SOCIETE GENERALE

PRESS RELEASE

QUARTERLY FINANCIAL INFORMATION

Paris, February 8th, 2018

Q4 17: GOOD PERFORMANCE BY ALL THE BUSINESSES, NET INCOME MARKED BY EXCEPTIONAL ITEMS

2017: INCREASE IN UNDERLYING PROFITABILITY

Highlights

Good revenue performance by the businesses in a mixed environment (2017 underlying net banking income[(1)] +0.5% vs. 2016):

- Good commercial momentum in French Retail Banking against a backdrop of low interest rates;
- Record contribution from International Retail Banking & Financial Services;
- Resilient performance from Global Banking & Investor Solutions.

Cost discipline maintained throughout the Group (underlying operating expenses[(1)] +1.5% vs. 2016)

Very low cost of risk (19bp in 2017 vs. 37bp in 2016) confirming the quality of the asset portfolio

Improvement in the Group's profitability (2017 underlying ROTE[(1)] 9.6% vs. 9.3% in 2016)

2017 dividend of EUR 2.20 per share proposed to the General Meeting

Financial data

Q4 2017
Revenues[(1)]: EUR 6,228m (+0.8% vs. Q4 16)
Operating expenses[(1)]: EUR -4,586m (+3.1% vs. Q4 16)
Underlying net income[(1)]: EUR 877m (-24.1% vs. Q4 16)
Book net income: EUR 69m
CET1 ratio: 11.4% at December 31st, 2017

Full-year 2017
Revenues[(1)]: EUR 25,062m (+0.5% vs. 2016)
Operating expenses[(1)]: EUR -17,243m (+1.5% vs. 2016)
Underlying net income[(1)]: EUR 4,491m (+8.4% vs. 2016)
Book net income: EUR 2,806m
ROTE[(1)]: 9.6% at December 31st, 2017

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

"2017 was another important and positive milestone in the Group's transformation: ongoing adaptation of the business model, strengthening of the businesses' innovation capacity, definition of the new strategic plan "Transform to Grow", implementation of a new more agile organisation. In addition to the impacts of a number of exceptional items, the 2017 financial results reflect the healthy commercial momentum of all our businesses, the disciplined management of our costs and risks and the improvement in our underlying profitability.

We are starting 2018 with confidence, sustained by the ambition to seize the growth opportunities of our activities, in an economic and financial environment that should gradually be more favourable. We will focus on the disciplined execution of the first year of our new strategic plan. With globally recognised expertise, the exceptional commitment of our teams and a solid balance sheet, we are resolutely aiming to be a trusted partner of our customers, deeply involved in the positive transformation of our societies and economies."

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

Societe Generale's Board of Directors, which met on February 7th, 2018 under the chairmanship of Lorenzo Bini Smaghi, examined the results for Q4 and approved the results for full-year 2017.

The Societe Generale Group generated **book Group net income** of EUR 2,806 million in 2017 vs. EUR 3,874 million in 2016. Book Group net income amounted to EUR 69 million in Q4 17 vs. EUR 390 million in Q4 16.

This result was impacted by several exceptional items in Q4 2017: the expense related to the acceleration in the adaptation of French Retail Banking networks, the effects of the tax reforms in France and the United States, a tax rectification proposal following the tax control by the French authorities, the "Image Chèque" (interbank cheque fee system) fine and an additional allocation to the provision for disputes.

When corrected for the impact of these exceptional items, non-economic items and the linearisation over the year of the IFRIC 21 charge recorded in Q1 2017, **underlying Group net income** totalled EUR 877 million in Q4 2017 (EUR 1,156 million in Q4 2016). Underlying Group net income amounted to EUR 4,491 million in 2017 (EUR 4,145 million in 2016), up 8.4%. Underlying ROE stood at 8.3% in 2017 vs. 7.9% in 2016. Underlying ROTE stood at 9.6% in 2017 vs. 9.3% in 2016

Book net banking income totalled EUR 6,323 million in Q4 2017 (EUR 6,129 million in Q4 2016) and EUR 23,954 million in 2017 (EUR 25,298 million in 2016). **Underlying net banking income** amounted to EUR 6,228 million in Q4 2017 (up +0.8% vs. Q4 2016) and EUR 25,062 million in 2017 (up +0.5% vs. 2016).

In Q4 2017, French Retail Banking revenues were slightly lower against a backdrop of low interest rates, International Retail Banking & Financial Services' revenues continued to grow, driven by an excellent commercial momentum, while Global Banking & Investor Solutions' revenues proved resilient in a sluggish market environment still characterised by historically low volatility levels.

Operating expenses were higher in Q4 2017 (+14.2%) at EUR -5,024 million (EUR -4,398 million in Q4 2016). They totalled EUR -17,838 million in 2017 vs. EUR -16,817 million in 2016. When restated for exceptional items and the effect of the linearisation of IFRIC 21, underlying operating expenses were up +3.1% in Q4 2017 and +1.5% in 2017. The Group continued to invest in its digital transformation and the growth of its businesses, while continuing to rigorously control costs.

The decline in the net cost of risk (excluding the variation in the provision for disputes) observed in previous quarters continued, against the backdrop of an improvement in the Group's risk profile. It amounted to EUR -269 million in Q4 2017, an improvement vs. Q4 2016 (EUR -336 million). The net cost of risk (excluding the variation in the provision for disputes) amounted to EUR -949 million in 2017, significantly lower than in 2016 (EUR -1,741 million). The provision for disputes was the subject of an additional allocation of EUR -200 million in Q4 17 and now totals EUR 2.32 billion.

The Common Equity Tier 1 (fully-loaded CET1) ratio was 11.4% at December 31st, 2017 (11.5% at December 31st, 2016). Earnings per share, excluding non-economic items, amounts to EUR 2.98 at end-December 2017 (EUR 4.55 at end-December 2016).

1. GROUP CONSOLIDATED RESULTS

In EUR m	Q4 17	Q4 16	Change	2017	2016	Change
Net banking income	**6,323**	**6,129**	***+3.2%***	**23,954**	**25,298**	***-5.3%***
Net banking income(1)	*6,228*	*6,177*	*+0.8%*	*24,011*	*25,653*	*-6.4%*
Operating expenses	(5,024)	(4,398)	*+14.2%*	(17,838)	(16,817)	*+6.1%*
Gross operating income	**1,299**	**1,731**	***-25.0%***	**6,116**	**8,481**	***-27.9%***
Gross operating income(1)	*1,204*	*1,779*	*-32.3%*	*6,173*	*8,836*	*-30.1%*
Net cost of risk	(469)	(486)	*-3.5%*	(1,349)	(2,091)	*-35.5%*
Operating income	**830**	**1,245**	***-33.3%***	**4,767**	**6,390**	***-25.4%***
Operating income(1)	*735*	*1,293*	*-43.2%*	*4,824*	*6,745*	*-28.5%*
Net profits or losses from other assets	(39)	(262)	*+85.1%*	278	(212)	*n/s*
Income tax	(558)	(508)	*+9.8%*	(1,708)	(1,969)	*-13.3%*
Reported Group net income	**69**	**390**	***-82.3%***	**2,806**	**3,874**	***-27.6%***
Group net income(1)	*3*	*421*		*2,848*	*4,107*	
Underlying Group net income(2)	**877**	**1,156**	***-24.1%***	**4,491**	**4,145**	***+8.4%***
Underlying ROE(2)	**6.3%**	**8.6%**		**8.3%**	**7.9%**	
Underlying ROTE(2)	**7.4%**	**10.9%**		**9.6%**	**9.3%**	

(1) Adjusted for revaluation of own financial liabilities and DVA
(2) Adjusted for non-economic and exceptional items and IFRIC 21. See methodology notes.

