b>1,901</b>	<b>+0.7%</b>	<b>+1.8%*</b>	<b>5,631</b>	<b>5,563</b>	<b>+1.2%</b>	<b>+3.7%*</b>
Operating expenses	(1,031)	(1,018)	+1.3%	+2.5%*	(3,202)	(3,222)	-0.6%	+2.3%*
<b>Gross operating income</b>	<b>884</b>	<b>883</b>	<b>+0.1%</b>	<b>+0.9%*</b>	<b>2,429</b>	<b>2,341</b>	<b>+3.8%</b>	<b>+5.6%*</b>
Net cost of risk	(207)	(302)	-31.5%	-30.2%*	(610)	(922)	-33.8%	-29.6%*
Operating income	677	581	+16.5%	+16.8%*	1,819	1,419	+28.2%	+26.7%*
<b>Reported income</b>	<b>457</b>	<b>350</b>	<b>+30.6%</b>	<b>+31.2%*</b>	<b>1,193</b>	<b>819</b>	<b>+45.7%</b>	<b>+42.8%*</b>
<b>Group net income</b>								
<b>RONE</b>	<b>16.8%</b>	<b>13.4%</b>			<b>15.0%</b>	<b>10.5%</b>		
Adjusted RONE(1)	16.2%	12.7%			15.2%	10.7%		

(1) Corrected for the implementation of IFRIC 21

#### International Retail Banking

International Retail Banking's outstanding loans rose +6.7% (+6.9%\*) in Q3 16 vs. Q3 15, to EUR 82.3 billion. The increase was particularly strong in Europe. Deposits also continued to enjoy robust growth in virtually all the countries where the Group operates. Outstanding deposits totalled EUR 74.1 billion at end-September 2016, up +6.9% (+7.0%\*) year-on-year, with very dynamic inflow in Central and Eastern European countries and in Africa.

International Retail Banking posted generally stable net banking income in Q3 16 vs. Q3 15 (-0.4%; +1.3%\*), at EUR 1,275 million. Operating income came to EUR 331 million (+19.5%; +20.0%\* vs. Q3 15) and the contribution to Group net income was EUR 212 million, vs. EUR 143 million in Q3 15 (+48.3%). Q3 16 was marked by the good business performance in Eastern Europe with, in particular, a gradual recovery in Romania.

International Retail Banking's net banking income totalled EUR 3,736 million in 9M 16, up +0.8% (+3.8%\*) vs. 9M 15. The contribution to Group net income came to EUR 529 million compared to EUR 305 million in 9M 15.

In Western Europe, outstanding loans were up +6.9% (+8.2%\*) vs. Q3 15 at EUR 15.2 billion. Car financing remained particularly dynamic over the period. In Q3 16, this region posted net banking income of EUR 183 million, gross operating income of EUR 89 million and a contribution to Group net income of EUR 39 million, up +8.3% vs. Q3 15.

In the Czech Republic, the business delivered a solid commercial performance in Q3 16. Outstanding loans rose +11.9% (+11.2%\*) vs. Q3 15 to EUR 21.7 billion, driven by dynamic production of loans to individuals and large corporates. Outstanding deposits climbed +8.1% (+7.5%\*) year-on-year to EUR 26.5 billion. Net banking income was stable (+0.4%; +0.2%\*) vs. Q3 15 at EUR 257 million, given the persistent low interest rate environment. Operating expenses were down -6.8% (-6.9%\*) due primarily to the smaller contribution to the deposit guarantee fund in Q3. The net cost of risk is normalising and amounted to EUR 17 million. The contribution to Group net income was 21.8% higher than in Q3 15 at EUR 67 million, mainly because of the sale of 80% of a payment services subsidiary, Cataps s.r.o., to ATOS Worldline.

In Romania, the economic environment is gradually improving. In Q3 16, outstanding loans rose +3.2% (+4.1%\*) year-on-year to EUR 6.4 billion, primarily due to growth in the individual customer and large corporate segments. Outstanding deposits were up +5.3% (+6.1%\*) year-on-year, at EUR 9.1 billion. In this context, net banking income was 2.3% (3.3%\*) higher than in Q3 15 at EUR 133 million. Operating expenses were up +2.6% (+3.6%\*) at EUR 80 million, and the net cost of risk was down -40.0% (-39.4%\*) at EUR 18 million. BRD's contribution to Group net income was EUR 16 million in Q3 16, compared to EUR 10 million in Q3 15.

