

DOCUMENT DATED 29 SEPTEMBER 2017

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**Addendum to Base Listing Document
relating to Warrants to be issued by**

SG Issuer

(incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

(incorporated in France)

This Addendum is published in respect of warrants to be issued from time to time by SG Issuer (the “**Issuer**”) and unconditionally and irrevocably guaranteed by Société Générale (the “**Guarantor**”). The Warrants include European style cash settled call warrants on single equities (“**European Style Cash Settled Call Warrants**”), European style cash settled basket call warrants on a basket of equities (“**European Style Cash Settled Basket Call Warrants**”), European style index call warrants on indices (“**European Style Index Call Warrants**”), European style cash settled long/short certificates on indices (“**Certificates**”), European style cash settled put warrants on single equities (“**European Style Cash Settled Put Warrants**”), European style cash settled basket put warrants on a basket of equities (“**European Style Cash Settled Basket Put Warrants**”), European style index put warrants on indices (“**European Style Index Put Warrants**”) and such other warrants to be issued from time to time by the Issuer (together the “**Warrants**” save that where the context requires references to the “**Warrants**” shall mean the European Style Cash Settled Call Warrants, European Style Cash Settled Basket Call Warrants, European Style Index Call Warrants, Certificates, European Style Cash Settled Put Warrants, European Style Cash Settled Basket Put Warrants, European Style Index Put Warrants or such other warrants to be issued from time to time by the Issuer, as the case may be).

This Addendum includes particulars given in compliance with the SGX-ST Listing Rules in respect of structured warrants for the purpose of giving information with regards to the Issuer and the Guarantor. The additional terms relating to each series of Warrants will be set out in a

supplemental listing document (each a "**Supplemental Listing Document**") which will be supplemental to, and should be read in conjunction with the base listing document dated 21 June 2017 (the "**Base Listing Document**") and this Addendum.

The information in this Addendum does not take into account the investment objectives or financial position of any particular investor. Accordingly, nothing in this Addendum should be construed as a recommendation or invitation by the Issuer, the Guarantor, or any associate of theirs or any other person concerning investment in the Warrants, the shares or any other security underlying the Warrants.

The Warrants constitute general unsecured obligations of the Issuer and of no other person, and the guarantee dated 19 June 2017 and entered into by the Guarantor (the "Guarantee") constitutes general unsecured obligations of the Guarantor and of no other person, and if you purchase the Warrants, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Warrants against, if applicable, the company which has issued the underlying securities, the sponsor of the underlying indices or any companies forming part of any indices to which the Warrants relate.

The Guarantor is rated A2 by Moody's Investors Service, Inc. and A by S&P Global Ratings. For confirmation of the ratings, please refer to the relevant Supplemental Listing Document.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

The Issuer accepts full responsibility for the information contained in the Base Listing Document and this Addendum in relation to itself and the Warrants. The Guarantor accepts full responsibility for the accuracy of the information contained in the Base Listing Document and this Addendum in relation to itself, its subsidiaries and affiliates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in the Base Listing Document and this Addendum for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the delivery of the Base Listing Document and this Addendum nor any sale made hereunder shall create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof. No person has been authorised to give any information or to make any representation other than those contained in the Base Listing Document, this Addendum and the relevant Supplemental Listing Document in connection with the offering of the Warrants, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Guarantor or the Placing Agent.

This Addendum does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Warrants or other securities of the Issuer or the Guarantor, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration Warrants or other securities of the Issuer or the Guarantor. The distribution of this Addendum and the offering of the Warrants

may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this Addendum comes to inform themselves of and observe all such restrictions. Neither the Issuer nor the Guarantor assumes any fiduciary responsibility or liability for any consequences financial or otherwise arising from the subscription or acquisition of the Warrants. An investor should make its own appraisal of the risks and should consult to the extent necessary its own legal, financial, tax, accounting and other professional advisors in this respect prior to any subscription or acquisition of the Warrants.

The Warrants and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or under the securities law of any state or political sub-division of the United States, and trading in the Warrants has not been approved by the Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended (the “**CEA**”). No person has registered and no person will register as a “commodity pool operator” of any Issuer under the Commodity Exchange Act and the rules thereunder (the “**CFTC Rules**”) of the CFTC, and no Issuer has been and no Issuer will be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder (the “**Investment Company Act**”). The Warrants are being offered and sold in reliance on an exemption from the registration requirements of the Securities Act pursuant to Regulation S thereunder (“**Regulation S**”). A further description of certain restrictions on offering and sale of the Warrants and distribution of the Base Listing Document and this Addendum is given in the section headed “**Sales Restrictions**” on page 79 of the Base Listing Document.

The Issuer has undertaken, in respect of each series of Warrants, until the Expiry Date (as defined in the applicable Supplemental Listing Document) to make available for inspection by holders of Warrants at the registered office of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, a copy of the latest publicly available audited financial statements and the latest issued annual report and interim report (if any) of the Issuer and the Guarantor and the Base Listing Document and this Addendum.

The Issuer, the Guarantor and/or or any of their affiliates may repurchase Warrants at any time and any Warrant which is repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer. Investors should not therefore make any assumption as to the number of Warrants in issue at any time.

This Addendum is a supplement to and should be read in conjunction with the Base Listing Document. Please note that the Base Listing Document may from time to time be amended or updated. Prospective investors in the Warrants should ask the Issuer if any additional addenda to the Base Listing Document or any later Base Listing Document have been issued.

None of the Base Listing Document, the Addendum or any other information supplied in connection with the Warrants is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of the Base Listing Document, the Addendum or any other information supplied in connection with the Warrants, should purchase any of the Warrants. Each investor contemplating purchasing or holding any of

the Warrants should make its own independent investigation of the financial condition and affairs of the Issuer and its own appraisal of the Issuer's creditworthiness.

All references herein to **"euros"** and **"EUR"** are to the currency introduced at the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time, and to **"USD"** are to the lawful currency of the United States of America.

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SUPPLEMENTAL INFORMATION ABOUT THE ISSUER

Condensed Interim Financial Information

The information set out in Appendix I to this document relates to the reviewed condensed interim financial information dated 28 September 2017 relating to the financial performance of the Issuer as at and for the six-month period ended 30 June 2017.

SUPPLEMENTAL INFORMATION ABOUT THE GUARANTOR

Financial Statements

The Guarantor's unaudited consolidated financial statements as at 30 June 2017 have been reproduced and appended as Appendix II to this document.

Further information relating to the Guarantor may be obtained at the website of Société Générale at www.societegenerale.com.

APPENDIX I

REPRODUCTION OF THE REVIEWED CONDENSED INTERIM FINANCIAL INFORMATION OF THE ISSUER DATED 28 SEPTEMBER 2017 AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

The information set out below is a reproduction of the reviewed condensed interim financial information of the Issuer dated 28 September 2017 as at and for the six-month period ended 30 June 2017.

SG Issuer
Société Anonyme

Condensed interim financial information and Report of the Réviseur d'entreprises agréé on review of
condensed interim financial information

As at and for the six-month period ended 30 June 2017

33, boulevard Prince Henri

L-1724 Luxembourg

R.C.S. Luxembourg: B121.363

SG Issuer
Société Anonyme

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Functional and presentation currency:

Except otherwise indicated, the amounts presented in the condensed interim financial information are expressed in thousands of euros (KEUR). The value "0" indicates the presence of a number, which is rounded to zero, while "-" represents the value nil.

SG Issuer
Société Anonyme

Executive Board Members
For the interim period ended 30 June 2017

Chairman:

Mr Yves CACCLIN

Employee of Société Générale Bank and Trust

11, avenue Emile Reuter, L-2420 Luxembourg

Directors:

Mrs Sophie ROBATSCH-CLAIVE

Employee of Société Générale

Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Mr Amaury de BELER

Employee of Société Générale Bank and Trust

11, avenue Emile Reuter, L-2420 Luxembourg

Mr Alexandre GALLICHE

Employee of Société Générale Bank and Trust

11, avenue Emile Reuter, L-2420 Luxembourg

Mr Marc AUGIER (until 06/02/2017)

Employee of Société Générale Bank and Trust

11, avenue Emile Reuter, L-2420 Luxembourg

Mr Thierry BODSON (since 06/02/2017)

Employee of Société Générale Bank and Trust

11, avenue Emile Reuter, L-2420 Luxembourg

SG Issuer
Société Anonyme

Mr Arnaud SERRES

Employee of Société Générale

Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Mrs Laetitia JOURNE (until 06/02/2017)

Employee of Société Générale

Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Mr Youssef TALI (since 06/02/2017)

Employee of Société Générale

Tour Société Générale, 17, cours Valmy, F-92987 Paris- La Défense 7, France

SG Issuer
Société Anonyme

Supervisory Board Members
For the interim period ended 30 June 2017

Chairman:

Mrs Véronique DE LA BACHELERIE

Employee of Société Générale Bank and Trust

11, avenue Emile Reuter, L-2420 Luxembourg

Members:

Mr Jérôme AUDRAN

Employee of Société Générale Private Banking

13-15 boulevard des Moulins, 98000 Monaco

Mr Didier LALLEMAND

Employee of Société Générale

Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Mr Vincent ROBILLARD

Employee of Société Générale

Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Mr Alban ROMANET

Employee of Société Générale Bank and Trust

11, avenue Emile Reuter, L-2420 Luxembourg

SG Issuer
Société Anonyme

Management and administration
For the interim period ended 30 June 2017

Issuer
SG Issuer
33, boulevard Prince Henri, L-1724 Luxembourg

Guarantor (if applicable, as specified in the Final Terms)
Société Générale
29, boulevard Haussmann, F-75009 Paris, France

Arranger and Dealer
Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Security Trustee and Security Agent Trustee
Bank of New York MELLON Corporate Trustee Services Limited
One Canada Square, London E14 5AL

Collateral Custodian
The Bank of New York MELLON (Luxembourg) S.A.
2-4, rue Eugène Ruppert, L-2453 Luxembourg

Collateral Monitoring Agent
The Bank of New York MELLON London Branch
One Canada Square London E14 5AL

Custodian Agent, Issuing and Paying Agent, Registrar, Exchange Agent and Transfer Agent
Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

Paying Agents
Société Générale
29, boulevard Haussmann, F-75009 Paris, France

Société Générale, New York Branch
1221, avenue of the Americas, New York NY 10020, United States of America

Warrant Agent
Société Générale Bank & Trust
11, avenue Emile Reuter, L-2420 Luxembourg

SG Issuer
Société Anonyme

Legal advisers

To the Arranger as to English, French and U.S. law

Allen & Overy LLP

Edouard VII

26, boulevard des Capucines, F-75009 Paris, France

To the Trustee as to English Law

Allen & Overy LLP

1 Bishops Square, London E1 6AD, United Kingdom

To the Arranger as to Luxembourg Law

Allen & Overy Luxembourg

33, avenue John F. Kennedy, L-1855 Luxembourg

Independent Auditor (Réviseur d'entreprises agréé)

Ernst & Young S.A.

35E, Avenue John F. Kennedy, L-1855 Luxembourg

SG Issuer
Société Anonyme

Report of the Executive Board and Corporate Governance Statement

The Directors of the Company (each a « Director », collectively the « Executive Board ») present the condensed interim financial information and the Report of the Executive Board of the Company for the period from 1 January 2017 to 30 June 2017.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The corporate objects of SG Issuer are to issue debt securities, bonds, certificates (the « Notes ») with all types of underlyings including, without restriction, shares, index, interest rate, dividend, credit risk, foreign exchange, commodities, funds, warrants, etc... allowing investors to access to the full pricing capabilities of Société Générale, which proposes an extensive range of investment strategies linked to these various asset classes.