Net banking income

The Group's book net banking income was up 3.2% at EUR 6,323 million in Q4 17 (EUR 6,129 million in Q4 16). Underlying net banking income increased by 0.8% to EUR 6,228 million in Q4 17 vs. EUR 6,177 million in Q4 16.

The Group's book net banking income totalled EUR 23,954 million in 2017, down -5.3% vs. 2016. It includes several exceptional items: in 2017, the impact of the LIA settlement (EUR -963 million) and the adjustment of hedging costs in French Retail Banking (EUR -88 million) and, in 2016, the capital gain on the disposal of Visa shares for EUR 725 million. When restated for these items, underlying net banking income increased by 0.5% to EUR 25,062 million in 2017 vs. EUR 24,928 million in 2016.

- French Retail Banking's net banking income was slightly lower in Q4 17 (-1.0% excluding PEL/CEL provision). Commissions enjoyed another strong quarter, increasing +4.1% in Q4 17, whereas net interest income was down -4.6% in Q4 17. Net banking income fell -2.9% in 2017, excluding PEL/CEL provision. In a low interest rate environment, French Retail Banking fostered the development of its growth drivers and fee-generating activities.

- International Retail Banking & Financial Services' net banking income rose +6.6% (+6.2%*) in 2017 and +7.9% (+8.3%*) in Q4 17, still driven by the very good commercial momentum in all businesses and geographical regions. As a result, in 2017, net banking income increased by +5.2% (+7.1%*) for International Retail Banking, +12.0% (+6.6%*) for the Insurance business and +7.5% (+3.5%*) for Financial Services to Corporates.

- Global Banking & Investor Solutions' revenues declined by -4.9% in Q4 17. Net banking income was down -4.5% in 2017. Global Markets and Investor Services proved resilient in Q4 17 despite the persistence of historically low volatility. Financing & Advisory revenues were down -10.7% vs. Q4 16. In Asset and Wealth Management, net banking income was down -3.9%.

The accounting impact of the revaluation of the Group's own financial liabilities was EUR +93 million in Q4 17 (EUR -50 million in Q4 16). The DVA impact was EUR +2 million in Q4 17 (EUR +2 million in Q4 16). The accounting impact of the revaluation of the Group's own financial liabilities was EUR -53 million in 2017 (EUR -354 million in 2016). The DVA impact was EUR -4 million in 2017 (EUR -1 million in 2016). These two factors constitute the restated non-economic items in the analyses of the Group's results.

Operating expenses

The Group's operating expenses amounted to EUR -5,024 million in Q4 17, up 14.2% vs. Q4 16, and were impacted by three exceptional items during the quarter:

- the exceptional expense related to the acceleration in the adaptation of French Retail Banking networks, amounting to EUR -390 million,

- the expense related to the receipt of a tax rectification proposal following the tax control by the French authorities regarding various operating taxes, amounting to EUR -145 million,

- the charge related to the consequences of the judgment of the Paris Court of Appeal of December 21st, 2017 confirming the fine regarding the dematerialisation of cheque processing, amounting to EUR -60 million.

When restated for these items and the effect of the linearisation of IFRIC 21, underlying operating expenses were up 3.1% at EUR -4,586 million.

Underlying operating expenses totalled EUR -17,243 million in 2017 vs. EUR -16,988 million in 2016, representing a limited increase of +1.5%.

The increase reflects investments in the growth of International Retail Banking & Financial Services, the effects of rigorous cost control in Global Banking & Investor Solutions as well as investments in the transformation of French Retail Banking's business model.

Gross operating income

The Group's book gross operating income totalled EUR 1,299 million in Q4 17 (EUR 1,731 million in Q4 16) and EUR 6,116 million in 2017 (EUR 8,481 million in 2016).

The Group's underlying gross operating income amounted to EUR 1,642 million in Q4 17 (EUR 1,731 million in Q4 16) and EUR 7,819 million in 2017 (EUR 7,940 million in 2016).

Cost of risk

The Group's net cost of risk, excluding the variation in the provision for disputes, remained at a low level in Q4 17 (EUR -269 million vs. EUR -336 million in Q4 16). It amounted to EUR -949 million in 2017, substantially lower than in 2016 (EUR -1,741 million), confirming the improvement in the Group's risk profile and the economic environment.

The provision for disputes totalled EUR 2.32 billion at end-2017 following an additional allocation of EUR -200 million in Q4 17.

The commercial cost of risk (expressed as a fraction of outstanding loans) continued to decline, to 22 basis points in Q4 17 (vs. 30 basis points in Q4 16). The commercial cost of risk amounted to 19 basis points in 2017, substantially lower than in 2016 (37 basis points).

- In French Retail Banking, the commercial cost of risk amounted to 37 basis points in Q4 17 (39 basis points in Q4 16) in an improved economic environment in France. It amounted to 30 basis points in 2017 vs. 36 basis points in 2016.

- International Retail Banking & Financial Services' cost of risk was lower, at 34 basis points vs. 53 basis points in Q4 16. The cost of risk amounted to 29 basis points in 2017 vs. 64 basis points in

2016. In an improved macro-economic environment, the Group continued with its risk management efforts.

- Global Banking & Investor Solutions' cost of risk amounted to -9 basis points in Q4 17 (3 basis points in Q4 16). The cost of risk amounted to -1 basis point in 2017 vs. 20 basis points in 2016.

The Group is expecting a commercial cost of risk of between 25 and 30 basis points for 2018.

The gross doubtful non-performing loans ratio was lower, at 4.4% at end-December 2017 (vs. 5.0% at end-December 2016). The Group's gross doubtful loans coverage ratio stood at 61% (vs. 64% at end-December 2016).

Operating income

Book Group operating income totalled EUR 830 million in Q4 17 (EUR 1,245 million in Q4 16) and EUR 4,767 million in 2017 (EUR 6,390 million in 2016).

Underlying operating income amounted to EUR 1,373 million in Q4 17 (EUR 1,395 million in Q4 16) and EUR 6,870 million in 2017 (EUR 6,199 million in 2016), up +10.8% vs. 2016.

Net income

In EUR m	Q4 17	Q4 16	2017	2016
Reported Group net income	69	390	2,806	3,874
Group net income(1)	3	421	2,848	4,107
Underlying Group net income(2)	877	1,156	4,491	4,145

	Q4 17	Q4 16	2017	2016
Underlying ROE(2)	6.3%	8.6%	8.3%	7.9%
Underlying ROTE(2)	7.4%	10.9%	9.6%	9.3%

(1) Adjusted for revaluation of own financial liabilities and DVA
(2) Adjusted for non-economic and exceptional items and IFRIC 21. See methodology notes.

Net income for Q4 17 includes an exceptional expense of EUR -416 million, the impact of the tax reforms in France and the United States.

- In France, the impact of all the tax measures (refund of the 3% additional contribution, creation of the exceptional surtax and decline in the corporate tax rate between now and 2022) amounts to EUR -163 million.

- In the United States, the decline in the federal corporate tax rate results in the recognition of an expense of EUR -253 million.

Earnings per share amounts to EUR 2.92 in 2017 (EUR 4.26 in 2016). When adjusted for non-economic items, EPS is EUR 2.98 in 2017 (EUR 4.55 in 2016).

On this basis, the Board of Directors has decided to propose the payment of a dividend of EUR 2.20 per share to the General Meeting of Shareholders. This will be detached on May 30th, 2018 and paid on June 1st, 2018.

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 59.4 billion at December 31st, 2017 (EUR 62.0 billion at December 31st, 2016). Net asset value per share was EUR 63.22 including EUR 1.29 of unrealised capital gains. Tangible net asset value per share was EUR 56.78(1).