In other European countries, outstanding loans were up +7.9% (+8.1%\*) in Q3 16 vs. Q3 15, at EUR 11.9 billion, principally in the individual customer segment. Deposit inflow was buoyant (outstandings up +9.2% (+9.2%\*) year-on-year at EUR 11.6 billion). In Q3 16, net banking income was up +4.3% (+4.9%\*) vs. Q3 15 at EUR 196 million, operating expenses were up +7.2% (+8.3%\*) at EUR 119 million, due to contributions to resolution funds, and the net cost of risk was down -59.7% (-59.8%\*). The contribution to Group net income came to EUR 38 million, compared to EUR 11 million in Q3 15.

In Russia, the environment continues to normalise. Corporate activity remains buoyant and there has been a noticeable recovery in loan production for individual customers. When adjusted for changes in Group structure and at constant exchange rates, outstanding loans experienced a slight decline of -2.1%\* (+0.5% in absolute terms) vs. Q3 15 to EUR 8.5 billion, but were up +1.7%\* (+2.9% in absolute terms) vs. Q2. Outstanding deposits were up +1.1%\* (+2.8% in absolute terms) vs. Q3 15, and +8.2%\* (+9.1% in absolute terms) vs. Q2, at EUR 7.0 billion. Russia's earnings in International Retail Banking amounted to EUR -3 million in Q3 16, a significant improvement compared to Q3 15 (EUR -28 million), due to the improvement in operating income and non-recurring income related to an asset disposal. SG Russia's<sup>(1)</sup> contribution to Group net income was EUR 7 million in Q3 16, an improvement compared to Q2 16 (EUR -12 million) and Q3 15 (EUR -18 million), due primarily to the sharp decline in the cost of risk.

In Africa and other regions where International Retail Banking operates, outstanding loans rose +4.4% (+5.9%\*) vs. Q3 15 to EUR 18.5 billion. Business was particularly dynamic in Algeria and Côte d'Ivoire. Over the same period, outstanding deposits amounted to EUR 18.2 billion, up +5.7% (+7.2%\*). At EUR 354 million, net banking income was down -1.7% (+0.1%\*) vs. Q3 15. Operating expenses were up +4.2% (+6.2%\*) and the net cost of risk experienced a slight decline of -1.6% (+0.0%\*). The contribution to Group net income was EUR 55 million, compared to EUR 59 million in Q3 15.

## Insurance

The Insurance business maintained its commercial momentum in Q3 16. Life insurance outstandings rose +4.6% (+4.6%\*) vs. Q3 15 to EUR 97.0 billion. Net inflow amounted to EUR 0.5 billion in Q3 16, with the proportion of unit-linked products remaining at a high level (72%). In terms of protection (Personal Protection and Property/Casualty insurance), business was also buoyant with premiums climbing +9.6% (+9.7%\*) vs. Q3 15 to EUR 345 million in Q3 16.

There was another sound financial performance in Q3 16. Net banking income was 7.3% (7.3%\*) higher than in Q3 15, at EUR 221 million. The contribution to Group net income was up +7.9% in Q3 16 vs. Q3 15, at EUR 96 million. In 9M 16, net banking income was up +7.5% (+7.8%\*) and the contribution to Group net income up +9.7% vs. 9M 15, at EUR 271 million.

## Financial Services to Corporates

Operational Vehicle Leasing and Fleet Management experienced a substantial increase in its vehicle fleet (+15.2% vs. Q3 15). The increase can be attributed to the integration of the Parcours Group (+66,000 vehicles) and the successful development of the partnerships with car manufacturers and retail banking networks.

Equipment Finance's outstanding loans were up +6.2% (+5.8%\*) vs. Q3 15, at EUR 16.3 billion (excluding factoring), driven by the transport and industrial equipment sectors. New business margins held up well despite an intense competitive environment.