Notes and Warrants issued by the Company can be sold in either Private Placements or Public Offerings.

Notes are mainly debt securities, bonds, certificates. Issuing proceeds raised by the sale of the Notes will be transferred to SG Paris through a fully funded swap, which will perfectly hedge SGIS for the full issue Size.

Warrants are financial products like turbos, inline warrants, daily leverage certificates, etc..., which aim to replicate the same financial exposure as buying (call) or selling (put) an asset such as a share or an index, at a predetermined price (strike price) on a predetermined date (expiry) and to offer different pay-off or exposures to investors.

Warrants are sold by SG Issuer mainly to clients in France, Belgium, Luxembourg, UK, Sweden, Finland, Norway, Spain, Hong-Kong, the Netherlands, Italy and Singapore.

Payments in respect of the Notes and Warrants issued by the Company are unconditionally and irrevocably guaranteed by Société Générale.

On request of investors, the Company can issue collateralised Notes ("Secured Notes") in order to propose an additional layer of protection to investors in case of default of Société Générale. The Company can also issue collateralised Warrants ("Secured Warrants") since beginning 2017. However, no Secured Warrants have been issued between 1 January and 30 June 2017.

Notes and Warrants issuances are governed by the Base Prospectus prepared by Société Générale as arranger. The main programmes for Notes are the two Debt Instruments Issuance Programmes, for which the last updates have been approved by the CSSF on 27 June 2017 and 14 September 2017 or the "Programme d'Emission de Titres de Créance" approved by the CSSF on 3 July 2017. Similarly, the main programmes for Warrants are the Warrants Issuance Programme approved by the CSSF on 7 July 2017 and the Warrants and Turbo Warrants Issuance Programme approved by the CSSF on 19 July 2017.

SG Issuer
Société Anonyme

The state of business of the Company at the closing of the six-month period ended 30 June 2017 is adequately presented in the Statement of financial position and Statement of comprehensive income.

The increase in total assets and liabilities (before impact of offsetting – see Note 3.2.3) is mainly due to the development of the activity of issuing financial instruments.

The net profit for the period from 1 January 2017 to 30 June 2017 amounts to KEUR 17.

The Company has no branch.

The Company did not have any Research & Development activity and did not acquire any own shares.

2. RISKS AND UNCERTAINTIES

The risks associated with the investment in the Notes depend on several factors. Such factors will vary depending on the characteristics of the Notes issued, in particular depending on the underlying type of the Notes, their maturity, the secured / unsecured status of the Notes, the interest rates incurred, the volatility of the underlying.

For each Note, the Company systematically hedges its position by contracting a swap with Société Générale, with strictly identical characteristics. Also, for each Warrant, the Company systematically hedges its position by contracting an option with Société Générale, with strictly identical characteristics.

The legal documentation and the derivatives instruments have been put in place in order to make sure that the assets match the liabilities at any time. Therefore, no market risk is supported by the Company. The risk management in relation to the Notes and Warrants is also described in Note 9 hereafter.

3. FUTURE DEVELOPMENTS

The Executive Board does not anticipate any major changes during the second semester 2017 but expects a further increase in the Notes and Warrants issued.

4. SUBSEQUENT EVENTS

There was no subsequent event which could have a significant impact on the condensed interim financial information of the Company as at and for the six-month period ended 30 June 2017.

5. CORPORATE GOVERNANCE STATEMENT

The Executive Board of the Company is committed to maintaining the standards of corporate governance enforced at the level of the European Union and at level of the Société Générale Group. This statement describes the Company's governance principles and practices.

In compliance with its status, the Company is governed by an Executive Board and supervised by a dedicated Supervisory Board.

5.1 Executive Board

The Executive Board supervises and controls the management and operations of the Company and is responsible for the Company system of risk management and internal control.

The Executive Board meetings are held several times during the year when necessary.

The Board has quorum when more than half of its members are present. An opinion supported by more than half of the members present becomes a decision.

Key tasks of the Executive Board:

- Ensures that the supervision of accounting is organized and monitored appropriately
- Reviews and approves the Company's financial statements and condensed interim financial information
- Supervises and controls operative management

5.2 Supervisory Board

The Supervisory Board ensures permanently and by all means suited the control of the management of the Company carried out by the Executive Board. However, this supervision has to be translated in no way by an intervention in the management of the Company. The Supervisory Board can mandate advisory committees comprised of members of the Supervisory Board and/or of other non-members to lead different missions. The Supervisory Board can confer these advisory committees of the power or mandates permanently or temporary. These advisory committees cannot have the effect of restricting the powers of the Executive Board.

5.3 Internal Audit

The Internal Audit of both SGBT (Luxembourg) and Société Générale Group support the Company's Executive Board in overseeing the Company's activities and securing its operations by carrying out internal audits and providing consultative assistance. The objective of Internal Audit is to add value by making recommendations designed to improve the Company's functioning. Internal Audit is an independent function and its activities are based on international professional internal audit standards and rules of ethics.

The central task of Internal Audit is to audit the functioning of SG Issuer on a regular basis and evaluate its internal controls, risk management, and administrative function. The areas to be audited are determined by the projected financial and operational risks concerned. Internal Audit can also carry out special assignments at the request of management.

Internal Audit does not have any direct authority over the activities it reviews.

5.4 Controls of conformity/compliance

First level of controls is related to the execution of the procedures, guidelines and instructions established to ensure the proper and efficient functioning of the Company. They are executed by the involved teams in charge of the production.

The Chief Financial Officer of the Company ensures the coordination of the periodic accounting closing with all the teams involved while performing a second level control of conformity.

5.5 New Products Committee

All the new activities and business of the Company are analyzed and authorized by a dedicated New Products Committee (NPC). All involved departments within Société Générale are represented (operations, finance, risk, accounting standards, etc...) to assess the impact for the Company.

5.6 Service level agreements

The Company and several of its service providers are subsidiaries of the Société Générale Group and therefore benefit from the Group's internal control systems.

Service Level Agreements ("SLAs") were signed by the Company with SGBT and with Société Générale. The SLAs govern the relations between the entities as well as their respective obligations. The services supplied by SGBT and Société Générale are listed in the appendices of the agreements (mainly General services, legal services, business continuity management services and financial services from SGBT and operational services – Middle Office and Back Office – from Société Générale).

For the Executive Board

Amaury de BELER

Member of the Executive Board

Alexandre GALLICHE

Member of the Executive Board

Thierry BODSON

Member of the Executive Board

SG Issuer
Société Anonyme

Global Statement

for the condensed interim financial information as at 30 June 2017

To the best of our knowledge, the condensed interim financial information is prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and gives a true and fair view of the financial position and performance of SG Issuer as at and for the six-month period ended 30 June 2017. The condensed interim financial information comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

To the best of our knowledge, the management report includes a fair review of the development and performance of the Company, and a description of the principal risks and uncertainties that the Company faces.

Luxembourg, 28 September 2017

Amaury de BELER

Member of the Executive Board

Alexandre GALLICHE

Member of the Executive Board

Thierry BODSON

Member of the Executive Board

To the sole Shareholder of
SG Issuer Société Anonyme
33, boulevard Prince Henri
L-1724 Luxembourg

Report on review of condensed interim financial information

Introduction

We have reviewed the accompanying condensed interim financial information of SG Issuer S.A. as of 30 June 2017, which comprise the interim statement of financial position as at 30 June 2017 and the related interim statement of comprehensive income, the interim statement of changes in equity, the interim statement of cash flows for the six-month period then ended and explanatory notes. Executive Board is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

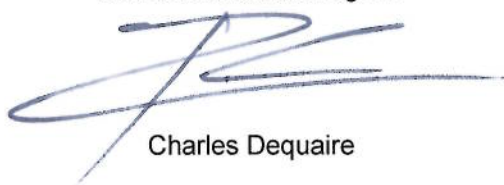
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Charles Dequaire

Luxembourg, 28 September 2017

SG Issuer
Société Anonyme

Statement of comprehensive income
For the six-month period ended 30 June 2017
(Expressed in thousands of EUR)

| | Note | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|---|------|-----------------|-----------------|-----------------|
| Interest income | | 658 | 1 143 | 700 |
| Net gains from financial instruments at fair value through profit or loss | | 53 983 | 89 848 | 47 698 |
| Total revenues | | <u>54 641</u> | <u>90 991</u> | <u>48 398</u> |
| Interest expenses | | (41 028) | (68 837) | (39 950) |
| Personnel expenses | | (121) | (236) | (81) |
| Other operating charges | | (13 471) | (21 393) | (8 249) |
| Total expenses | | <u>(54 620)</u> | <u>(90 466)</u> | <u>(48 280)</u> |
| Profit before tax | | <u>21</u> | <u>525</u> | <u>118</u> |
| Income tax | 13 | <u>(4)</u> | <u>(152)</u> | <u>(47)</u> |
| Profit for the financial period/year | | <u>17</u> | <u>373</u> | <u>71</u> |
| Total comprehensive income for the period/year | | <u>17</u> | <u>373</u> | <u>71</u> |

The accompanying notes are an integral part of this condensed interim financial information.

SG Issuer
Société Anonyme

Statement of financial position
As at 30 June 2017
(Expressed in thousands of EUR)

| | Note | 30.06.2017 | 31.12.2016 |
|--|------|-------------------|-------------------|
| Cash and cash equivalents | 4 | 36 275 | 89 144 |
| Financial assets at fair value through profit or loss | | | |
| - <i>Designated at fair value through profit or loss</i> | 5 | 46 172 568 | 44 030 973 |
| - <i>Held for Trading</i> | 5 | 6 583 544 | 9 133 362 |
| Loans and receivables | 6 | 53 078 | 53 345 |
| Other assets | | 19 043 | 3 151 |
| Total assets | | <u>52 864 508</u> | <u>53 309 975</u> |
| Financial liabilities at amortised cost | 7 | 88 072 | 115 533 |
| Financial liabilities at fair value through profit or loss | | | |
| - <i>Designated at fair value through profit or loss</i> | 8 | 46 179 743 | 44 023 013 |
| - <i>Held for Trading</i> | 8 | 6 588 783 | 9 147 992 |
| Other liabilities | | 2 309 | 15 055 |
| Tax liabilities | 13 | 4 | 152 |
| Total liabilities | | <u>52 858 911</u> | <u>53 301 745</u> |
| Share capital | 11 | 2 000 | 2 000 |
| Legal reserve | 12 | 200 | 200 |
| Other reserves | 12 | 3 380 | 5 622 |
| Retained earnings | | 0 | 35 |
| Profit for the financial period/year | | 17 | 373 |
| Total equity | | <u>5 597</u> | <u>8 230</u> |
| Total equity and liabilities | | <u>52 864 508</u> | <u>53 309 975</u> |

The accompanying notes are an integral part of this condensed interim financial information.