The **consolidated balance sheet** totalled EUR 1,275 billion at December 31st, 2017 (EUR 1,354 billion at December 31st, 2016(2)). The net amount of customer loan outstandings, including lease financing, was EUR 404 billion at December 31st, 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 394 billion, vs. EUR 397 billion at December 31st, 2016 (excluding assets and securities sold under repurchase agreements).

At December 31st, 2017, Societe Generale SA had issued EUR 30 billion of medium/long-term debt, having an average maturity of 4.5 years and an average spread of 16.4 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 5 billion. At December 31st, 2017, the Group had issued a total of EUR 35 billion of medium/long-term debt. The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 116% at end-December 2017.

The Group's **risk-weighted assets** (RWA) amounted to EUR 353.3 billion at December 31st, 2017 (vs. EUR 355.5 billion at end-December 2016). Risk-weighted assets in respect of credit risk represent 82.0% of the total, at EUR 289.5 billion, down -1.6% vs. December 31st, 2016.

At December 31st, 2017, the Group's fully-loaded **Common Equity Tier 1** ratio stood at 11.4%(3) (11.5% at end-December 2016), down 13 basis points vs. end-December 2016. The Tier 1 ratio stood at 14.3% at end-December 2017 (14.5% at end-December 2016) and the total capital ratio amounted to 17.6%.

With a level of 21.4% of RWA and 6.6% of leveraged exposure at end-December 2017, the Group's TLAC ratio is already above the FSB's requirements for 2019.

The **leverage ratio** stood at 4.3% at December 31st, 2017 (4.2% at end-December 2016, 4.2% at end-June 2017).

Concerning the implementation of IFRS 9, the anticipated impact of first-time adoption on January 1st, 2018 is around 15 basis points on the CET1 ratio.

Concerning the finalisation of Basel III, and following the December agreement, a number of items still need to be clarified. At this stage, the Group believes that the impact of this agreement is likely to be an increase of around EUR 38 billion in risk-weighted assets in respect of credit and operational risks, based on the balance sheet and income statement at December 31st, 2016. This estimate does not take account of the impact on market risks (FRTB), whose calibration is currently under review, or the effect of adjustment measures and procedures for transposition into European law. The Group believes that there will be no output floor impact before 2027.

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 senior unsecured preferred rating raised on September 28th 2017 to "A+" with a stable outlook; short-term rating: "F1" and long-term Derivative Counterparty Rating at "A(dcr)"), Moody's (long-term deposit and senior unsecured 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 long-term Counterparty Risk Assessment of "A" and short-term Counterparty Risk Assessment of "A-1"), R&I (long-term rating: "A" with a stable outlook).

(1) EUR 54.36 according to new methodology. See: Methodology

(2) Amount restated in relation to the financial statements published in 2016, following the modification of the presentation of options premiums payable and receivable

(3) The phased-in ratio stood at 11.6% at end-December 2017, vs. 11.8% at end-December 2016.

3. FRENCH RETAIL BANKING

In EUR m	Q4 17	Q4 16	Change	2017	2016	Change
Net banking income	**2,084**	**2,177**	***-4.3%***	**8,131**	**8,403**	***-3.2%***
Net banking income excl. PEL/CEL	*2,069*	*2,090*	*-1.0%*	*8,099*	*8,343*	*-2.9%*
Operating expenses	(1,882)	(1,411)	***+33.4%***	(6,108)	(5,522)	***+10.6%***
Gross operating income	**202**	**766**	***-73.6%***	**2,023**	**2,881**	***-29.8%***
Gross operating income excl. PEL/CEL	*187*	*679*	*-72.4%*	*1,991*	*2,821*	*-29.4%*
Net cost of risk	(184)	(182)	*+1.1%*	(567)	(704)	*-19.5%*
Operating income	18	584	*-96.9%*	1,456	2,177	*-33.1%*
Reported Group net income	**22**	**402**	*-94.5%*	**1,010**	**1,486**	*-32.0%*
RONE	**0.8%**	**14.8%**		**9.1%**	**14.0%**	
Underlying RONE (1)	**11.8%**	**12.2%**		**12.5%**	**13.6%**	

(1) Adjusted for IFRIC 21, PEL/CEL provision, adjustment of hedging costs in Q3 17, the exceptional expense in respect of the acceleration in the transformation of the French networks and the "Echange Image Chèque" fine in Q4 17.

2017 was marked by a persistently low interest rate environment and by the acceleration in the transformation of the French networks. Against this backdrop, French Retail Banking maintained a healthy commercial momentum and a satisfactory level of profitability.

Activity and net banking income

French Retail Banking's three brands, Societe Generale, Crédit du Nord and Boursorama, continued their commercial expansion, particularly for their growth drivers.

In the business segment, French Retail Banking entered into relationships with approximately 4,500 new companies in 2017 (+1.0% vs. 2016), thanks to various initiatives, in particular SG Entrepreneurs, which aims to offer a comprehensive range of products and services to entrepreneurs.

In the professional client segment, onboarding remains dynamic (1.4% increase in 2017). As part of the rollout of the new "Pro Corners" ("*Espaces Pro*") model nationwide, Societe Generale already opened three new "XL Pro Corners" in 2017 in order to offer its professional clients greater proximity and more expertise. It plans to open six in 2018.

At the same time, there has been a particular focus on mass affluent and wealthy clients (the number of clients increased by +4.7% in 2017 for the Societe Generale and Crédit du Nord networks).

Finally, Boursorama saw the number of its customers increase by 30% vs. 2016 to 1.3 million customers at end-2017, strengthening its position as the leading online bank in France.

In a low interest rate environment, the Group decided to be selective in terms of origination in order to protect the level of margins and its risk appetite.

French Retail Banking's housing loan production enjoyed robust growth in 2017 (+21% to EUR 22.0 billion), while home loan outstandings increased by +2.2% (to EUR 94.8 billion). Corporate investment loan production was up +18% year-on-year (at EUR 11.2 billion), reflecting the healthy economic environment and the dynamism of the teams. Average investment loan outstandings rose +1.8% vs. 2016.

Overall, average loan outstandings increased by +1.4% vs. 2016, to EUR 185.8 billion.

Average outstanding balance sheet deposits came to EUR 195.3 billion in 2017. They were up +6.6%, driven by sight deposits (+16.1%), particularly in the business segment. As a result, the average loan/deposit ratio stood at 95% in 2017 (vs. 100% on average in 2016).

Retail Banking's growth drivers enjoyed a healthy momentum, thereby boosting the contribution of fee-generating activities.

Assets under management for Private Banking in France were up +5.5% in 2017 (at EUR 62.2 billion), while average life insurance outstandings were up +2.0% (at EUR 92.0 billion), with an increase in the proportion of unit-linked products to 22% (+3 points vs. 2016).

Net banking income (after neutralising the impact of PEL/CEL provisions) amounted to EUR 2,069 million in Q4 17, down -1.0%, due primarily to the contraction in net interest income.

Net interest income was down -4.6% in Q4 17, penalised by the negative interest rate environment on the re-investment of deposits and mortgage renegotiation trends. Note, however, further confirmation of the normalisation of the renegotiation trend.

Conversely, commissions were up +4.1% reflecting the gradual transformation of the business model and the increased momentum of growth drivers. Commissions represented around 44% of income in 2017 (excluding the impact of adjustments in hedging costs in Q3 17) vs. 40% in 2014.