Financial Services to Corporates provided further confirmation of its dynamic activity, with net banking income of EUR 420 million in Q3 16, up +5.8% (+4.7%\*) vs. Q3 15. Operating expenses totalled EUR 191 million, representing a slight increase of +1.1% (-2.3%\*) vs. Q3 15. Earnings were 20.8% higher than in Q3 15, with a contribution to Group net income of EUR 157 million. In 9M 16, Financial Services to Corporates' net banking income came to EUR 1,223 million (+6.6% and +6.9%\* vs. 9M 15). The contribution to Group net income amounted to EUR 433 million (+20.3% vs. 9M 15).

---

(1) SG Russia's result: contribution of Rosbank, Delta Credit, Rusfinance Bank, Societe Generale Insurance in Russia, ALD Automotive in Russia and their consolidated subsidiaries to the results of the businesses.

## 5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EUR m	Q3 16	Q3 15	Change		9M 16	9M 15	Change	
<b>Net banking income</b>	<b>2,292</b>	<b>2,015</b>	<b>+13.7%</b>	<b>+14.8%*</b>	<b>7,084</b>	<b>7,310</b>	<b>-3.1%</b>	<b>-2.2%*</b>
Operating expenses	(1,666)	(1,562)	+6.7%	+8.7%*	(5,136)	(5,196)	-1.2%	-0.1%*
<b>Gross operating income</b>	<b>626</b>	<b>453</b>	<b>+38.2%</b>	<b>+34.5%*</b>	<b>1,948</b>	<b>2,114</b>	<b>-7.9%</b>	<b>-7.4%*</b>
Net cost of risk	(36)	(68)	-47.1%	-47.8%*	(282)	(174)	+62.1%	+63.0%*
Operating income	590	385	+53.2%	+48.7%*	1,666	1,940	-14.1%	-13.7%*
<b>Reported Group net income</b>	<b>469</b>	<b>330</b>	<b>+42.1%</b>	<b>+47.6%*</b>	<b>1,371</b>	<b>1,564</b>	<b>-12.3%</b>	<b>-8.1%*</b>
<b>RONE</b>	<b>12.4%</b>	<b>8.0%</b>			<b>11.9%</b>	<b>12.9%</b>		
Adjusted RONE (1)	11.2%	7.2%			10.4%	13.2%		

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

Global Banking & Investor Solutions' revenues totalled EUR 2,292 million in Q3 16, up +13.7% vs. Q3 15, reflecting primarily the sharp rise in Global Markets.

The division's revenues amounted to EUR 7,084 million in the first nine months of 2016, representing a decline of -3.1% vs. the first nine months of 2015.

### Global Markets & Investor Services

**Global Markets & Investor Services'** net banking income amounted to EUR 1,463 million in Q3 16, up +22.6% vs. Q3 15 (-3.3% in the first nine months of 2016 at EUR 4,556 million). Following on from the previous quarter, Q3 was marked by still mixed and uncertain markets. In the aftermath of the Brexit vote, which led to considerable volatility and increased volumes at end-June, the summer period proved relatively calm, with a particularly adverse effect on equity markets in a "wait-and-see" mode. The end of the quarter saw renewed investor appetite across all activities in light of anticipations regarding central banks' monetary policies.

- **Equities'** net banking income was up +16.7% in Q3 16 vs. Q3 15, at EUR 482 million, and down -23.2% in the first nine months of 2016 vs. 2015 which enjoyed a very buoyant H1. In an environment with very little volatility, where seasonality was more marked than usual, the Group capitalised on its recognised position in structured products to respond to increased client demand, notably in Asia. This good performance helped offset the drop in volumes on flow activities, both on cash equities, where the Group retains a leadership position (global No. 3 based on SG Euronext Global volumes), and on derivatives.
- At EUR 687 million, **Fixed Income, Currencies & Commodities'** net banking income was up +42.2% vs. Q3 15 and +19.1% in the first nine months of 2016 vs. 2015. The increased revenues were driven by credit and rate activities, with the latter managing to capitalise on a buoyant environment, in line with H1, in order to pursue their growth. There was an increased contribution from emerging market and commodity activities, despite a more restrictive environment. Only forex activity was lower, in a market in "wait-and-see" mode with reduced volumes.
- **Prime Services'** net banking income totalled EUR 135 million in Q3 16, down -6.9% vs. Q3 15 (up +9.0% in the first nine months of 2016 vs. 2015). This trend reflects a quarter marked by a "wait-and-see" attitude, which resulted in a decline in securities volumes traded.
- **Securities Services'** assets under custody amounted to EUR 4,036 billion at end-September 2016, up 1.0% year-on-year. Over the same period, assets under administration climbed +1.7% to EUR 595 billion. Securities Services' revenues were up +4.6% in Q3 16 vs. Q3 15 at EUR 159 million (and down -6.9% in the first nine months of 2016 vs. 2015), due to the good commercial momentum offsetting the negative interest rate environment.