SG Issuer
Société Anonyme

Statement of changes in equity
For the six-month period ended 30 June 2017
(Expressed in thousands of EUR)

| | Share capital | Legal reserve | Other reserves (unavailable) | Other reserves (available) | Total reserves | Capital surplus | Retained earnings | Profit for the financial year/period | Total equity |
|--|---------------|---------------|------------------------------|----------------------------|----------------|-----------------|-------------------|--------------------------------------|--------------|
| As at 31 December 2015 | 2 000 | 200 | 5 622 | 1 911 | 7 733 | - | 44 | 380 | 10 157 |
| Transfer to available reserves | - | - | -2 240 | 2 240 | - | - | - | - | - |
| Allocation of the result of the previous year before dividend distribution | - | - | - | -1 911 | -1 911 | - | 2 291 | -380 | - |
| Dividend to the sole shareholder | - | - | - | - | - | - | -2 300 | - | -2 300 |
| Capital increase / Allocation to the capital surplus account | - | - | - | - | - | 85 296 | - | - | 85 296 |
| Reimbursement of the capital surplus | - | - | - | - | - | -85 296 | - | - | -85 296 |
| Profit for the period from 1 January 2016 to 30 June 2016 | - | - | - | - | - | - | - | 71 | 71 |
| As at 30 June 2016 | 2 000 | 200 | 3 382 | 2 240 | 5 822 | - | 35 | 71 | 7 928 |
| Allocation of the result of the previous year before dividend distribution | - | - | - | - | - | - | - | - | - |
| Transfer to available reserves | - | - | - | - | - | - | - | - | - |
| Dividend to the sole shareholder | - | - | - | - | - | - | - | - | - |
| Capital increase / Allocation to the capital surplus account | - | - | - | - | - | - | - | - | - |
| Reimbursement of the capital surplus | - | - | - | - | - | - | - | - | - |
| Profit for the period from 1 July 2016 to 31 December 2016 | - | - | - | - | - | - | - | 302 | 302 |
| As at 31 December 2016 | 2 000 | 200 | 3 382 | 2 240 | 5 822 | - | 35 | 373 | 8 230 |
| Transfer to retained earnings | - | - | -2 | -2 240 | -2 242 | - | 2 242 | - | - |
| Allocation of the result of the previous year before dividend distribution | - | - | - | - | - | - | 373 | -373 | - |
| Dividend to the sole shareholder | - | - | - | - | - | - | -2 649 | - | -2 649 |
| Capital increase / Allocation to the capital surplus account | 0 | - | - | - | - | 67 533 | - | - | 67 533 |
| Reimbursement of the capital surplus | - | - | - | - | - | -67 533 | - | - | -67 533 |
| Profit for the period from 1 January 2017 to 30 June 2017 | - | - | - | - | - | - | - | 17 | 17 |
| As at 30 June 2017 | 2 000 | 200 | 3 380 | - | 3 580 | - | 0* | 17 | 5 597* |

* Differences due to roundings.

The accompanying notes are an integral part of this condensed interim financial information.

SG Issuer
Société Anonyme

Statement of cash flows
For the six-month period ended 30 June 2017
(Expressed in thousands of EUR)

| | Note | 30.06.2017 | 30.06.2016 |
|---|------|-----------------|-----------------|
| OPERATING ACTIVITIES | | | |
| Profit for the financial period | | 17 | 71 |
| <u>Adjustment for:</u> | | | |
| Net (Increase) / decrease in financial assets | | 408 490 | (7 885 602) |
| Net Increase / (decrease) in financial liabilities | | (362 407) | 7 928 601 |
| (Increase)/decrease in other assets | | (15 892) | (11 874) |
| Increase/(decrease) in other liabilities | | (12 895) | 36 364 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | 17 313 | 67 560 |
| FINANCING ACTIVITIES | | | |
| Payment of capital surplus* | | (67 533) | (85 296) |
| Dividend paid | | (2 649) | (2 300) |
| NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | | (70 182) | (87 596) |
| | | | |
| Cash and cash equivalents at the beginning of the year | 4 | 89 144 | 83 446 |
| Net increase/(decrease) in cash and cash equivalents | | (52 869) | (20 036) |
| Cash and cash equivalents at the end of the period | | 36 275 | 63 410 |
| | | | |
| Cash flows from interest and dividends | | | |
| Interest paid | | 68 489 | 85 939 |
| Interest received | | 787 | 787 |
| Dividend received | | - | - |

* KEUR 67 533 represent the 2016 activity related interest paid by the Company to SGBT (see Note 7).

The presentation of the Statement of cash flows for the six-month period ended 30 June 2017 (as well as comparative figures) has been amended compared to the condensed interim financial information as at and for the six-month period ended 30 June 2016.

SG Issuer
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Notes to the condensed interim financial information
For the six-month period ended 30 June 2017

1. Corporate information

SG Issuer (hereafter the "Company") is a Luxembourg company incorporated on 16 November 2006 as a public limited liability company (S.A.) for an unlimited period.

Since April 2012, the Company's corporate objects are to issue debt securities, bonds, certificates, warrants (option coupons) and any other debt securities or acknowledgements of debts or financial securities, whether or not accompanied by guarantees, with any type of underlying security, including, without limitation, company stock, any other capital security or security other than capital, index, currency, exchange rate, interest rate, dividend, credit risk, fund unit, investment company stock, term deposit, life assurance contract, loan, merchandise, term contract, option, warrant or option coupons, allocated or unallocated precious metals, unit of account, basket or any other factor or any other type of underlying securities and any combination of the latter.

To that effect, the Company may purchase, hold, dispose of, lend, loan or resell, by any means, including in particular the use of trusts, in trust or repurchase, any type of assets whatever their names and forms and whether or not accompanied by guarantees, in particular financial instruments (financial securities - stocks, fund units, bonds, certificates, warrants or option coupons - or financial contracts - swaps, options or other) or any other debt securities, acknowledgements of debts or capital securities, receive or issue monetary loans (including loans convertible into shares of the Company) - within the group of companies to which the Company belongs - and to supply guarantees in any form (actual guarantees such as pledges, securities, mortgages or other - personal guarantees or any other form of guarantee) for their own account, for the account of the group of companies to which the Company belongs or on behalf of third parties.

The Company's financial year begins on 1 January and ends on 31 December each year.

The Company's capital is fully owned by Société Générale Bank & Trust S.A. (hereafter "SGBT"), a bank incorporated under Luxembourg law.

The accounts of the Company are included in the consolidated accounts of Société Générale (hereafter "SG"), which is the largest body of undertakings of which the Company forms a part as a subsidiary undertaking, and whose head-office is located at 29, boulevard Haussmann, 75009 Paris, France.

2. Basis of preparation

2.1. Statement of compliance

The financial statements of the Company as at 31 December 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The condensed interim financial information as at and for the six-month period ended 30 June 2017 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

The presentation of the Statement of cash flows for the six-month period ended 30 June 2017 (as well as comparative figures) has been amended compared to the condensed interim financial information as at and for the six-month period ended 30 June 2016.

The condensed interim financial information as at and for the six-month period ended 30 June 2017 has been approved by the Executive Board on 28 September 2017.

Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
- continued -

2. Basis of preparation (continued)

2.2. Basis of measurement of financial assets and financial liabilities

Financial assets and financial liabilities linked to the activity of the Company are measured at fair value through profit or loss. All other financial assets and financial liabilities are measured at amortised cost.

2.3. Functional and presentation currency

This condensed interim financial information is prepared in Euro ("EUR"), which is the Company's functional currency and the currency of its share capital. Unless stated otherwise, the amounts in the condensed interim financial information are expressed in thousands of EUR (KEUR).

2.4. Use of estimates and judgements

The preparation of condensed interim financial information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed interim financial information is included in Note 3.

2.5. Segment information

The financing activities of the Company are managed as one single business. Thus there is no segmental information in the condensed interim financial information.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the years presented in this condensed interim financial information.

3.1. Foreign currency transactions

Transactions in foreign currencies are initially recorded in EUR at the exchange rate ruling at the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rates ruling at the reporting date. Foreign exchange differences arising on translation and realized exchange gains and losses are recognised in the statement of comprehensive income.

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Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
- continued -

3. Significant accounting policies (continued)

3.2. Financial assets and liabilities

The Company classifies its financial assets into the following categories, as appropriate:

- Financial assets at fair value through profit or loss
 - o Designated at fair value through profit or loss
 - o Held for Trading
- Loans and receivables

The Company classifies its financial liabilities into the following categories, as appropriate:

- Financial liabilities at fair value through profit or loss
 - o Designated at fair value through profit or loss
 - o Held for Trading
- Financial liabilities at amortised cost

Financial assets and liabilities are initially recognised at fair value plus directly attributable transaction costs. However, when a financial asset at fair value through profit or loss is recognised, the transaction costs are expensed immediately.

The Company initially recognises receivables at the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position, when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously (see Note 3.2.3).

3.2.1. Financial assets and liabilities designated at fair value through profit or loss

These assets and liabilities respectively include:

- Funded swaps used to hedge Notes issued (Financial assets measured at fair value through profit and loss);
- Notes issued by the Company (Financial liabilities measured at fair value through profit and loss).

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Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
- continued -

3. Significant accounting policies (continued)

The Company issues both secured and unsecured Notes. The Notes are subscribed by the investors through Société Générale Group as a lead manager during the issuance period and as a market maker for a secondary market.

Fully Funded Swaps are financial instruments contracted with Société Générale Group to hedge the Company's exposure to market risk arising from its activities, by replicating each of the Notes issued.

The Company provides the funds received from Note holders to the swap counterparty (Société Générale Group). The swap counterparty agrees to exchange the reimbursement amount, including the return, of the issued Notes.

These financial assets and liabilities are measured at fair value through profit or loss and are recognised in the statement of financial position under "Financial assets / Financial liabilities at fair value through profit or loss".

The impact of the application of IFRS 13 on the Company's condensed interim financial information (Credit Value Adjustment (CVA) / Debt Value Adjustment (DVA) recognition) have been recorded on a net basis in the statement of financial position, i.e. there is no impact in terms of cash or income (except the margin – Bid/Ask – between the sale of the Note and the purchase of the Fully Funded Swap).

Revenues and expenses, including changes in fair value, are recorded in the statement of comprehensive income for the period under "Net gains from financial instruments at fair value through profit or loss".

3.2.2. Financial assets and liabilities Held for Trading

These assets and liabilities respectively include:

- Options purchased in order to hedge the issued warrants;
- Warrants issued by the Company.

The notional amounts of the Warrants together with the hedging options are reported Off Balance-Sheet.

The Company reports the premium paid on the derivatives bought and the premium received on the derivatives sold in the statement of financial position under "Financial assets or liabilities at fair value through profit or loss - Held for Trading".

Subsequent to initial measurement, the Options and the Warrants are measured at fair value through profit or loss. Revenues and expenses including changes in fair values are recorded in the statement of comprehensive income for the period under "Net gains on financial instruments at fair value through profit or loss".

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Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
- continued -

3. Significant accounting policies (continued)

3.2.3. Offsetting a financial asset and a financial liability

The financial instruments issued by the Company are subscribed by the investors through Société Générale as a lead manager during the issuance period and as a market maker for a secondary market. The instruments which are unsold are held by Société Générale.

In December 2014, the Company added a new cash netting clause in the legal framework with Société Générale Personne Morale and acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (the Fully Funded Swaps) and the liabilities (the Notes) are settled (and intended to be settled) simultaneously.

In application of IAS 32, *Offsetting a financial asset and a financial liability*, the Company proceeds to the accounting netting of the non-sold amounts.