Still buoyant brokerage and life insurance activities, particularly for unit-linked contracts, resulted in a sharp rise in financial commissions (+27.3% in Q4 17 and +21.3% in 2017). The increase also reflects Antarius' contribution, after the Group acquired total control of the company. Service commissions were stable (-2.0% in Q4 17 and stable in 2017) especially for business customers.

Net banking income (after neutralising the impact of PEL/CEL provisions) came to EUR 8,099 million in 2017, down -2.9% (-1.9% excluding the adjustment of hedging costs recorded in Q3 17), in accordance with expectations.

For 2018, the Group expects the full-year revenues of French Retail Banking to stabilise.

Operating expenses

At end-November 2017, the Group announced a new plan for the reorganisation of the French Retail Banking networks. This will lead to around 900 job cuts in addition to the 2,550 already announced at the beginning of 2016, taking the total number to around 3,450 by 2020. This reorganisation, together with the accelerated overhaul of certain compliance systems, resulted in the Group booking an exceptional expense of EUR -390 million in the Q4 17 accounts.

Operating expenses for Q4 17 include an exceptional item relating to the booking of a charge following the judgment of the Paris Court of Appeal of December 21st, 2017 confirming the fine related to the litigation on the dematerialisation of cheque processing, amounting to EUR -60 million.

French Retail Banking's operating expenses totalled EUR -1,882 million. When restated for exceptional items, they rose +1.5% vs. Q4 16, in line with the acceleration of digital transformation investments and the development of growth drivers.

Operating expenses increased by +2.5%, excluding exceptional items, in 2017. On this same basis, the cost to income ratio stood at 69.1% in 2017. As part of its transformation plan, the Group closed more than 100 branches in France in 2017.

Operating income

The net cost of risk was slightly higher (+1.1%) in Q4 17 than in Q4 16. The net cost of risk decreased by -19.5% in 2017 vs. 2016 and amounted to 30 basis points.

Operating income totalled EUR 18 million in Q4 17 (EUR 584 million in Q4 16) and EUR 1,456 million in 2017 (EUR 2,177 million in 2016).

Contribution to Group net income

French Retail Banking's contribution to Group net income amounted to EUR 22 million in Q4 17 (EUR 402 million in Q4 16) and EUR 1,010 million in 2017 (EUR 1,486 million in 2016).

The pillar reported resilient profitability against a backdrop of low interest rates and transformation: when restated for exceptional items, the linearisation of the IFRIC 21 charge and the PEL/CEL provision, RONE was 11.8% in Q4 17 (vs. 12.2% in Q4 16) and 12.5% in 2017 (13.6% in 2016).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

The pillar's net banking income totalled EUR 8,070 million in 2017, up +6.6% vs. 2016, driven by a healthy commercial momentum in all regions and businesses. Operating expenses remained under control and amounted to EUR -4,474 million (+4.7%) over the same period, resulting in a cost to income ratio of 55.4% in 2017. Gross operating income totalled EUR 3,596 million (+9.0%) in 2017. There was a significant improvement in the net cost of risk to EUR -400 million in 2017 (down -48.7%), following the improvement in the macroeconomic environment, risk management efforts, and an insurance payout received in respect of Romania. Overall, the pillar made a contribution to Group net income of EUR 1,975 million in 2017, substantially higher than in 2016 (+21.1%), on the back of another record contribution from Europe and Africa, the ongoing recovery in Russia, as well as the good performances of the Insurance business and Financial Services to Corporates.

Net banking income amounted to EUR 2,095 million in Q4 17 (+7.9% vs. Q4 16). Gross operating income was EUR 927 million (+6.6%) and the contribution to Group net income came to EUR 474 million, up +8.2% vs. Q4 16.

The pillar reported an increase in profitability, with underlying RONE of 16.5% in Q4 17 (vs. 15.3% in Q4 16) and 17.7% in 2017 (15.2% in 2016).

In EUR m	Q4 17	Q4 16	Change		2017	2016	Change	
Net banking income	**2,095**	**1,941**	***+7.9%***	***+8.3%****	**8,070**	**7,572**	***+6.6%***	***+6.2%****
Operating expenses	(1,168)	(1,071)	*+9.1%*	*+10.7%**	(4,474)	(4,273)	*+4.7%*	*+4.6%**
Gross operating income	**927**	**870**	***+6.6%***	***+5.2%****	**3,596**	**3,299**	***+9.0%***	***+8.3%****
Net cost of risk	(119)	(169)	*-29.6%*	*-26.4%**	(400)	(779)	*-48.7%*	*-51.6%**
Operating income	808	701	*+15.3%*	*+12.9%**	3,196	2,520	*+26.8%*	*+26.9%**
Net profits or losses from other assets	3	(1)	*n/s*	*n/s*	36	58	*-37.9%*	*-41.7%**
Reported Group net income	**474**	**438**	***+8.2%***	***+11.9%****	**1,975**	**1,631**	***+21.1%***	***+24.8%****
RONE	17.1%	15.9%			17.7%	15.2%		
Underlying RONE(1)	**16.5%**	**15.3%**			**17.7%**	**15.2%**		

(1) Adjusted for IFRIC 21 implementation

International Retail Banking

At end-December 2017, International Retail Banking's outstanding loans had risen +5.6% (+9.0%*) vs. Q4 16, to EUR 88.6 billion; the increase was particularly strong in Western Europe and Africa. Deposit inflow remained high in virtually all the international operations; outstanding deposits totalled EUR 79.8 billion at end-December 2017, up +6.1% (+10.4%*) year-on-year.

International Retail Banking revenues were 5.2% higher (+7.1%*) than in 2016 at EUR 5,264 million, whereas operating expenses were up +4.3% (+5.4%*) at EUR -3,154 million. Gross operating income came to EUR 2,110 million, up +6.7% (+9.7%*) vs. 2016. International Retail Banking's contribution to Group net income amounted to EUR 1,032 million in 2017 (+39.3% vs. 2016), due to a better performance both in Europe and Africa, as well as a much improved situation in Russia.

In Q4 17, International Retail Banking's revenues totalled EUR 1,371 million, gross operating income was EUR 575 million and the contribution to Group net income came to EUR 283 million, up +33.5% (+37.8%*) vs. Q4 16.

In Western Europe, outstanding loans were up +15.3% vs. Q4 16, at EUR 18.2 billion; car financing remained particularly buoyant over the period. Revenues totalled EUR 762 million in 2017, up +10.0% vs. 2016, whereas operating expenses increased by only +1.6%. As a result, gross operating income rose +19.3% in 2017. The contribution to Group net income came to EUR 199 million, up +29.2% vs. 2016.

In the Czech Republic, the Group delivered a solid commercial performance in 2017. Outstanding loans rose +9.0% (+3.0%*), driven by home loans and consumer loans. Outstanding deposits climbed +14.8% (+8.5%*)

year-on-year. Despite this positive volume effect, revenues were slightly lower in 2017 when adjusted for changes in Group structure and at constant exchange rates (-1.2%*) and amounted to EUR 1,046 million (+1.5% in absolute terms), given the persistent low interest rate environment. Over the same period, operating expenses were up +3.7%* (+6.5% in absolute terms) at EUR -576 million, due to an increase in payroll costs in a full employment environment. The contribution to Group net income benefited from an exceptionally low net cost of risk, on account of net provision write-backs, and therefore amounted to EUR 243 million, up +15.7% vs. 2016.

In Romania, the franchise expanded in a buoyant economic environment but in a highly competitive banking sector, with outstanding loans growing +3.7% (+6.4%*) and deposits rising +2.0% (+4.7%*) vs. Q4 16. Outstanding loans totalled EUR 6.5 billion, primarily on the back of the growth in the individual customer segment. Deposits totalled EUR 9.5 billion. In this context, net banking income rose +3.6% (+5.4%*). Operating expenses were up +4.7% (+6.5%*), given the investments in the network's transformation. Concerning the net cost of risk, 2017 was marked by provision write-backs, mainly on account of insurance payouts received over the period. As a result, in Romania, the Group's contribution to Group net income was EUR 128 million; it was EUR 55 million in 2016.