### Financing & Advisory

**Financing & Advisory's** net banking income came to EUR 573 million, slightly higher (+1.1%) than the high level in Q3 15, but virtually stable (-0.2%) in the first nine months of 2016 vs. 2015, at EUR 1,782 million. Capital market activities continued to enjoy a good level of revenues, driven by a healthy commercial momentum, both in acquisition and leveraged finance. Activity was also dynamic in corporate hedging products. In an intense competitive environment, natural resources financing proved resilient whereas structured financing's earnings were slightly lower. The business' expertise was recognised again in Q3 16, with the title of "Best Investment Bank in France", awarded by Euromoney.

### Asset and Wealth Management

The net banking income of the **Asset and Wealth Management** business line totalled EUR 256 million in Q3 16, stable vs. Q3 15. Net banking income was down -8.2% in the first nine months of 2016, against the backdrop of an uncertain market and weak transactional activity.

**Private Banking's** assets under management amounted to EUR 118.9 billion at end-September 2016, the highest level recorded by the business. Driven by inflow of EUR +3.3 billion, notably in France and the United Kingdom, and thanks to the integration of Kleinwort Benson, assets under management were higher (+6.0%) than in the first nine months of 2015, despite extremely negative market and currency effects. Net banking income was up +2.0% vs. Q3 15, at EUR 208 million, but down -5.9% in the first nine months of 2016, in an unfavourable market environment resulting in a "wait-and-see" attitude by clients and a decline in transactional revenues. The gross margin held up well (103 basis points).

**Lyxor's** assets under management came to EUR 103.2 billion (down -2.4% vs. the first nine months of 2015 but higher since the beginning of the year), underpinned by positive inflow. Lyxor has maintained its No. 3 ETF ranking in Europe, with a market share of 9.7% (source ETFGI). Net banking income amounted to EUR 42 million in Q3 16, down -4.5% vs. Q3 15 and -20.9% in the first nine months of 2016 vs. 2015).

### Operating expenses

Global Banking & Investor Solutions' operating expenses were up +6.7% in Q3 16 vs. Q3 15, in conjunction with the increase in revenues. They were down -1.2% in the first nine months, with efforts to control costs helping to offset the sharp rise in regulatory and transformation costs. The cost to income ratio amounted to 72.7% in Q3 16, an improvement of 5 points vs. Q3 15.

### Operating income

Gross operating income came to EUR 626 million, up +38.2% vs. Q3 15, and down -7.9% in the first nine months of 2016, at EUR 1,948 million.

The net cost of risk totalled EUR -36 million in Q3 16, an improvement of EUR 70 million vs. Q2 16. It was EUR -282 million in the first nine months of 2016 (EUR -174 million in the first nine months of 2015).

The division's operating income totalled EUR 590 million in Q3 16, up +53.2% vs. Q3 15, and EUR 1,666 million in the first nine months of 2016, down -14.1%.

### Net income

The division's contribution to Group net income came to EUR 469 million in Q3 16 (+42.1% vs. Q3 15) and EUR 1,371 million in the first nine months of 2016. The division's RONE, corrected for the implementation of IFRIC 21, amounted to 11.2% in Q3 16 (12.4% in absolute terms).

## 6. CORPORATE CENTRE

In EUR m	Q3 16	Q3 15	9M 16	9M 15
<b>Net banking income</b>	<b>(239)</b>	<b>276</b>	<b>228</b>	<b>314</b>
<i>Net banking income (1)</i>	(2)	(171)	532	(507)
Operating expenses	27	(72)	30	(105)
<b>Gross operating income</b>	<b>(212)</b>	<b>204</b>	<b>258</b>	<b>209</b>
<i>Gross operating income (1)</i>	25	(243)	562	(612)
Net cost of risk	0	0	(191)	(198)
Net profits or losses from other assets	(15)	1	(26)	(2)
<b>Reported Group net income</b>	<b>(180)</b>	<b>30</b>	<b>(164)</b>	<b>(158)</b>
<i>Group net income (1)</i>	(25)	(263)	35	(696)

(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 -239 million in Q3 16 (EUR 276 million in Q3 15), and EUR -2 million excluding the revaluation of the Group's own financial liabilities (EUR -171 million in Q3 15). The Corporate Centre's gross operating income was EUR -212 million in Q3 16 vs. EUR 204 million in Q3 15.