The treatment is applied based on IAS 32 paragraph 42: "A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when and only when, an entity:

- (a) currently has a legally enforceable right to set off the recognized amounts; and*
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously."*

As at 30 June 2017, the impact of the offsetting (decrease in the balance sheet) is KEUR 28 244 223 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2016: KEUR 21 401 512) and KEUR 8 697 382 for the non-sold Warrants and the corresponding Options (31 December 2016: KEUR nil) (see Note 5 and Note 8).

3.2.4. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method less appropriate impairments.

Impairments represent the Company's estimate of incurred losses arising from the failure or inability of third parties to make payments when due.

3.2.5. Financial liabilities at amortised cost

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial measurement, financial liabilities are recognised at amortised cost using the effective interest rate method (refer to note 3.7).

The difference between the initial carrying amount of the financial liabilities and their redemption value is recognised in the profit or loss over the contractual terms using the effective interest rate method.

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Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
- continued -

3. Significant accounting policies (continued)

3.3. Fair Value of the financial instruments

IFRS 13 "Fair value measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair market value for the financial instruments measured at fair value through profit or loss is primarily determined based on quoted prices in an active market. These prices may be adjusted if they are not available at the closing date. If the market for a financial instrument is not active, its fair value is determined by valuation techniques (internal models recovery) using valuation parameters based on existing market conditions at the balance sheet date and that are influenced by assumptions used, such as the amount and timing of estimated future cash flows, the discount rate and the volatility of the underlying assets.

IFRS 13 does not change when the fair value is required to be used but specifies how to measure fair value of financial and non-financial assets and liabilities when required or permitted by IFRS and adds information to be disclosed in the Notes to condensed interim financial information.

Different calculation methods can exist regarding the CVA-DVA / OCA (Own Credit Adjustment) impact calculation: derived from the yield discounting methodology, other from the Monte-Carlo EPE/ENE (Expected Positive / Negative Exposure).

The methodology applied to SGIS (the same as the SG Group) is the yield discounting methodology.

- For unsecured Notes

The fair value for both the Unsecured Notes (liabilities) and the Fully Funded Swap (FFS) (assets) are calculated by discounting the expected future cash flows with the risk free curve. To take the credit adjustment into account, the risk free curve is adjusted with Société Générale (SG) Group's credit spread curve. A dedicated process has been implemented using SG Group and SGIS operational teams' input. This process is fully functional and constantly monitored.

- For secured and Repack Notes

Secured Notes are Notes which are collateralized with assets deposited on segregated or pooled accounts with external custodian (BoNY) and pledged in favour of the Noteholders.

Repack Notes are Notes which allow investors to calibrate the funding yield of their structure by selecting a bond (the "Reference Bond") issued by a third-party issuer (the "Reference Bond Issuer").

The collateral assets are composed of eligible securities.

Should SG defaults, the pledge on the assets is to be enforced; the Notes holders are exposed to credit risk of the collateral (external securities). Therefore, as SG and SGIS are mere risk pass-through, the credit risk premium (external bonds issuers) shall not be adjusted with SG credit spread. Thus, no additional credit adjustment is needed for the Secured Notes.

The fair value of the Secured Notes and the Repack Notes and the associated FFS is computed, for each accounting period by discounting the expected future cash flows by a composite Repo rate curve.

Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
- continued -

3. Significant accounting policies (continued)

- For Warrants

For financial instruments recognised at fair value on the statement of financial position, the fair value is determined primarily on the basis of the prices quoted on an active market. These prices can be adjusted if none are available on the balance sheet date or if the clearing value does not reflect transaction prices.

However, due especially to the varied characteristics of financial instruments traded over-the-counter (OTC), a large number of financial products traded by the Group do not have quoted prices on regular place of quotation through financial markets.

A financial instrument is considered as quoted on a deep market if prices are easily and regularly available through a stock exchange, through a broker, a trader, a business sector, a department of evaluation of the prices or with a regulatory agency and if these prices represent real transactions occurring regularly on the market in conditions of normal competition.

The assessment of the inactive aspect of a market leans on indicators such as the significant decrease of the volume of transactions and the level of activity on the market, strong dispersal of the available prices within time and among the various market participants mentioned above or the age of the last transactions observed on the market in conditions of normal competition.

However, mainly because of the many features of financial instruments traded on the OTC financial markets, a large number of financial products processed by the Group are not subject to a direct quotation on the markets.

For these products, the fair value is determined using valuation techniques commonly used by market participants to assess financial instruments such as discounted future cash flows for swaps or the Black & Scholes model for some options and using valuation parameters for which the estimate value is based on market conditions existing at the end of the period. Prior to their use, these valuation models are validated by independent experts of the Market Risk Department among the Group Risk Management who complete this a priori validation by a posteriori checks. Also, the parameters used in valuation models, whether they come from observable markets or not, are carefully monitored on a monthly basis by experts from the Market Risk Department among the Group Risk Management and supplemented if needed by the necessary reserves (including liquidity and bid-ask).

For purposes of information, the financial instruments at fair value on the statement of financial position are presented regarding a hierarchy of fair value that reflects the importance of data used for valuations.

The fair value hierarchy consists in the following levels:

- Level 1 (L1): instruments valued by price (unadjusted) quoted on active markets for identical assets or liabilities;
- Level 2 (L2): instruments valued using data other than quoted prices listed on the Level 1 and that are observable for the asset or liability in question, either directly (i.e. prices) or indirectly (i.e. data derived from price);
- Level 3 (L3): instruments for which the data used for the valuation are not based on observable market data (unobservable inputs). Indeed, Instruments quoted in an insufficiently liquid market and those traded on the OTC market belong to this level. Prices published by an external source and derived from the valuation of similar instruments are considered as data derived from prices.

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Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
- continued -

3. Significant accounting policies (continued)

The observed data must meet the following characteristics: non-owners (independent data), available, publicly broadcast, based on consensus of the market participants and supported by close of day transaction prices.

For instance consensus data (eg. Markit,...) provided by external counterparties are considered observable if the underlying market is liquid and prices provided are confirmed by actual transactions. For long maturities, the consensus data are considered non observable. This is the case for the implied volatility used for the valuation of options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable parameters.

In case of specific market power leading to the absence of reference data for normal value of a financial instrument, the Risk Management may be required to implement a new model based on the available relevant data, such as methods used by other market participants.

These instruments are mainly those for which the sales margin is not immediately recognised in profit or loss (derivatives with higher maturities than the ones usually traded) when their valuation is not based on observable data. Unobservable parameters are carefully assessed, particularly in a depressed economic environment and market. By their very nature, unobservable parameters imply a degree of uncertainty in their valuation. However, given the structure of the entity (perfect match between assets and liabilities in terms of market and credit risk), a variation in the assessment of a financial instrument classified in level 3 would have no impact on the result of the Company.

3.4. Impairments

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not be considered otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a Security. In addition for an investment in an equity security, a significant or prolonged decline in its value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

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Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
- continued -

3. Significant accounting policies (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

3.5. Interest income and expenses

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commission paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

3.6. Current taxes / Deferred taxes

The Company is subject to Luxembourg tax laws and regulations and is liable for all taxes applicable to Luxembourg commercial companies (see Note 13).

Deferred tax, if any, is the tax attributable to the temporary differences that arise when taxation authorities recognise and measure assets and liabilities with rules that differ from those of the condensed interim financial information. It also arises on temporary differences stemming from tax losses carried forward.

3.7. Other commitments linked to secured notes

In relation to each Series of Secured Notes, in order to secure its obligations in respect of such Notes, the Company enters into a pledge agreement which will be governed by the Luxembourg act dated 5 August 2005 on financial collateral arrangements, as amended. Under each Pledge Agreement, the Company will grant first ranking security over the Collateral Assets contained in one or more accounts held by the Company with The Bank of New York Mellon (Luxembourg) S.A. (or such other custodian or account bank as is specified in the applicable Final Terms, pursuant to the terms of a custodian agreement between, inter alia, the Company and the collateral custodian).

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Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
- continued -

3. Significant accounting policies (continued)

The security granted under each Pledge Agreement will be granted either in favour of:

- *(i) in the case of English Law Notes, BNY Mellon Corporate Trustee Services Limited or such other security trustee as is specified in the applicable Final Terms as security trustee on behalf of itself and the relevant Noteholders and the other relevant Secured Parties (as defined in the Additional Terms and Conditions for Secured Notes) or,*
- *(ii) in the case of French Law Notes, directly in favour of the relevant Noteholders and the other relevant Secured Parties as represented by BNY Mellon Corporate Trustee Services Limited or such other security agent as is specified in the applicable Final Terms as security agent.*

Following the occurrence of a Secured Note Acceleration Event (as defined in the Additional Terms and Conditions for Secured Notes), all Noteholders whose Notes have become immediately due and payable will first be entitled to claim for any outstanding amounts due to them under the terms of the Guarantee. If neither the Issuer nor the Guarantor (pursuant to the terms of the Guarantee) has paid all amounts due to Noteholders within a period of 3 Collateral Business Days following the occurrence of a Secured Note Acceleration Event, Noteholders may send a notice in writing to the Security Trustee (in the case of English Law Notes) or the Security Agent (in the case of French Law Notes) requesting that the relevant Pledge Agreement be enforced in accordance with the terms of the Base Prospectus.

The Company borrows the securities to be pledged from Société Générale Group. In accordance with IAS 39, the securities borrowed are not recognized in the statement of financial position.

The commitment to pledge the securities is accounted in the Company condensed interim financial information as an off balance-sheet commitment "Securities pledged". The committed amount is re-measured at each closing to reflect the value of the securities pledged.

3.8. Standards issued but not yet effective

The standards and interpretations that are issued and EU endorsed, but not yet effective, up to the date of issuance of the Company's condensed interim financial information, and which could have an impact on the Company's financial position or performance, are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The company does not plan to adopt those standards and interpretations early.

IFRS 9 Financial Instruments

In July 2014, the IASB issued IFRS 9 Financial Instruments, the standard that will replace IAS 39 for annual periods on or after 1 January 2018, with early adoption permitted.

Classification and measurement

From a classification and measurement perspective, the new standard will require all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair Value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost.

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Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
- continued -

3. Significant accounting policies (continued)

IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

Impairment of financial assets - Overview

IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace IAS 39's incurred loss approach with a forward-looking expected loss (ECL) approach. The Bank will be required to record an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the full lifetime of the asset.

At this stage, the impact of IFRS 9 on the Company's own funds is expected to be non-significant considering the vast majority of the financial assets and financial liabilities are already measured at fair value and will continue to be measured at fair value.

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Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
- continued -

4. Cash and cash equivalents

Cash and cash equivalents amount to KEUR 36 275 as at 30 June 2017 (December 2016: KEUR 89 144) and is mainly composed of cash held with Société Générale Bank and Trust and Société Générale.

Bank overdrafts, which form an integral part of the Company's cash management, are deducted from Cash and cash equivalents.

5. Financial assets at fair value through profit or loss

| | 30.06.2017 EUR' 000 | 31.12.2016 EUR' 000 |
|--|------------------------|------------------------|
| Financial assets at fair value through profit or loss | | |
| - Designated at fair value through profit or loss (Fully Funded Swaps) | 46 172 568 | 44 030 973 |
| - Held for Trading (Options) | 6 583 544 | 9 133 362 |
| Total | <u>52 756 112</u> | <u>53 164 335</u> |

As at 30 June 2017, financial assets designated at fair value through profit or loss (Fully Funded Swaps) amount to KEUR 46 172 568 (31 December 2016: KEUR 44 030 973) and replicate all the Notes issued by the Company (see Note 3.2 and Note 9).