In other European countries, outstanding loans were down -9.4% and deposits were down -16.9% vs. Q4 16, due to the disposal of Splitska Banka. When adjusted for changes in Group structure and at constant exchange rates, outstanding loans and outstanding deposits were up +9.2%* and +6.7%* respectively. In 2017, revenues increased by +5.7%* when adjusted for changes in Group structure and at constant exchange rates (-14.2% in absolute terms), whereas operating expenses saw a limited increase of +1.1%* (-15.8% in absolute terms), as a result of the cost control in all countries in the region. The contribution to Group net income came to EUR 104 million (vs. EUR 132 million in 2016), with the increase in the contribution to Group net income when adjusted for changes in Group structure and at constant exchange rates amounting to +13.7%*.

In Russia, activity in the individual customer segment continued to expand against the backdrop of a stabilisation in the economic environment. Outstanding loans were up +3.2% (+12.4%*) vs. Q4 16, driven both by corporate loans (+16%*) and loans to individual customers (+10%*). Outstanding deposits were substantially higher (+30.0%, +42.7%*), both for individual and business customers, contributing to the improvement in the financing cost for the Group's entities in Russia. Net banking income for SG Russia[(1)] increased significantly in 2017 (+21.7%, given the currency effect, and +8.1%*). Operating expenses were higher (+19.0%; +5.7%*) and the net cost of risk was substantially lower at EUR -54 million (-68.6% vs. 2016). Overall, SG Russia made a positive contribution to Group net income of EUR 121 million; it was EUR 8 million in 2016.

In Africa and other regions where the Group operates, outstanding loans rose +4.7% (+10.4%* vs. Q4 16) to EUR 20.1 billion, driven mainly by Africa. Outstanding deposits were up +1.4% (+6.9%*) at EUR 19.5 billion. Net banking income came to EUR 1,521 million in 2017, an increase vs. 2016 (+8.0%; +11.2%*). Over the same period, operating expenses rose +7.0% (+10.0%*), in conjunction with the Group's commercial development. The contribution to Group net income came to EUR 270 million in 2017, up +21.1% vs. 2016.

Insurance

The life insurance savings business saw outstandings increase by +2.3%* in 2017, and by +16.1% including Antarius' life insurance outstandings. The business also benefited from a stronger trend towards unit-linked products, with the share of unit-linked products in outstandings up +3 points vs. Q4 16 at 26%.

There was further growth in Personal Protection insurance (premiums up +9.4% vs. 2016). Likewise, Property/Casualty insurance continued to grow (premiums up +9.4% vs. 2016), with substantial growth internationally (+20% vs. 2016), driven by home insurance.

The Insurance business turned in a good financial performance in 2017, with net banking income up +12.0% at EUR 989 million (+6.6%*), and a still low cost to income ratio (37.5%). The contribution to Group net

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

income increased by +10.3% to EUR 406 million in 2017; it was EUR 110 million in Q4 17, representing an increase of +13.4% vs. Q4 16.

Financial Services to Corporates

Financial Services to Corporates maintained its commercial momentum in 2017.

Operational Vehicle Leasing and Fleet Management experienced another substantial increase in its vehicle fleet in Q4 17. The vehicle fleet was up +9.8% in 2017 and exceeded the threshold of 1.5 million vehicles, mainly through organic growth.

The company continued to consolidate its leadership position in the mobility market. In the individual customer segment, the fleet now amounts to 78,000 contracts, up by more than 40%. Moreover, ALD has developed an innovative offering resulting in the creation of new modes of car use.

Equipment Finance enjoyed a good level of new business in 2017, with an increase of +7.0% (+7.6%*) vs. 2016. Outstanding loans were up +3.8% (+6.5%*) vs. Q4 16, at EUR 17.1 billion (excluding factoring), in a highly competitive environment adversely affecting new business margins.

Financial Services to Corporates' net banking income rose +7.5% to EUR 1,802 million in 2017 (+3.5%*). Operating expenses were higher over the period at EUR -905 million (+9.7%, +5.4%*), due to operating and technological investments related to the development of activities. The contribution to Group net income was stable at EUR 579 million (+0.2%, despite the reduction of ALD's contribution following its stock market floatation), and up +7.2%* when adjusted for changes in Group structure and at constant exchange rates.

In Q4 17, Financial Services to Corporates' revenues totalled EUR 468 million (+3.1%, -3.3%*, vs. Q4 16) and operating expenses came to EUR -242 million (+7.6%, +3.8%* vs. Q4 16). The contribution to Group net income was EUR 120 million in Q4 17, vs. EUR 145 million in Q4 16.

SOCIETE GENERALE

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EUR m	Q4 17	Q4 16	Change		2017	2016	Change	
Net banking income	**2,117**	**2,225**	***-4.9%***	***-1.7%****	**8,887**	**9,309**	***-4.5%***	***-2.9%****
Operating expenses	(1,679)	(1,751)	*-4.1%*	*-0.7%**	(6,895)	(6,887)	*+0.1%*	*+1.8%**
Gross operating income	**438**	**474**	***-7.6%***	***-5.2%****	**1,992**	**2,422**	***-17.8%***	***-16.2%****
Net cost of risk	34	14	*n/s*	*n/s*	18	(268)	*n/s*	*n/s*
Operating income	472	488	*-3.3%*	*-0.9%**	2,010	2,154	*-6.7%*	*-5.0%**
Reported Group net income	**368**	**432**	***-14.8%***	***-13.2%****	**1,566**	**1,803**	***-13.1%***	***-11.7%****
RONE	**10.5%**	**11.8%**			**10.8%**	**11.9%**		
Underlying RONE(1)	**8.7%**	**11.7%**			**10.9%**	**10.8%**		

(1) Adjusted for IFRIC 21 implementation, DVA, refund of the Euribor fine in Q1 16 and RMBS litigation in Q4 16

The pillar's net banking income totalled EUR 8,887 million in 2017, down -4.5% vs. 2016, which benefited from a good level of activity in a more favourable environment, especially in Global Markets.

Global Banking & Investor Solutions posted net banking income of EUR 2,117 million in Q4 17, down -4.9% vs. Q4 16 (EUR 2,225 million) but substantially higher than in Q3 16 (+8.3%).

Global Markets & Investor Services

In a market characterised by historically low volatility, **Global Markets & Investor Services'** net banking income proved resilient at EUR 5,679 million in 2017 (-4.3% vs. 2016), confirming the agility of the business model and the success of the transformation carried out. In this respect, the business' expertise was recognised again in 2017, with the titles of "Equity Derivatives House of the Year" and "Interest Rate Derivatives House of the Year" presented by Risk Awards.

Net banking income amounted to EUR 1,345 million in Q4 17, down -2.5% vs. Q4 16 (+1.3% excluding currency effect). In line with Q3, world markets continued on their global upward trend, but investor appetite remained limited in a low volatility environment. These challenging market conditions were accentuated by an unfavourable comparison base, with Q4 2016 having benefited from more buoyant client activity following the results of the US elections.

At EUR 2,374 million, the net banking income of **Fixed Income, Currencies & Commodities** was down -7.1% in 2017 vs. 2016. At EUR 515 million in Q4 17, net banking income was down -6.5% vs. Q4 16. The decline in volatility which began early in the year continued, leading to reduced investor activity. In this environment, structured products remained dynamic, confirming the successful expansion of our cross asset structured products franchise. Flow product revenues rebounded from the particularly low level in Q3 17, but remained lower than in Q4 16, with low volatility having particularly impacted Rate and Forex activities.