When restated for the revaluation of own financial liabilities, gross operating income came to EUR 25 million in Q3 16 (vs. EUR -243 million in Q3 15).

For 9M 16, it amounted to EUR 562 million excluding non-economic items, vs. EUR -612 million for 9M 15. This variation can be attributed principally to the recording of the capital gain on the disposal of Visa shares in the Corporate Centre's net banking income in Q2 16: excluding the Visa capital gain, gross operating income excluding non-economic items came to EUR -163 million. For 12 months, it is expected to be well below a target revised to EUR -500 million (excluding Visa capita gain).

The Corporate Centre's contribution to Group net income was EUR -180 million in Q3 16 (vs. EUR 30 million in Q3 15) and EUR -164 million in 9M 16 (EUR -158 million in 9M 15).

## **7. CONCLUSION**

Societe Generale generated Group net income of EUR 1,099 million in Q3 16, taking Group net income for the first nine months of 2016 to EUR 3,484 million.

These sound results testify to the Group's ability to create value for its shareholders based on the strength of its diversified business model, the efforts to control costs and risks, and the commitment of its teams, with the businesses making an increased contribution to Group net income compared with the previous year.

EPS is substantially higher at end-September, at EUR 4.19 excluding non-economic items (EUR +0.96 vs. end-September 2015). Tangible net asset value per share is 5.1% higher than at end-September 2015 and more than 18% higher in the space of four years.

The Group is continuing with the transformation of its resolutely customer-focused business model, by boosting synergies between the businesses, maintaining strict cost discipline and enhanced risk control in order to improve its profitability and finance its development.

## 8. 2016-2017 FINANCIAL CALENDAR

### *2016-2017 financial communication calendar*

February 9th, 2017	Fourth quarter and FY 2016 results
May 4th, 2017	First quarter 2017 results
August 2nd, 2017	Second quarter and first half 2017 results
November 3rd, 2017	Third quarter and nine months 2017 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

	9M 16	9M 15	Change		Q3 16	Q3 15	Change	
In M EUR								
Net banking income	19,169	19,586	-2.1%	-1.1%*	6,010	6,364	-5.6%	-5.1%*
Operating expenses	(12,419)	(12,544)	-1.0%	+0.2%*	(4,016)	(3,978)	+1.0%	+2.0%*
<b>Gross operating income</b>	<b>6,750</b>	<b>7,042</b>	<b>-4.1%</b>	<b>-3.4%*</b>	<b>1,994</b>	<b>2,386</b>	<b>-16.4%</b>	<b>-16.6%*</b>
Net cost of risk	(1,605)	(1,908)	-15.9%	-13.3%*	(417)	(571)	-27.0%	-26.4%*
<b>Operating income</b>	<b>5,145</b>	<b>5,134</b>	<b>+0.2%</b>	<b>+0.1%*</b>	<b>1,577</b>	<b>1,815</b>	<b>-13.1%</b>	<b>-13.5%*</b>
Net profits or losses from other assets	50	(42)	n/s	n/s	62	(1)	n/s	n/s
Net income from companies accounted for by the equity method	101	166	-39.2%	+3.1%*	33	56	-41.1%	-8.3%*
Impairment losses on goodwill	0	0	n/s	n/s	0	0	n/s	n/s
Income tax	(1,461)	(1,596)	-8.5%	-8.3%*	(450)	(629)	-28.5%	-29.0%*
<b>Net income</b>	<b>3,835</b>	<b>3,662</b>	<b>+4.7%</b>	<b>+6.4%*</b>	<b>1,222</b>	<b>1,241</b>	<b>-1.5%</b>	<b>-0.3%*</b>
O.w. non-controlling interests	351	317	+10.7%	+10.9%*	123	115	+7.0%	+7.5%*
<b>Group net income</b>	<b>3,484</b>	<b>3,345</b>	<b>+4.2%</b>	<b>+6.0%*</b>	<b>1,099</b>	<b>1,126</b>	<b>-2.4%</b>	<b>-1.1%*</b>
Tier 1 ratio at the end of period	14.3%	13.2%			14.3%	13.2%		