As at 30 June 2017, financial assets Held for Trading (Options) amount to KEUR 6 583 544 (31 December 2016: KEUR 9 133 362) and replicate all the Warrants issued by the Company (see Note 3.2 and Note 9).

As indicated in Note 3.2.3, as at 30 June 2017, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is KEUR 28 244 223 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2016: KEUR 21 401 512) and KEUR 8 697 382 for the non-sold Warrants and the corresponding Options (31 December 2016: KEUR nil), which explains the decrease in Warrants despite the new issues during the six-month period ended 30 June 2017.

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Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
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5. Financial assets at fair value through profit or loss (continued)

The movements in Financial assets at fair value through profit or loss were as follows:

| | Designated at fair value through profit or loss | Held for Trading | Total |
|--|---|---------------------|-------------|
| As at 31 December 2015 | 34 193 066 | 2 767 202 | 36 960 268 |
| <i>Acquisition</i> | 29 631 371 | 13 981 945 | 43 613 316 |
| <i>Cancelled</i> | -7 991 264 | -5 384 349 | -13 375 613 |
| <i>Liquidation</i> | -115 218 | - | -115 218 |
| <i>Maturity/Disposal</i> | -2 785 812 | -5 540 623 | -8 326 435 |
| <i>Change in fair value</i> | -2 668 234 | 16 496 | -2 651 738 |
| <i>Exchange difference</i> | 284 277 | -348 | 283 929 |
| <i>Offsetting of Assets and Liabilities (Change)</i> | -11 538 079 | - | -11 538 079 |
| As at 30 June 2016 | 39 010 107 | 5 840 323 | 44 850 430 |
| <i>Acquisition</i> | 27 146 065 | 34 891 150 | 62 037 215 |
| <i>Cancelled</i> | -35 474 494 | -23 758 731 | -59 233 225 |
| <i>Liquidation</i> | -52 394 | - | -52 394 |
| <i>Maturity/Disposal</i> | -123 226 | -7 360 216 | -7 483 442 |
| <i>Change in fair value</i> | 5 188 404 | -629 047 | 4 559 357 |
| <i>Exchange difference</i> | 245 399 | 149 883 | 395 282 |
| <i>Offsetting of Assets and Liabilities (Change)</i> | 8 091 112 | - | 8 091 112 |
| As at 31 December 2016 | 44 030 973 | 9 133 362 | 53 164 335 |
| <i>Acquisition</i> | 37 145 549 | 32 574 172 | 69 719 721 |
| <i>Cancelled</i> | -27 226 936 | -24 604 004 | -51 830 940 |
| <i>Liquidation</i> | 729 602 | - | 729 602 |
| <i>Maturity/Disposal</i> | -962 813 | -8 253 901 | -9 216 714 |
| <i>Change in fair value</i> | 1 245 524 | 6 723 620 | 7 969 144 |
| <i>Exchange difference</i> | -1 946 620 | -292 323 | -2 238 943 |
| <i>Offsetting of Assets and Liabilities (Change)</i> | -6 842 711 | -8 697 382 | -15 540 093 |
| As at 30 June 2017 | 46 172 568 | 6 583 544 | 52 756 112 |

6. Loans and receivables

As at 30 June 2017 and 31 December 2016, loans and receivables only consist in deposits with SGBT, which represent the replacement of the Company's share capital, reserves and other available funds.

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7. Financial liabilities at amortised cost

As at 30 June 2017 and 31 December 2016, financial liabilities at amortised cost are mainly composed of a convertible bond of KEUR 48 000, issued by the Company and fully subscribed by SGBT, with maturity in 2022. The convertible bond has been issued following the reimbursement of a previously existing loan. Similar conditions have been maintained in the bond issued, to strictly achieve this change of format. Conversion may occur each year.

On this convertible bond, the Company pays to SGBT both variable interests calculated on Euribor 3M plus a margin (2.05% as at 30 June 2017) and activity related interests. Activity related interests mean an amount equal to 100% of the activity related profit generated by the Company.

The convertible bond maturity shall be automatically extended by successive periods of one year, unless either the Issuer or the Holder has exercised its right to terminate the bond on the scheduled maturity date. The conversion option belongs to the Holder.

As at 30 June 2017 and 31 December 2016, the value of the equity component is estimated to be nil.

8. Financial liabilities at fair value through profit or loss

| | 30.06.2017 EUR' 000 | 31.12.2016 EUR' 000 |
|--|------------------------|------------------------|
| Financial liabilities at fair value through profit or loss | | |
| - Designated at fair value through profit or loss (Notes) | 46 179 743 | 44 023 013 |
| - Held for Trading (Warrants) | 6 588 783 | 9 147 992 |
| Total | 52 768 526 | 53 171 005 |

As at 30 June 2017, the Company issued secured and unsecured Notes for a total amount of KEUR 46 179 743 (31 December 2016: KEUR 44 023 013):

- 806 secured Notes were issued (stock) for a total amount of KEUR 6 353 290 (31 December 2016: 527 secured Notes were issued (stock) for a total amount of KEUR 6 163 603);
- 23 449 unsecured Notes were issued (stock) for a total amount of KEUR 39 826 453 (31 December 2016: 21 749 unsecured Notes were issued (stock) for a total amount of KEUR 37 859 410).

Secured Notes are collateralized with collateral assets borrowed by the Company from Société Générale for KEUR 6 017 536 (31 December 2016: KEUR 5 586 872).

As at 30 June 2017, the Company also issued Warrants for a total amount of KEUR 6 588 783 (31 December 2016: KEUR 9 147 992). Refer to Note 10 for further details on Off-balance sheet items related to the Warrants activity.

As indicated in Note 3.2.3, as at 30 June 2017, the impact of the offsetting (decrease in the balance sheet) is KEUR 28 244 223 for the non-sold Notes and the corresponding fully funded swaps (31 December 2016: KEUR 21 401 512) and KEUR 8 697 382 for the non-sold Warrants and the corresponding Options (31 December 2016: KEUR nil), which explains the decrease in Warrants despite the new issues during the six-month period ended 30 June 2017.

Liquidity analysis is included in Note 9.

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For the six-month period ended 30 June 2017
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9. Risk Management

The Company and several of its service providers are subsidiaries of the Société Générale Group and therefore benefit from Société Générale's internal control systems.

For any further information on the risks relating to the Group, investors and/or Noteholders should refer to the "Risk and Capital Adequacy" section of the Registration Document (<https://www.societegenerale.com>).

Market risk

Market risk is the risk that changes in market prices, such as interest rates, securities prices, and foreign exchange rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company issues Notes and Warrants. The Notes are systematically hedged with Fully Funded Swaps concluded with Société Générale, with strictly identical characteristics. In the same way, the Warrants issued are hedged with Options concluded with Société Générale, with strictly identical characteristics.

The risks associated with the investment in the Notes and Warrants depend on several factors. Such factors will vary depending on the characteristics of the Notes and Warrants issued, in particular depending on the underlying, the maturity of the Notes, the secured / unsecured status of the Notes, the interest rates incurred, the volatility of the underlying, etc.

The main risks in relation to investments in Notes and Warrants issued by the Company are described in the Base Prospectus under the section "Risk Factor".

Because of its structure (perfect match between the assets and the liabilities), the impact of an immediate change of a market parameter would have no consequence on the net profit of the Company.

The Company is also exposed to structural interest rate risk, namely through the following transactions: replacement of available equity by participating interests or loans to the Company's treasury (SGBT) with hedged interest rate risk. The structural interest rate risk is monitored via the sensitivity of the economic value of the positions measured through modified duration.

Modified duration is calculated based on the change in the net present value of positions subsequent to a 1% change in the rate curve. Exposure monitoring is based on the determination of modified duration over the short (up to one year), medium (one to five years) and long (more than five years) term.

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Notes to the condensed interim financial information
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9. Risk Management (continued)

Credit risk

Credit risk is the risk that a third party will not be able to meet its contractual obligation.

The Company only contracts financial instruments with its parent companies, SGBT and Société Générale. Therefore, the credit risk of the Company is limited to the credit risk on SGBT and Société Générale. Should this situation evolve, specific limits would be proposed to limit the credit risk incurred.

As at 30 June 2017 and 31 December 2016, no financial assets were past due or impaired.

All the Notes and Warrants issued by the Company benefit from a guarantee provided by Société Générale, meaning that payments in respect of the instruments issued by the Company are unconditionally and irrevocably guaranteed by Société Générale (the Guarantor).

As at 30 June 2017, the rating of Société Générale is A from Standard & Poor's and A2 from Moody's.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the value of the assets and liabilities of the Company. Due to the financial instruments contracted by the Company with Société Générale to hedge the financial instruments issued, the Company is not significantly exposed to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet the payment obligations associated with its financial liabilities when they fall due.

The Company does not face any liquidity risk thanks to the perfect replication between the contractual obligations of i) the financial instruments issued by the Company and ii) the financial assets held for hedging by the Company.

Sensitivity of the Fair Value measurement to changes in unobservable parameters for Level 3 instruments

According to the fair value hierarchy established by IFRS 13, Level 3 (L3) comprises products valued using inputs that are not based on observable market data (referred to as unobservable inputs).

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for Notes or the Black & Scholes formula for certain options, and using valuation parameters that reflect current market conditions as at the statement of financial position date. These valuation models are validated independently by the experts from the Market Risk Department of the Group's Risk Division.

Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of GBIS (Global Banking and Investor Solutions), in accordance with the methodologies defined by the Market Risk Department.

The Notes and the related Fully Funded Swaps are classified as Level 3 when the valuation of the associated embedded derivatives (underlyings of the Notes) is also based on unobservable market data.

Notes to the condensed interim financial information
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9. Risk Management (continued)

The main L3 underlyings of the Notes issued by the Company are:

- equity derivatives: options with long maturities and/or incorporating bespoke pay offs mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc). In the absence of market depth and of an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e g extrapolation from observable data, historical analysis),
- interest rate derivatives: exotic options, products sensitive to correlation between different interest rates, different exchange rates, between interest rates and exchange rates or, for quanto products for example (in which the instrument is settled in a currency different from the one of the underlying); they are liable to be classified as L3 because the valuation parameters are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (eg. exchange rate correlations are deemed unobservable for the USD/JPY),
- credit derivatives: L3 credit derivatives mainly include single name or baskets of instruments exposed to time to default correlation.

On each element of an identified list of unobservable parameters, it comes to determining the uncertainty of marking, and cross sensitivities with this uncertainty for a confidence interval of the value of the positions.

In parallel, marking the levels of each of these parameters is collected and reported in the note.

The methods for determining the level of uncertainty, as well as calculating the confidence interval from sensibilities depend on each parameter.