Equities' net banking income was EUR 1,971 million in 2017 (-6.1% vs. 2016). In Q4 17, net banking income amounted to EUR 501 million, down -1.6% vs. Q4 16 but with a pronounced rebound of +40% vs. Q3 17. In an environment of still historically low volatility, structured products picked up, driven by excellent commercial activity, especially in Europe and North America. Flow product activity in Q4 17 also experienced a sharp rebound across all products, particularly on flow derivatives and listed products, driven by Asia.

Prime Services' net banking income totalled EUR 641 million in 2017 (+3.2% vs. 2016) and EUR 150 million in Q4 17 (+0.7% vs. Q4 16). The business continued to proactively develop its franchises and grow its client base.

Securities Services' assets under custody amounted to EUR 3,904 billion at end-2017, down -1.3% year-on-year. Over the same period, assets under administration were up +8.1% at EUR 651 billion. Revenues were up +5.0% in 2017 vs. 2016 at EUR 693 million, reflecting an increase in commissions and the healthy state of financial income. Securities Services' revenues were up +4.7% in Q4 17 vs. Q4 16. The business posted another increase in commissions in Q4 17, in conjunction with substantial commercial success, particularly on fund distribution activity, and benefited from a less unfavourable rate environment.

Financing & Advisory

Financing & Advisory's revenues totalled EUR 2,220 million in 2017, down -6.4% vs. the high level in 2016. Net banking income came to EUR 527 million in Q4 17, down -10.7% vs. Q4 16 (but only -8.4% at constant exchange rates). Financing activities enjoyed higher revenues, driven by a healthy commercial momentum and good level of new business, particularly in the Natural Resources division. The securitisation business maintained its healthy momentum and saw its revenues increase each quarter. These good results are more than offset by still challenging market conditions, which adversely affected the commodity derivatives franchise whose revenues decreased significantly compared to Q4 16, in line with the first nine months of 2017, and corporate hedging activities.

Asset and Wealth Management

The net banking income of the **Asset and Wealth Management** business line totalled EUR 988 million in 2017 (-1.3% vs. 2016), in a low interest rate environment that particularly impacted Private Banking activities. Net banking income amounted to EUR 245 million in Q4 17 (-3.9% vs. Q4 16).

Private Banking's assets under management amounted to EUR 118 billion at end-December 2017, up +1.8% year-on-year. Net banking income was down -4.8% in 2017 vs. 2016, at EUR 777 million. Revenues were down -9.6% vs. Q4 16, at EUR 188 million, with a margin of 98bp in Q4 17. Good commercial activity, particularly on structured products, partially offset the negative effects of the low interest rate environment and lower brokerage commissions in Q4 17.

Lyxor's assets under management came to EUR 112 billion at end-December 2017 (+5.7% vs. end-December 2016), representing a new high for the business. Growth originated from still strong commercial gains on ETFs. Lyxor's market share amounted to 10.1% on ETFs in Europe (source ETFGI). Net banking income amounted to EUR 190 million in 2017 (+18.0% vs. 2016). In Q4 17, net banking income came to EUR 50 million (+13.6% vs. Q4 16), driven by an excellent commercial momentum across all the businesses.

Operating expenses

Global Banking & Investor Solutions' operating expenses were stable at +0.1% vs. 2016 which benefited from the partial refund of the Euribor fine in Q1 16. When restated for this effect and the RMBS litigation in Q4 16, operating expenses were down -2.3% vs. 2016, reflecting cost control efforts implemented via the 2015-2017 transformation plan. They more than offset the increase in regulatory constraints. Operating expenses were down -4.1% in Q4 17 vs. Q4 16. The cost to income ratio stood at 77.6% in 2017.

Operating income

Gross operating income came to EUR 1,992 million in 2017 (down -17.8% vs. 2016) and EUR 438 million in Q4 17 (down -7.6% vs. Q4 16).

The net cost of risk remained at a very low level for the fifth consecutive quarter, with a net write-back of EUR +34 million in Q4 17. There was a EUR 18 million write-back in the net cost of risk in 2017 (EUR -268 million in 2016). The pillar's operating income totalled EUR 2,010 million in 2017 (down -6.7% vs. 2016) and EUR 472 million in Q4 17 (down -3.3% vs. Q4 16).

Net income

The pillar's contribution to Group net income came to EUR 1,566 million in 2017 and EUR 368 million in Q4 17 (-14.8% vs. Q4 16). The pillar's RONE amounted to 10.8% for 2017.

6. CORPORATE CENTRE

In EUR m	Q4 17	Q4 16	2017	2016
Net banking income	**27**	**(214)**	**(1,134)**	**14**
Net banking income(1)	*(66)*	*(164)*	*(1,081)*	*368*
Operating expenses	(295)	(165)	(361)	(135)
Gross operating income	(268)	(379)	(1,495)	(121)
Gross operating income(1)	*(361)*	*(329)*	*(1,442)*	*233*
Net cost of risk	(200)	(149)	(400)	(340)
Net profits or losses from other assets	(43)	(256)	236	(282)
Reported Group net income	**(795)**	**(882)**	**(1,745)**	**(1,046)**
Group net income(1)	*(859)*	*(849)*	*(1,706)*	*(814)*

(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 27 million in Q4 17 (EUR -214 million in Q4 16), and EUR -66 million excluding the revaluation of the Group's own financial liabilities (EUR -164 million in Q4 16). The Corporate Centre's net banking income totalled EUR -1,134 million in 2017 (EUR 14 million in 2016), and EUR -1,081 million excluding the revaluation of the Group's own financial liabilities (EUR 368 million in 2016).

Operating expenses include the expense related to a tax rectification proposal following the tax control by the French authorities regarding various operating taxes, amounting to EUR -145 million.

Gross operating income was EUR -268 million in Q4 17 vs. EUR -379 million in Q4 16. When restated for the revaluation of own financial liabilities, gross operating income amounted to EUR -361 million in Q4 17 (vs. EUR -329 million in Q4 16). When restated for these non-economic items and exceptional items of previous quarters in 2017 and 2016, gross operating income came to EUR -334 million in 2017 vs. EUR -492 million in 2016. For full-year 2018, the Group is expecting gross operating income of around EUR -400 million, excluding non-economic and exceptional items, for the Corporate Centre.

In Q4 17, the net cost of risk amounted to EUR -200 million, corresponding to an additional allocation to the provision for disputes. This takes the total of this provision to EUR 2.32 billion at December 31st, 2017.

The Corporate Centre's contribution to Group net income was EUR -795 million in Q4 17 (EUR -1,745 million in 2017), vs. EUR -882 million in Q4 16 (EUR -1,046 million in 2016). When restated for the impact of the revaluation of own financial liabilities, the Corporate Centre's contribution to Group net income was EUR -859 million in Q4 17 (EUR -1,706 million in 2017) vs. EUR -849 million in Q4 16 (EUR -814 million in 2016).

The contribution to Group net income in Q4 17 includes two exceptional items recorded as a tax expense:

- the effect of the tax reform in the United States, amounting to EUR -253 million
- the overall net effect of tax changes in France, amounting to EUR -163 million

7. OTHER INFORMATION ITEM

With regard to the tax treatment of the loss caused by the actions of Jérôme Kerviel, Societe Generale considers that the judgment of the Versailles Court of Appeal of September 23rd, 2016 is not likely to call into question its validity in view of the 2011 opinion of the "Conseil d'État" (French Council of State) and its established case law which was recently confirmed again in this regard. Consequently, Societe Generale considers there is no need to provision the corresponding deferred tax assets.