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

### Group Net Income After Tax By Core Business

In M EUR	9M 16	9M 15	Change	Q3 16	Q3 15	Change
<b>French Retail Banking</b>	1,084	1,120	-3.2%	353	416	-15.1%
<b>International Retail Banking and Financial Services</b>	1,193	819	+45.7%	457	350	+30.6%
<b>Global Banking and Investor Solutions</b>	1,371	1,564	-12.3%	469	330	+42.1%
<b>Core Businesses</b>	3,648	3,503	+4.1%	1,279	1,096	+16.7%
<b>Corporate Centre</b>	(164)	(158)	n/s	(180)	30	n/s
<b>Group</b>	3,484	3,345	+4.2%	1,099	1,126	-2.4%



### Consolidated Balance Sheet

<b>Assets - in EUR bn</b>	<b>30.09.2016</b>	<b>31.12.2015</b>
Cash, due from central banks	86.6	78.6
Financial assets measured at fair value through profit and loss	542.3	519.3
Hedging derivatives	23.1	16.5
Available-for-sale financial assets	141.8	134.2
Due from banks	64.3	71.7
Customer loans	423.1	405.3
Revaluation differences on portfolios hedged against interest rate risk	3.1	2.7
Held-to-maturity financial assets	3.8	4.0
Tax assets	6.3	7.4
Other assets	82.7	69.4
Non-current assets held for sale	0.8	0.2
Investments in subsidiaries and affiliates accounted for by the equity method	1.2	1.4
Tangible and intangible fixed assets	21.1	19.4
Goodwill	4.6	4.4
<b>Total</b>	<b>1,404.9</b>	<b>1,334.4</b>

<b>Liabilities - in EUR bn</b>	<b>30.09.2016</b>	<b>31.12.2015</b>
Due to central banks	5.1	7.0
Financial liabilities measured at fair value through profit and loss	497.0	455.0
Hedging derivatives	13.1	9.5
Due to banks	80.0	95.5
Customer deposits	406.0	379.6
Securitised debt payables	95.7	106.4
Revaluation differences on portfolios hedged against interest rate risk	11.2	8.1
Tax liabilities	1.4	1.6
Other liabilities	96.4	83.1
Non-current liabilities held for sale	1.0	0.5
Underwriting reserves of insurance companies	113.0	107.3
Provisions	5.7	5.2
Subordinated debt	14.8	13.0
Shareholders' equity	60.9	59.0
Non-controlling Interests	3.7	3.6
<b>Total</b>	<b>1,404.9</b>	<b>1,334.4</b>

NB. Customer loans include lease financing.

## **10. APPENDIX 2: METHODOLOGY**

### **1 – The Group’s consolidated results as at September 30th, 2016 were examined by the Board of Directors on November 2nd, 2016.**

The financial information presented in respect of Q3 and the nine-month period ended September 30th, 2016 has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date, and has not been audited.

Note that the data for the 2015 financial year have been restated due to modifications to the rules for calculating normative capital allocation (based on 11% of RWA – risk-weighted assets – since January 1st, 2016 vs. 10% previously).

### **2 – Net banking income**

The pillars’ net banking income is defined on page 39 of Societe Generale’s 2016 Registration Document. The terms “Revenues” or “Net Banking Income” are used interchangeably. They provide a normalised measure of each pillar’s net banking income taking into account the normative capital mobilised for its activity.

### **3 – Operating expenses**

**Operating expenses** correspond to the “Operating Expenses” as presented in note 8.1 to the Group’s consolidated financial statements as at December 31st, 2015 (pages 361 et seq. of Societe Generale’s 2016 Registration Document). The term “costs” is also used to refer to Operating Expenses.