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9. Risk Management (continued)

- a. The following table (source: Société Générale Group) provides the valuation of L3 instruments and the most significant unobservable inputs by main types of underlying:

| Cash instrument and derivatives | Main products | Valuation techniques used | Significant unobservable inputs | Range of inputs min & max |
|---------------------------------|--|--|--|---------------------------|
| Equity / funds | Simple and complex instruments or derivatives on funds, equities or baskets on stocks | Various option models on funds, equities or baskets on stocks | Equity volatilities | [12.4% ; 55.7%] |
| | | | Equity dividends | [-0.2% ; 31.8%] |
| | | | Unobservable correlations | [-99.0% ; 99.8%] |
| | | | Hedge funds volatilities | [7.5% ; 16.5%] |
| | | | Mutual funds volatilities | [1.5% ; 23.5%] |
| Rates and Forex | Hybrid forex / interest rate or credit / interest rate derivatives | Hybrid forex interest rate or credit interest rate option pricing models | Correlations | [-50.5% ; 90%] |
| | Forex derivatives | Forex option pricing models | Forex volatilities | [1.0% ; 25.2%] |
| | Interest rate derivatives whose notional is indexed on the prepayment behaviour on European collateral pools | Prepayment modelling | Constant prepayment rates | [0.0% ; 45%] |
| | Inflation instruments and derivatives | Inflation pricing models | Inflation / inflation correlations | [64.4% ; 90%] |
| Credit | Collateralized Debt Obligations and index tranches | Recovery and base correlation projection models | Time to default correlations | [0% ; 100%] |
| | | | Recovery rate variance for single name underlyings | [0% ; 100%] |
| | Other credit derivatives | Credit default models | Time to default correlations | [0% ; 100%] |
| | | | Quanto correlations | [-50% ; 40%] |
| | | | Unobservable credit spreads | [0 bps ; 1 000 bps] |
| Commodity | Derivatives on commodities baskets | Option models on commodities | Commodities correlations | [-5.3% ; 98.2%] |

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Notes to the condensed interim financial information
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9. Risk Management (continued)

Unobservable inputs add a degree of uncertainty in the valuation of Level 3 instruments.

However, by its very nature, the Company has no market risk exposure; all market risks are indeed perfectly hedged. The impact of an immediate change in an unobservable parameter would have no consequence on the net profit of the Company.

b. Analysis per remaining maturities

As at 30 June 2017, analysis per remaining maturities is as follows:

| 30.06.2017 - EUR' 000 | < 3 months | From 3 months to 1 year | From 1 to 5 years | > 5 years | Without fixed maturity | Total |
|---|------------------|-------------------------------|----------------------|-------------------|------------------------------|-------------------|
| Cash and cash equivalents | 36 275 | - | - | - | - | 36 275 |
| Financial assets at fair value through profit or loss | | | | | | |
| - <i>Designated at fair value through profit or loss</i> | 1 472 369 | 6 168 925 | 19 240 513 | 19 290 761 | - | 46 172 568 |
| - <i>Held for Trading</i> | 1 112 079 | 1 930 724 | 1 296 221 | 2 244 520 | - | 6 583 544 |
| Loans and receivables | - | 897 | 51 181 | 1 000 | - | 53 078 |
| Other assets | 19 043 | - | - | - | - | 19 043 |
| Total assets | 2 639 766 | 8 100 546 | 20 587 915 | 21 536 281 | - | 52 864 508 |
| Financial liabilities at amortised cost | - | 40 072 | - | 48 000 | - | 88 072 |
| Financial liabilities at fair value through profit or loss | | | | | | |
| - <i>Designated at fair value through profit or loss</i> | 1 472 369 | 6 168 922 | 19 240 513 | 19 297 939 | - | 46 179 743 |
| - <i>Held for Trading</i> | 1 112 079 | 1 930 724 | 1 296 221 | 2 249 759 | - | 6 588 783 |
| Other liabilities | 2 309 | - | - | - | - | 2 309 |
| Tax liabilities | 4 | - | - | - | - | 4 |
| Total liabilities | 2 586 761 | 8 139 718 | 20 536 734 | 21 595 698 | - | 52 858 911 |

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Notes to the condensed interim financial information
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9. Risk Management (continued)

As at 31 December 2016, analysis per remaining maturities is as follows:

| 31.12.2016 - EUR' 000 | < 3 months | From 3 months to 1 year | From 1 to 5 years | > 5 years | Without fixed maturity | Total |
|---|------------------|-------------------------------|----------------------|-------------------|------------------------------|-------------------|
| Cash and cash equivalents | 89 144 | - | - | - | - | 89 144 |
| Financial assets at fair value through profit or loss | | | | | | |
| - <i>Designated at fair value through profit or loss</i> | 1 273 668 | 5 546 579 | 18 174 506 | 19 036 220 | - | 44 030 973 |
| - <i>Held for Trading</i> | 1 797 992 | 2 710 398 | 2 129 998 | 2 494 974 | - | 9 133 362 |
| Loans and receivables | - | 1 915 | 3 865 | 47 565 | - | 53 345 |
| Other assets | 3 151 | - | - | - | - | 3 151 |
| Total assets | 3 163 955 | 8 258 892 | 20 308 369 | 21 578 759 | - | 53 309 975 |
| Financial liabilities at amortised cost | - | 67 533 | - | 48 000 | - | 115 533 |
| Financial liabilities at fair value through profit or loss | | | | | | |
| - <i>Designated at fair value through profit or loss</i> | 1 273 668 | 5 546 579 | 18 174 506 | 19 028 260 | - | 44 023 013 |
| - <i>Held for Trading</i> | 1 797 992 | 2 710 398 | 2 129 998 | 2 509 604 | - | 9 147 992 |
| Other liabilities | 15 055 | - | - | - | - | 15 055 |
| Tax liabilities | 152 | - | - | - | - | 152 |
| Total liabilities | 3 086 867 | 8 324 510 | 20 304 504 | 21 585 864 | - | 53 301 745 |

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9. Risk Management (continued)

- c. The fair values together with the carrying amounts shown in the statement of financial position are as follows:

| | Carrying amount | Fair value |
|--|-------------------|-------------------|
| 30.06.2017 - EUR' 000 | | |
| Cash and cash equivalents | 36 275 | 36 275 |
| Financial assets at fair value through profit or loss | | |
| - <i>Designated at fair value through profit or loss</i> | 46 172 568 | 46 172 568 |
| - <i>Held for Trading</i> | 6 583 544 | 6 583 544 |
| Loans and receivables * | 53 078 | 57 446 |
| Other assets | 19 043 | 19 043 |
| Total | 52 864 508 | 52 868 876 |
| Financial liabilities at amortised cost * | 88 072 | 92 036 |
| Financial liabilities at fair value through profit or loss | | |
| - <i>Designated at fair value through profit or loss</i> | 46 179 743 | 46 179 743 |
| - <i>Held for Trading</i> | 6 588 783 | 6 588 783 |
| Other liabilities | 2 309 | 2 309 |
| Tax liabilities | 4 | 4 |
| Total | 52 858 911 | 52 862 875 |
| 31.12.2016 - EUR' 000 | | |
| Cash and cash equivalents | 89 144 | 89 144 |
| Financial assets at fair value through profit or loss | | |
| - <i>Designated at fair value through profit or loss</i> | 44 030 973 | 44 030 973 |
| - <i>Held for Trading</i> | 9 133 362 | 9 133 362 |
| Loans and receivables * | 53 345 | 59 363 |
| Other assets | 3 151 | 3 151 |
| Total | 53 309 975 | 53 315 993 |
| Financial liabilities at amortised cost * | 115 533 | 126 896 |
| Financial liabilities at fair value through profit or loss | | |
| - <i>Designated at fair value through profit or loss</i> | 44 023 013 | 44 023 013 |
| - <i>Held for Trading</i> | 9 147 992 | 9 147 992 |
| Other liabilities | 15 055 | 15 055 |
| Tax liabilities | 152 | 152 |
| Total | 53 301 745 | 53 313 108 |

- * For Loans and receivables and Financial liabilities at amortized cost, the fair values are calculated by discounting the expected future cash flows under a EUR risk free curve adjusted with SG Group credit spread curve (EUR swap curve from Bloomberg and SG credit spread curve provided by Risk department Paris). Determining fair value is dependent on many factors and can be an estimate of what value may be obtained in the open market at any point in time.

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9. Risk Management (continued)

d. The fair value hierarchy of IFRS 13

As at 30 June 2017, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

| 30.06.2017 - EUR' 000 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|------------|------------|------------|
| Financial assets at fair value through profit or loss | | | | |
| - <i>Designated at fair value through profit or loss</i> | - | 21 438 622 | 24 733 946 | 46 172 568 |
| - <i>Held for Trading</i> | - | 6 474 428 | 109 116 | 6 583 544 |
| Financial liabilities at fair value through profit or loss | | | | |
| - <i>Designated at fair value through profit or loss</i> | - | 21 445 797 | 24 733 946 | 46 179 743 |
| - <i>Held for Trading</i> | - | 6 479 667 | 109 116 | 6 588 783 |

| 31.12.2016 - EUR' 000 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|------------|------------|------------|
| Financial assets at fair value through profit or loss | | | | |
| - <i>Designated at fair value through profit or loss</i> | - | 21 499 373 | 22 531 600 | 44 030 973 |
| - <i>Held for Trading</i> | - | 9 040 237 | 93 125 | 9 133 362 |
| Financial liabilities at fair value through profit or loss | | | | |
| - <i>Designated at fair value through profit or loss</i> | - | 21 491 413 | 22 531 600 | 44 023 013 |
| - <i>Held for Trading</i> | - | 9 054 867 | 93 125 | 9 147 992 |

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9. Risk Management (continued)

The following table describes the transfers between Level 2 and Level 3 of the fair value hierarchy

| | Level 3 (30.06.2017) | | Level 3 (30.06.2016) | |
|--|--|-------------------------|--|-------------------------|
| | Financial liabilities at fair value through profit or loss | | Financial liabilities at fair value through profit or loss | |
| EUR' 000 | <i>Designated at fair value through P&L</i> | <i>Held for Trading</i> | <i>Designated at fair value through P&L</i> | <i>Held for Trading</i> |
| Balance as at 1 January | 22 531 600 | 93 125 | 13 234 287 | 2 156 |
| Acquisition* | 13 773 957 | 143 292 | 13 345 892 | 31 253 |
| Change in fair value | -18 752 | -86 624 | -610 359 | - |
| Reimbursements | -7 303 792 | -52 671 | -2 932 682 | -1 927 |
| Transfers from L2 to L3 | 943 707 | 33 608 | 1 714 790 | 398 |
| Transfers from L3 to L2 | -120 741 | - | -1 697 220 | -600 |
| Offsetting of the assets and liabilities | -5 072 033 | -21 616 | -6 402 166 | - |
| Balance as at 30 June | 24 733 946 | 109 116 | 16 652 542 | 31 280 |

* This amount includes new tranches of existing notes issued.

Transfers from Level 3 to Level 2:

As described in Note 3.3 "Fair Value of the financial instruments", the consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable parameters.

Operational risk

Operational risk is the risk of loss or fraud caused by defects or failures in internal procedures or systems, human error or external events, including IT risk and management risk. Particular attention is paid to compliance risk, which receives enhanced monitoring.

The Company participates in the effort to strengthen the management and monitoring of operational risk led by the Société Générale Group. This effort is guided by the Operational Risk Department, which reports to the Société Générale Group Risk Department, and is relayed by different Group operational risk monitoring units responsible for implementing the policies and directives issued by the Société Générale Group and monitoring and controlling operational risks.

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9. Risk Management (continued)

The monitoring arrangement mainly relies on four processes supervised by the operational risk departments: periodic risk and control self-assessment (RCSA), collecting internal data on losses due to operational risk with exhaustive real-time reporting of incidents, pattern analyses, and permanent control system. These procedures are supplemented by a crisis management unit and a business continuity plan.

10. Off-balance sheet

As at 30 June 2017, financial instruments to be issued (engagement taken before 30 June 2017 with value date after 30 June 2017) amounted to KEUR 3 102 834 (31 December 2016: KEUR 3 559 596).