However, as indicated by the Minister of the Economy and Finance in September 2016, the tax authorities have examined the tax consequences of this book loss and recently confirmed that they intended to call into question the deductibility of the loss caused by the actions of Jérôme Kerviel, amounting to EUR 4.9 billion. This tax rectification proposal has no immediate effect and will possibly have to be confirmed by a tax adjustment notice sent by the tax authorities when Societe Generale is in a position to deduct the tax loss carryforwards arising from the loss from its taxable income. Such a situation will not occur for several years according to the bank's forecasts. In the event that the authorities decide, in due course, to confirm their current position, the Societe Generale Group will not fail to assert its rights before the competent courts.

8. CONCLUSION

Societe Generale generated Group net income of EUR 2,806 million in 2017, impacted by exceptional items. The Group's underlying net income demonstrates the healthy momentum of all the businesses, with an increase of 8.4% to EUR 4,491 million.

Against a backdrop of still low interest rates, French Retail Banking experienced a healthy commercial momentum, particularly for its core customers. Moreover, the Group announced the acceleration in the transformation of its networks, in order to move towards a balanced business model combining human expertise and digital in accordance with changes in customer expectations.

International Retail Banking & Financial Services posted a record contribution, with a strong performance in all International Retail Banking's geographical regions as well as in Financial Services to Corporates and in Insurance.

In Global Banking & Investor Solutions, our core franchises continued to deliver resilient results, while continuing to win market share.

This performance was achieved while maintaining rigorous control of costs, with investments in line with the transformation and growth of the businesses, and the success of the 2015-2017 cost savings plan (EUR 1.21 billion of savings).

In line with the announcement on November 28th, 2017, the Group will propose a dividend payment of EUR 2.20 per share to the General Meeting of Shareholders.

With a more agile organisation, the Group is starting 2018 with confidence. 2018 will enable it to embark on a new phase of its strategic plan "Transform to Grow", in order to deliver higher, profitable and sustainable growth for its employees, customers and shareholders.

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9. 2018 FINANCIAL CALENDAR

2018 Financial communication calendar

May 4th, 2018	First quarter 2018 results
May 23rd, 2018	General Meeting of Shareholders
August 2nd, 2018	Second quarter and first half 2018 results
November 8th, 2018	Third quarter 2018 results
February 7th, 2019	Fourth quarter and FY 2018 results

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, (commercial) cost of risk in basis points, ROE, 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.

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.

6. APPENDIX 1: FINANCIAL DATA

CONSOLIDATED INCOME STATEMENT

In M EUR	2017	2016	Change		Q4 17	Q4 16	Change	
Net banking income	23,954	25,298	-5.3%	-5.1%*	6,323	6,129	+3.2%	+4.3%*
Operating expenses	(17,838)	(16,817)	+6.1%	+6.8%*	(5,024)	(4,398)	+14.2%	+16.1%*
Gross operating income	**6,116**	**8,481**	**-27.9%**	**-28.4%***	**1,299**	**1,731**	**-25.0%**	**-26.2%***
Net cost of risk	(1,349)	(2,091)	-35.5%	-36.4%*	(469)	(486)	-3.5%	-1.7%*
Operating income	**4,767**	**6,390**	**-25.4%**	**-25.8%***	**830**	**1,245**	**-33.3%**	**-36.0%***
Net profits or losses from other assets	278	(212)	n/s	n/s	(39)	(262)	+85.1%	+85.1%*
Net income from companies accounted for by the equity method	92	129	-28.7%	-4.9%*	6	28	-78.6%	-26.5%*
Impairment losses on goodwill	1	0	n/s	n/s	0	0	n/s	n/s
Income tax	(1,708)	(1,969)	-13.3%	-14.0%*	(558)	(508)	+9.8%	+5.2%*
Net income	**3,430**	**4,338**	**-20.9%**	**-20.6%***	**239**	**503**	**-52.5%**	**-54.3%***
O.w. non-controlling interests	624	464	+34.5%	+22.3%*	170	113	+50.4%	+27.7%*
Group net income	**2,806**	**3,874**	**-27.6%**	**-25.8%***	**69**	**390**	**-82.3%**	**-82.8%***
Tier 1 ratio at the end of period	13.8%	14.5%			13.8%	14.5%		

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

GROUP NET INCOME AFTER TAX BY CORE BUSINESS

In M EUR	2017	2016	Change	Q4 17	Q4 16	Change
French Retail Banking	1,010	1,486	-32.0%	22	402	-94.5%
International Retail Banking and Financial Services	1,975	1,631	+21.1%	474	438	+8.2%
Global Banking and Investor Solutions	1,566	1,803	-13.1%	368	432	-14.8%
Core Businesses	4,551	4,920	-7.5%	864	1,272	-32.1%
Corporate Centre	(1,745)	(1,046)	-66.8%	(795)	(882)	+9.9%
Group	2,806	3,874	-27.6%	69	390	-82.3%

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CONSOLIDATED BALANCE SHEET

Assets - in EUR bn	31.12.2017	31.12.2016
Cash, due from central banks	114.4	96.2
Financial assets at fair value through profit and loss(1)	419.7	500.2
Hedging derivatives	13.6	18.1
Available-for-sale financial assets	140.0	139.4
Due from banks	60.9	59.5
Customer loans	425.2	426.5
Revaluation differences on portfolios hedged against interest rate risk	0.7	1.1
Held-to-maturity financial assets	3.6	3.9
Tax assets	6.0	6.4
Other assets(1)	60.6	71.4
Non-current assets held for sale	0.0	4.3
Investments in subsidiaries and affiliates accounted for by equity method	0.7	1.1
Tangible and intangible fixed assets	24.8	21.8
Goodwill	5.0	4.5
Total	**1,275.1**	**1,354.4**

Liabilities - in EUR bn	31.12.2017	31.12.2016
Due to central banks	5.6	5.2
Financial liabilities at fair value through profit and loss(1)	368.7	440.1
Hedging derivatives	6.8	9.6
Due to banks	88.6	82.6
Customer deposits	410.6	421.0
Debt securities issued	103.2	102.2
Revaluation differences on portfolios hedged against interest rate risk	6.0	8.5
Tax liabilities	1.7	1.4
Other liabilities(1)	69.1	81.9
Non-current liabilities held for sale	0.0	3.6
Underwriting reserves of insurance companies	131.0	112.8
Provisions	6.1	5.7
Subordinated debt	13.6	14.1
Shareholders' equity, Group share	59.4	62.0
Non-controlling Interests	4.7	3.8
Total	**1,275.1**	**1,354.4**

NB. Customer loans include lease financing.

(1) Amount restated in relation to the financial statements published in 2016, following the modification of the presentation of options premiums payable and receivable

11. APPENDIX 2: METHODOLOGY

1 – The Group's consolidated results as at December 31st, 2017 were examined by the Board of Directors on February 7th, 2018.

The financial information presented in respect of the fourth quarter and the year ended December 31st, 2017 has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The audit procedures carried out by the Statutory Auditors on the consolidated financial statements are in progress.

2 – Net banking income

The pillars' net banking income is defined on page 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.