The **Cost/Income Ratio** is defined on page 488 of Societe Generale’s 2016 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 the operating expenses for the different divisions and the Group for the first nine months of 2016 are reiterated below:

In EUR m	French Retail Banking		International Retail Banking and Financial Services		Global Banking and Investor Solutions		Corporate Centre		Group	
	9M 16	9M 15	9M 16	9M 15	9M 16	9M 15	9M 16	9M 15	9M 16	9M 15
<b>Total IFRIC 21 Impact - costs</b>	-85	-62	-126	-116	-261	-188	-49	-37	-523	-403
<i><b>o/w Resolution Funds</b></i>	-34	-20	-34	-18	-160	-102	-5	-2	-232	-141

## 5 – Restatements and other significant items for the period

**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, are provided below, given that, in the tables below, the items marked with an asterisk (\*) are the non-economic items.

### In EUR m

Q3 16	Net Banking Income	Operating Expenses	Others	Cost of Risk	Group Net Income	
Revaluation of own financial liabilities*	(237)				(155)	Corporate Centre
Accounting impact of DVA*	(4)				(3)	Group
Provision PEL/CEL	(17)				(11)	French Retail Banking

### In EUR m

Q3 15	Net Banking Income	Operating Expenses	Others	Cost of Risk	Group Net Income	
Revaluation of own financial liabilities*	447				293	Corporate Centre
Accounting impact of DVA*	(109)				(71)	Group
Provision PEL/CEL	(8)				(5)	French Retail Banking

In EUR m

9M 16	Net Banking Income	Operating Expenses	Others	Cost of Risk	Group Net Income	
Revaluation of own financial liabilities*	(304)				(199)	Corporate Centre
Accounting impact of DVA*	(3)				(2)	Group
Euribor fine refund		218			218	Global Banking and Investor Solutions
Capital gain on Visa disposal	725				662	Corporate Centre
Provision for disputes				(200)	(200)	Corporate Centre
Provision PEL/CEL	(27)				(18)	French Retail Banking

In EUR m

9M 15	Net Banking Income	Operating Expenses	Others	Cost of Risk	Group Net Income	
Revaluation of own financial liabilities*	821				538	Corporate Centre
Accounting impact of DVA*	(105)				(69)	Group
Provision for disputes				(200)	(200)	Corporate Centre
Provision PEL/CEL	(83)				(51)	French Retail Banking

\* *Non economic 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 39 and 488 of Societe Generale's 2016 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

		Q3 16	Q3 15	9M 16	9M 15
<b>French Retail Banking</b>	Net Cost of Risk (EUR m)	172	194	495	574
	Gross loan outstandings (EUR m)	189,232	183,846	188,244	180,299
	<b>Cost of Risk in bp</b>	<b>36</b>	<b>42</b>	<b>35</b>	<b>42</b>
<b>International Retail Banking and Financial Services</b>	Net Cost of Risk (EUR m)	201	265	602	883
	Gross loan outstandings (EUR m)	120,348	115,870	117,656	115,985
	<b>Cost of Risk in bp</b>	<b>67</b>	<b>91</b>	<b>68</b>	<b>101</b>
<b>Global Banking and Investor Solutions</b>	Net Cost of Risk (EUR m)	36	61	280	134
	Gross loan outstandings (EUR m)	156,888	142,614	146,276	134,555
	<b>Cost of Risk in bp</b>	<b>9</b>	<b>17</b>	<b>26</b>	<b>13</b>
<b>Societe Generale Group</b>	Net Cost of Risk (EUR m)	409	519	1 367	1 590
	Gross loan outstandings (EUR m)	479,068	455,131	464,323	440,208
	<b>Cost of Risk in bp</b>	<b>34</b>	<b>46</b>	<b>39</b>	<b>48</b>

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 40 of Societe Generale's 2016 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 39 of Societe Generale's Registration Document. Data relating to the 2015 financial year have been adjusted to take account of the allocation principle in force since January 1st, 2016, based on 11% of the businesses' risk-weighted assets.