All the financial instruments issued by the Company benefit from a guarantee provided by Société Générale, meaning that payments in respect of the financial instruments are unconditionally and irrevocably guaranteed by Société Générale (the Guarantor).

In addition to the guarantee on first demand granted by Société Générale on unsecured and secured Notes, subscribers of the secured Notes issued by the Company benefit from additional collateral assets securing the payment due under the Notes terms, structured in form of a pledge governed by Luxembourg Law. This pledge may only be enforced following a default of the Company or Société Générale in its role of Guarantor.

Pledged collateral assets are deposited on an account held in the name of the Company with an authorised custodian not belonging to the Société Générale Group and are pledged in favour of the Notes holders.

As at 30 June 2017, securities deposited at Bank of New York MELLON as collateral for secured issuances amount to KEUR 6 017 536 (31 December 2016: KEUR 5 586 872).

All the warrants issued are fully hedged by concluding identically equipped OTC options with Société Générale.

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10. Off-balance sheet (continued)

The total 14 949 warrants issued as at 30 June 2017 break down as follows:

| Warrant Type | Category of Underlying | Type of Underlying | Option Type | 30/06/2017 | | 31/12/2016 | |
|--------------------------|------------------------|-----------------------------|-------------|------------|------------------|------------|------------------|
| | | | | Quantity | Volume (000 EUR) | Quantity | Volume (000 EUR) |
| Commodity Future Warrant | Future | Commodity Future | Call | 52 | 210 934 | 47 | 1 279 117 |
| | | | Put | 58 | 220 919 | 37 | 52 839 |
| Commodity Warrant | Commodity | Mutual Fund | Call | 48 | 198 232 | 61 | 214 789 |
| | | | Put | 54 | 105 565 | 50 | 124 540 |
| Currency Warrant | Currency | | Call | 145 | 3 945 607 | 125 | 44 569 |
| | | | Put | 139 | 3 026 088 | 122 | 11 396 |
| Equity Warrant | Equity | American Depositary Receipt | Call | 2 | 117 759 | 30 | 124 926 |
| | | | Put | | | 21 | 58 502 |
| | | Ordinary Share | Call | 5 404 | 38 253 608 | 4 995 | 24 668 459 |
| | | | Put | 3 354 | 11 847 539 | 3 150 | 10 829 952 |
| | | Other Receipt | Call | 8 | 35 245 | 3 | 24 370 |
| | | | Put | 6 | 184 990 | 4 | 186 344 |
| | | Own Share | Call | 118 | 293 748 | 109 | 219 936 |
| | | | Put | 71 | 159 045 | 74 | 151 675 |
| | | Preference | Call | 33 | 124 000 | 28 | 97 750 |
| | | | Put | 28 | 91 325 | 29 | 83 625 |
| | | REIT | Call | 47 | 149682 | | |
| | | | Put | 42 | 90 488 | | |
| Index Warrant | Index | Index | Call | 4 304 | 72 161 873 | 1 481 | 35 952 812 |
| | | | Put | 993 | 22 289 476 | 990 | 16 256 885 |
| Fund Warrant | Fund | Mutual Fund | Call | 34 | 482 052 | 48 | 1 638 478 |
| | | | Put | 9 | 91 984 | 17 | 319 864 |
| Total Call | | | Call | 10 195 | 115 972 740 | 6 927 | 64 265 206 |
| Total Put | | | Put | 4 754 | 38 107 419 | 4 494 | 28 075 621 |
| Total | | | | 14 949 | 154 080 159 | 11 421 | 92 340 827 |

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11. Equity

As at 31 December 2016, the subscribed and fully paid share capital, 100% held by Société Générale Bank and Trust S.A., was EUR 2 000 120, divided into 50 003 shares with nominal value of EUR 40 each.

By resolution adopted on 12 January 2017, the Executive Board decided to increase the capital of the Company from EUR 2 000 120 to EUR 2 000 160 by the issue of a new share with a nominal value of EUR 40, subscribed by the sole shareholder.

As at 30 June 2017, the subscribed and fully paid share capital, 100% held by Société Générale Bank and Trust S.A., is EUR 2 000 160, divided into 50 004 shares with nominal value of EUR 40 each.

The Company manages its capital to ensure it will be able to continue as a going concern. The capital structure consists in issued capital, reserves and retained earnings.

The capital amount may be increased, subject to the approval of the Sole Shareholder, if the Company's activity evolves, incurring specific additional risks.

12. Reserves

Legal reserve

In accordance with the Luxembourg law, the Company is required to allocate a minimum of 5% of its annual net profit to a Legal reserve until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

As at 30 June 2017, the legal reserve amounts to KEUR 200 (31 December 2016: KEUR 200).

Other reserves

As at 30 June 2017, other reserves include temporarily unavailable reserves amounting to KEUR 3 380 (Net Wealth Tax reserve), which correspond to five times the reduction in the Net Wealth Tax for the respective years for which the Net Wealth Tax has been reduced (31 December 2016: KEUR 3 382).

If the amount of the NWT reserve is not maintained for a five year period (for a reason other than a change in capital), the Company's NWT liability will be increased by the amount of the NWT reduction for the years concerned. The Company decided to keep this reserve in accordance with the above.

SG Issuer
Société Anonyme

Notes to the condensed interim financial information
For the six-month period ended 30 June 2017
- continued -

13. Taxation

The Company is liable for all taxes applicable to Luxembourg commercial companies.

Since 2007, the Company is part of a tax integration group led by SGBT, as authorised by the article 164 bis LIR and has concluded a Tax Sharing Agreement (the "Agreement") with SGBT. Under the Agreement, the Company pays to SGBT, with respect to each financial year, an amount equal to the tax which would be levied on the profits of the Company in the absence of any tax consolidation with the Parent.

For the period ended 30 June 2017, the theoretical tax rate is 27.08% (2016: 29.22%) while the actual tax rate of the Company is the one from the tax integration Group to which it belongs, as explained above.

Refer to Note 12 for further information on Net Wealth Tax.

14. Subsequent events

There was no subsequent event which could have a significant impact on the condensed interim financial information as at 30 June 2017.

APPENDIX II

REPRODUCTION OF THE GUARANTOR'S UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

The information set out below is a reproduction of the Guarantor's unaudited consolidated financial statements as at 30 June 2017.

30.06.2017

CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

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1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET - ASSETS

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

CONSOLIDATED BALANCE SHEET - LIABILITIES

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

CONSOLIDATED INCOME STATEMENT

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

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

STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

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

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

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

CHANGES IN SHAREHOLDERS' EQUITY

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

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

CASH FLOW STATEMENT

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

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION



ACCOUNTING STANDARDS

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

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

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



FINANCIAL STATEMENTS PRESENTATION

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

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



PRESENTATION CURRENCY

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

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

2. ACCOUNTING STANDARDS APPLIED BY THE GROUP

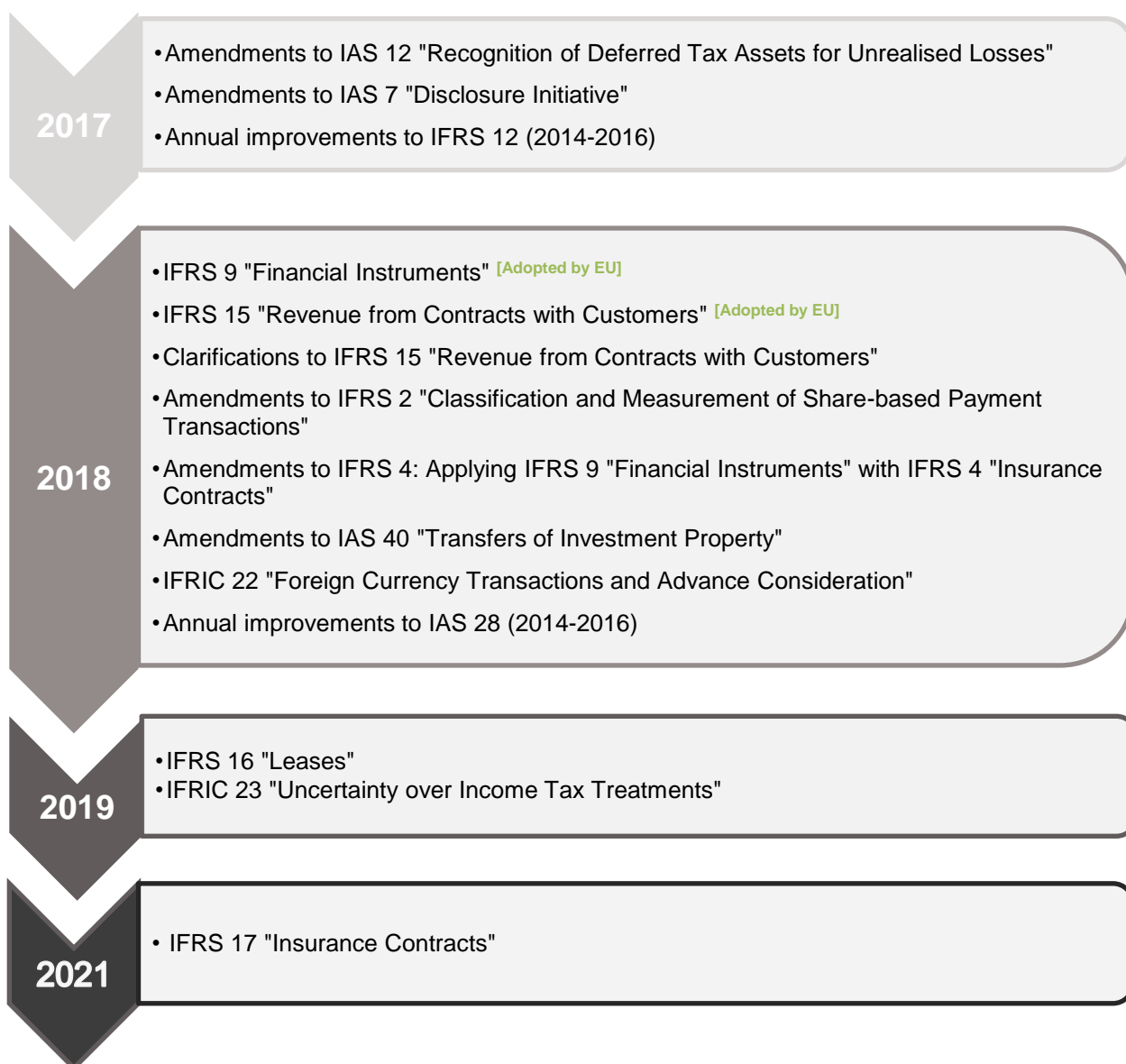
In preparing the condensed interim consolidated financial statements, the Group applied the same accounting principles and methods as for its 2016 year-end consolidated financial statements, which were drawn up in compliance with the International Financial Reporting Standards (IFRS) as adopted by the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

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

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

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

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



ACCOUNTING STANDARDS ADOPTED BY THE EUROPEAN UNION

IFRS 9 “FINANCIAL INSTRUMENTS”

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

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



Classification and measurement

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

Credit risk

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

Hedge accounting (general model)

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

Macro-hedging

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

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

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

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

ORGANISATION OF IFRS 9 IMPLEMENTATION

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

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

In particular, the Group has completed the documentation of the analyses previously performed to assess the classification and measurement of its financial assets according to IFRS 9. This work will be finalised

during the second half of 2017 taking into account the potential consequences of the amendment to IFRS 9 currently drafted by IASB.