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:

SOCIETE GENERALE

In EUR m	Q4 17	Q4 16	Change	2017	2016	Change	
Net Banking Income	**6,323**	**6,129**	**+3.2%**	**23,954**	**25,298**	**-5.3%**	
*Reevaluation of own financial liabilities**	*93*	*(50)*		*(53)*	*(354)*		Corporate Centre
*DVA**	*2*	*2*		*(4)*	*(1)*		Group
*Visa disposal***					725		Corporate Centre
*Adjustment of hedging costs****				(88)			French Retail Banking
*LIA settlement***				(963)			Corporate Centre
Underlying Net Banking Income	**6,228**	**6,177**	**+0.8%**	**25,062**	**24,928**	**+0.5%**	
Operating expenses	**(5,024)**	**(4,398)**	**+14.2%**	**(17,838)**	**(16,817)**	**+6.1%**	
IFRIC 21	*157*	95					
*Adaptation of French retail network***	*(390)*			*(390)*			French Retail Banking
*French tax audit / EIC***	*(205)*			*(205)*			French Retail Banking/Corporate Centre
*Euribor fine***					*218*		Global Banking and Investor Solutions
*RMBS litigation***		*(47)*			*(47)*		Global Banking and Investor Solutions
Underlying Operating expenses	**(4,586)**	**(4,446)**	**+3.1%**	**(17,243)**	**(16,988)**	**+1.5%**	
Net cost of risk	**(469)**	**(486)**	***-3.5%***	**(1,349)**	**(2,091)**	***-35.5%***	
*Provision for disputes***	*(200)*	*(150)*		*(800)*	*(350)*		Corporate Centre
*LIA settlement***				*400*			Corporate Centre
Underlying Net cost of risk	**(269)**	**(336)**	***-19.9%***	**(949)**	**(1,741)**	***-45.5%***	
Net profit or losses from other assets	**(39)**	**(262)**	***n/s***	**278**	**(212)**	***n/s***	
*Change in consolidation method of Antarius***				203			Corporate Centre
*SG Fortune disposal***				*73*			Corporate Centre
*Splitska Banka disposal***		(235)			(235)		Corporate Centre
Underlying Net profits or losses from other assets	**(39)**	**(27)**	***n/s***	**2**	**23**		
Group net income	**69**	**390**	***-82.3%***	**2,806**	**3,874**	***-27.6%***	
*Effect in Group net income of exceptional and non-economic items and IFRIC 21****	(808)	(766)		(1,685)	(271)		
Underlying Group net income	**877**	**1,156**	***-24.1%***	**4,491**	**4,145**	***+8.4%***	

** Non-economic items*

*** Exceptional items*

**** Including effect of changes in the tax laws in France and the United States*

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)	Q4 17	Q4 16	2017	2016
French Retail Banking	Net Cost of Risk	178	184	567	679
	Gross loan outstandings	194,122	187,465	191,826	188,049
	Cost of Risk in bp	37	39	30	36
International Retail Banking	Net Cost of Risk	109	161	366	763
	Gross loan outstandings	128,015	122,550	125,956	118,880
	Cost of Risk in bp	34	53	29	64
Global Banking and Investor Solutions	Net Cost of Risk	(31)	12	(16)	292
	Gross loan outstandings	135,494	154,064	145,361	148,223
	Cost of Risk in bp	(9)	3	(1)	20
Societe Generale Group	Net Cost of Risk	256	356	918	1,723
	Gross loan outstandings	465,288	470,124	470,976	465,733
	Cost of Risk in bp	22	30	19	37

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, ROTE

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.

The notion of ROTE, as well as the methodology used to calculate it, is specified on page 47 of Societe Generale's Registration Document. This measure is used to determine the return on Societe Generale's tangible capital. The figures contained in this release for 2017, 2016 and 2015 have been calculated using a new methodology. According to this new methodology, the Group's ROTE is therefore calculated on the basis of tangible capital i.e. excluding cumulative average book capital (Group share), average net goodwill in the assets, underlying average goodwill relating to shareholdings in companies accounted for by the equity method and net intangible assets.

Calculation of the Group's ROE (Return on Equity) and ROTE (Return on Tangible Equity)

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

End of period	2017	2016	2015
Shareholders' equity Group share	**59,373**	**61,953**	**59,037**
Deeply subordinated notes	(8,520)	(10,663)	(9,552)
Undated subordinated notes	(269)	(297)	(366)
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	(165)	(171)	(146)
Unrealised gains/losses booked under shareholders' equity, excluding conversion reserves	(1,031)	(1,273)	(1,582)
Dividend provision	(1,762)	(1,759)	(1,593)
ROE equity	**47,626**	**47,790**	**45,798**
Average ROE equity	**48,087**	**46,531**	**44,889**
Average Goodwill	(4,924)	(4,693)	(5,077)
Average Intangible Assets	(1,831)	(1,630)	(1,616)
Average ROTE Equity (New methodology)	**41,332**	**40,207**	**38,196**

Symmetrically, Group net income used for the ROE 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)

	Q4 17	Q4 16	2017	2016
French Retail Banking	**11,263**	10,854	**11,081**	10,620
International Retail Banking and Financial Services	**11,057**	10,992	**11,165**	10,717
Global Banking and Investor Solutions	**14,014**	14,697	**14,442**	15,181

8 – Net assets and tangible net assets are defined in the methodology, page 49 of the Group's 2017 Registration Document ("Net Assets"). The methodology used to calculate tangible net assets has been modified as the new methodology excludes intangible assets.

End of period	2017	2016	2015
Shareholders' equity Group share	**59,373**	**61,953**	**59,037**
Deeply subordinated notes	(8,520)	(10,663)	(9,552)
Undated subordinated notes	(269)	(297)	(366)
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	(165)	(171)	(146)
Bookvalue of own shares in trading portfolio	223	75	125
Net Asset Value	**50,642**	**50,897**	**49,098**
Goodwill	(5,154)	(4,709)	(4,533)
Net Tangible Asset Value	**45,487**	**46,188**	**44,565**
Intangible Assets	(1,940)	(1,717)	(1,622)
Net Tangible Asset Value (New Methodology)	**43,547**	**44,471**	**42,943**
Number of shares used to calculate NAPS and Net Tangible Asset Value****	**801,067**	**799,462**	**796,726**
NAPS (in EUR)**	**63.2**	**63.7**	**61.6**
Net Tangible Asset Value per share (EUR)	**56.8**	**57.8**	**55.9**
Net Tangible Asset Value per share (EUR) (New Methodology)	**54.4**	**55.6**	**53.9**

*** The number of shares considered is the number of ordinary shares outstanding as at December 31st, 2017, excluding treasury shares and buybacks, but including the trading shares held by the Group.*

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

9 – Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 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. For indicative purpose, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items (Underlying EPS).

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

Average number of shares (thousands)	2017	2016	2015
Existing shares	**807,754**	**807,293**	**805,950**
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	4,961	4,294	3,896
Other own shares and treasury shares	2,198	4,232	9,551
Number of shares used to calculate EPS**	**800,596**	**798,768**	**792,503**
Group net income	**2,806**	**3,874**	**4 ,001**
Interest, net of tax on deeply subordinated notes and undated subordinated notes	(466)	(472)	(442)
Capital gain net of tax on partial buybacks	0	0	0
Adjusted Group net income	**2,340**	**3,402**	**3,559**
EPS (in EUR)	**2.92**	**4.26**	**4.49**
EPS* (in EUR)	**2.98**	**4.55**	**3.94**
Underlying EPS* (in EUR)	**5.03**	**4.60**	**4.51**

** The number of shares considered is the number of ordinary shares outstanding at December 31st, 2017, excluding treasury shares and buybacks, but including the trading shares held by the Group.

* Excluding revaluation of own financial liabilities and DVA.

Underlying EPS: excluding non-economic and exceptional items, see methodology notes.

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

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

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

Societe Generale

Societe Generale is one of the largest European financial services groups. Based on a diversified and integrated 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, Credit 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), FSTE4Good (World 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.

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