### 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:

<i>End of period</i>	<b>9M 16</b>	<b>2015</b>	<b>9M 15</b>
<b>Shareholders' equity Group share</b>	<b>60,886</b>	<b>59,037</b>	<b>57,906</b>
Deeply subordinated notes	(10,232)	(9,552)	(9,365)
Undated subordinated notes	(372)	(366)	(357)
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	(178)	(146)	(162)
Unrealised gains/losses booked under shareholders' equity, excluding conversion reserves	(1,493)	(1,582)	(1,176)
Dividend provision	(1,675)	(1,593)	(1,285)
<b>ROE equity</b>	<b>46,936</b>	<b>45,798</b>	<b>45,561</b>
<b>Average ROE equity</b>	<b>46,253</b>	<b>44,889</b>	<b>44,625</b>

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”. The calculation carried out is presented in methodology note No. 9 “Calculation of Earnings Per Share”

#### **RONE calculation: Average capital allocated to Core Businesses (in EUR m)**

	<b>Q3 16</b>	<b>Q3 15</b>	<b>9M 16</b>	<b>9M 15</b>
<b>French Retail Banking</b>	<b>10,915</b>	10,697	<b>10,542</b>	10,714
<b>International Retail Banking and Financial Services</b>	<b>10,887</b>	10,425	<b>10,625</b>	10,396
<b>Global Banking and Investor Solutions</b>	<b>15,082</b>	16,477	<b>15,342</b>	16,140

**8 – Net assets and tangible net assets** are defined in the methodology, page 40 of the Group's 2016 Registration Document ("Net Assets"). The items used to calculate them are presented below.

<i>End of period</i>	<b>9M 16</b>	<b>2015</b>	<b>9M 15</b>
<b>Shareholders' equity Group share</b>	<b>60,886</b>	<b>59,037</b>	<b>57,906</b>
Deeply subordinated notes	(10,232)	(9,552)	(9,365)
Undated subordinated notes	(372)	(366)	(357)
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	(178)	(146)	(162)
Bookvalue of own shares in trading portfolio	47	125	136
<b>Net Asset Value</b>	<b>50,151</b>	<b>49,098</b>	<b>48,158</b>
Goodwill	4,798	4,533	5,158
<b>Net Tangible Asset Value per Share</b>	<b>45,353</b>	<b>44,565</b>	<b>43,000</b>
<b>Number of shares used to calculate NAPS**</b>	<b>799,217</b>	<b>796,726</b>	<b>796,548</b>
<b>NAPS** (in EUR)</b>	<b>62.8</b>	<b>61.6</b>	<b>60.5</b>
<b>Net Tangible Asset Value per Share (EUR)</b>	<b>56.7</b>	<b>55.9</b>	<b>54.0</b>



## 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 40 of Societe Generale's 2016 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 40 of Societe Generale's 2016 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)	9M 16	2015	9M 15
<b>Existing shares</b>	<b>807,188</b>	<b>805,950</b>	<b>805,877</b>
<b>Deductions</b>			
Shares allocated to cover stock option plans and free shares awarded to staff	4,116	3,896	3,918
Other ownshares and treasury shares	4,478	9,551	10,511
<b>Number of shares used to calculate EPS</b>	<b>798,594</b>	<b>792,503</b>	<b>791,448</b>
<b>Group net income</b>	<b>3,484</b>	<b>4,001</b>	<b>3,345</b>
Interest, net of tax on deeply subordinated notes and undated subordinated notes	(337)	(442)	(323)
Capital gain net of tax on partial buybacks	0	0	0
<b>Adjusted Group net income</b>	<b>3,147</b>	<b>3,559</b>	<b>3,022</b>
<b>EPS (in EUR)</b>	<b>3.94</b>	<b>4.49</b>	<b>3.82</b>
<b>EPS* (in EUR)</b>	<b>4.19</b>	<b>3.94</b>	<b>3.23</b>

**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](http://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 accompany 31 million clients throughout the world on a daily basis. 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 omnichannel 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 included in the main socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (Europe, Eurozone and France), Ethibel ESI Excellence (Europe) and 4 of the STOXX ESG Leaders indices.

---

FOR MORE INFORMATION, YOU CAN FOLLOW US ON:

**[www.societegenerale.com](http://www.societegenerale.com)**



[@SocieteGenerale](https://twitter.com/SocieteGenerale)  
[https://twitter.com/  
SocieteGenerale](https://twitter.com/SocieteGenerale)



[http://www.linkedin.com/  
company/societe-generale](http://www.linkedin.com/company/societe-generale)



[https://www.youtube.com/  
user/societegenerale](https://www.youtube.com/user/societegenerale)