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

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

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

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

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

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

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

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

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

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

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

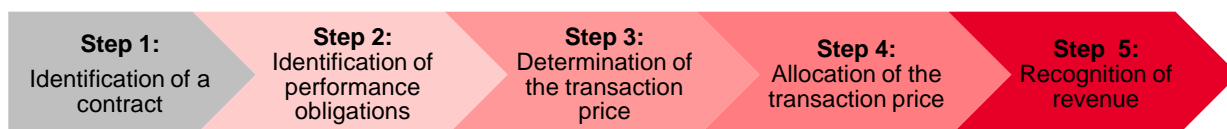
At this point of the IFRS 9 implementation process, the consequences of its application to Group financial statements cannot be estimated reasonably.

IFRS 15 “REVENUE FROM CONTRACTS WITH CUSTOMERS”

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

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

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



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

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

ACCOUNTING STANDARDS OR AMENDMENTS NOT YET ADOPTED BY THE EUROPEAN UNION AT 30 JUNE 2017

AMENDMENTS TO IAS 12 “RECOGNITION OF DEFERRED TAX ASSETS FOR UNREALISED LOSSES”

Issued by IASB on 19 January 2016

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

AMENDMENTS TO IAS 7 “DISCLOSURE INITIATIVE”

Issued by IASB on 29 January 2016

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

AMENDMENTS TO IFRS 2 “CLASSIFICATION AND MEASUREMENT OF SHARE-BASED PAYMENT TRANSACTIONS”

Issued by IASB on 20 June 2016

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

AMENDMENTS TO IFRS 4: APPLYING IFRS 9 “FINANCIAL INSTRUMENTS” WITH IFRS 4 “INSURANCE CONTRACTS”

Issued by IASB on 12 September 2016

These amendments propose solutions to treat the volatility in profit or loss that will arise from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 which will replace IFRS 4 “Insurance contracts”. They give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied and before IFRS 17 becomes effective. They give also companies whose activities are

predominantly connected with insurance an optional exemption from applying IFRS 9 until 2021. These entities will continue to apply the existing financial instruments standard, IAS 39.

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

Issued by IASB on 8 December 2016

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

AMENDMENTS TO IAS 40 “TRANSFERS OF INVESTMENT PROPERTY”

Issued by IASB on 8 December 2016

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

IFRIC 22 “FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION”

Issued by IASB on 8 December 2016



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

IFRS 16 “LEASES”

Issued by IASB on 13 January 2016

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

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

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

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

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

IFRIC 23 “UNCERTAINTY OVER INCOME TAX TREATMENTS”

Issued by IASB on 7 June 2017

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

IFRS 17 “INSURANCE CONTRACTS”

Issued by IASB on 18 May 2017

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

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

4. USE OF ESTIMATES AND JUDGMENT

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

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

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

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

necessary, the Group will take these consequences into account when making assumptions and estimates for preparing its consolidated financial statements.

NOTE 2 - CONSOLIDATION

NOTE 2.1 - CONSOLIDATION SCOPE

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

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

ANTARIUS

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

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

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

SPLITSKA BANKA

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

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

ALD

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

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

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

NOTE 2.2 - GOODWILL

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

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

NOTE 3 - FINANCIAL INSTRUMENTS

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

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

1. TRADING PORTFOLIO AT FAIR VALUE THROUGH PROFIT OR LOSS

ASSETS

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

(1) See Note 3.2 Financial derivatives.

LIABILITIES

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

(2) See Note 3.2 Financial derivatives.

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

ASSETS

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

LIABILITIES

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

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

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

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

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

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

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

NOTE 3.2 - FINANCIAL DERIVATIVES

1. TRADING DERIVATIVES

BREAKDOWN OF TRADING DERIVATIVES

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

2. HEDGING DERIVATIVES

BREAKDOWN OF HEDGING DERIVATIVES

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

NOTE 3.3 - AVAILABLE-FOR-SALE FINANCIAL ASSETS

1. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

(1) Including UCITS.

CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

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

(1) o/w EUR 34 million for Insurance activities in 2017.

(2) o/w EUR 128 million for Insurance activities in 2017.

(3) o/w EUR -38 million for Insurance activities in 2017.

(4) o/w EUR 7 million for Insurance activities in 2017.

(5) Sale on Visa Europe shares generated a profit in the income statement under Net gains and losses on available for sale financial assets in the first semester of 2016 and 2016 by EUR 725 million.

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

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

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

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

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

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

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

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

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

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

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

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

3. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS MEASURED AT FAIR VALUE

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

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

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

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

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

4. ESTIMATES OF MAIN UNOBSERVABLE INPUTS

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

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

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

5. SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

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

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

The “standardised” variation is:

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

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

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

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

6. DEFERRED MARGIN RELATED TO MAIN UNOBSERVABLE INPUTS

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

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

NOTE 3.5 - LOANS AND RECEIVABLES

1. DUE FROM BANKS

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

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

2. CUSTOMER LOANS

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

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

NOTE 3.6 - DEBTS

1. DUE TO BANKS

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

2. CUSTOMER DEPOSITS

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

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

3. DEBT SECURITIES ISSUED

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

NOTE 3.7 - INTEREST INCOME AND EXPENSE

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

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

BREAKDOWN OF OTHER CUSTOMER LOANS INCOME:

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

NOTE 3.8 - IMPAIRMENT AND PROVISIONS

1. IMPAIRMENT OF FINANCIAL ASSETS

BREAKDOWN OF ASSET IMPAIRMENTS

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

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

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

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

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

2. PROVISIONS

BREAKDOWN OF PROVISIONS

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

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

PROVISIONS FOR DISPUTES

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

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

3. COST OF RISK

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

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

1. FINANCIAL ASSETS MEASURED AT AMORTISED COST

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

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

2. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

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

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

NOTE 4 - OTHER ACTIVITIES

NOTE 4.1 - FEE INCOME AND EXPENSE

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

NOTE 4.2 - OTHER ASSETS AND LIABILITIES

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

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

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

NOTE 4.3 - OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

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

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

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

2. OTHER LIABILITIES

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

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

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

NOTE 5 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

1. PERSONNEL EXPENSES

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

2. DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

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

3. DESCRIPTION OF THE 2017 SHARE-BASED PAYMENT PLANS

2017 SOCIETE GENERALE FREE SHARES PLAN ⁽¹⁾

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

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

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

2017 SOCIETE GENERALE PERFORMANCE SHARES PLAN ⁽¹⁾

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

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

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

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

NOTE 6 - INCOME TAX

1. INCOME TAX

| <i>(In millions of euros)</i> | 1st half of 2017 | 2016 | 1st half of 2016 |
|-------------------------------|------------------|----------------|------------------|
| Current taxes | (676) | (1,313) | (725) |
| Deferred taxes | (15) | (656) | (286) |
| Total | (691) | (1,969) | (1,011) |

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

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

2. PROVISIONS FOR TAX ADJUSTMENTS

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

NOTE 7 - SHAREHOLDERS' EQUITY

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

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

| <i>(Number of shares)</i> | 30.06.2017 | 30.06.2016 |
|--|-------------|-------------|
| Ordinary shares | 807,713,534 | 807,713,534 |
| <i>Including treasury stock with voting rights⁽¹⁾</i> | 6,865,176 | 8,251,751 |
| <i>Including shares held by employees</i> | 51,985,135 | 55,769,100 |

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

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

2. TREASURY STOCK

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

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

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

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

3. EQUITY INSTRUMENTS ISSUED

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

NOTE 7.2 - EARNINGS PER SHARE AND DIVIDENDS

1. EARNINGS PER SHARE

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

(1) Excluding treasury shares.

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

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

2. DIVIDEND PAID

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

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

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1 - SEGMENT REPORTING

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

(1) Income and expenses not directly related to business line activities are recorded in the Corporate Centre income. Thus, the Net Banking Income includes the revaluation differences for debts related to own credit risk (EUR -199 million at 30 June 2017) and compensation of EUR 963 million for the transaction agreement between Societe Generale and the Libyan Investment Authority.

In addition, the Net income from other assets for the year 2016 registered a depreciation of EUR -235 million in unrealised losses on non-current assets held for sale on the retail bank in Croatia.

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

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

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

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

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

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

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

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

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

NOTE 8.2 - OTHER OPERATING EXPENSES

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

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

CONTRIBUTION TO BANK RESOLUTION MECHANISMS

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

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

NOTE 8.3 - PROVISIONS

1. BREAKDOWN OF PROVISIONS

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

2. UNDERWRITING RESERVES OF INSURANCE COMPANIES

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

NOTE 9 - INFORMATION ON RISKS AND LITIGATION

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

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

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

- Between 2003 and 2008, Societe Generale had set up gold consignment lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold stocks held by Goldas. These suspicions were rapidly confirmed following the failure by Goldas to pay or refund gold worth EUR 466.4 million. Societe Generale brought civil proceedings against its insurers and various Goldas Group entities. Goldas launched various proceedings in Turkey and in the UK against Societe Generale. In the action brought by Societe Generale against Goldas in the UK, Goldas applied to have the action of SG struck-out and applied to the UK court for damages. On 3rd April 2017, the UK court granted both applications and will, after an inquiry into damages, rule on the amount due to Goldas, if any. Societe Generale has requested leave to appeal to the Court of Appeal. A stay of the inquiry into damages was agreed by consent between Societe Generale and Goldas. The UK court made an order recording the terms of the stay on 6th June 2017 pursuant to which the stay will be lifted if Societe Generale's application for permission to appeal does not succeed or, if the application is successful, upon determination of the appeal itself. On 16th February 2017, the Paris Commercial Court dismissed Societe Generale's claims against its insurers. Societe Generale filed an appeal against this decision.
- On 24th October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5th October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion as damages to the bank. On 19th March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, the Supreme Court has departed from its traditional line of case law regarding the compensation of victims of criminal offences against property. On 23rd September 2016, the Versailles Court of Appeal rejected J. Kerviel's request for an expert determination of the damage suffered by Societe Generale, and therefore confirmed that the accounting net losses suffered by the Bank as a result of his criminal conduct amount to EUR 4.9 billion. It also declared J. Kerviel partially responsible for the damage caused to Societe Generale and sentenced him to pay to Societe Generale EUR 1 million. Societe Generale and J. Kerviel did not appeal before the Supreme Court. Societe Generale considers that this judgment has no impact on its tax situation. However, as indicated by the Ministry of Economy and Finance, the French Tax administration has assessed the tax consequences of these accounting losses. The position of the administration is still being discussed and a dispute on this subject before the competent courts is still possible.
- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing. To support this reform (known as EIC – *Echange d'Images Chèques*), which has contributed to the improvement of cheque payments' security and to the fight against fraud, the banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities. On 20th September 2010, after several years of investigation, the French competition authority considered that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the *Banque de France*) a total of approximately EUR 385 million. Societe Generale was ordered to pay a fine of EUR 53.5 million and Credit du Nord, its subsidiary, a fine of EUR 7 million.

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

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

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

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

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

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

- On 7th March 2014, the Libyan Investment Authority (“LIA”) brought proceedings against Societe Generale before the High Court of England regarding the conditions pursuant to which LIA entered into certain investments with the Societe Generale Group. LIA alleges that Societe Generale and other parties who

participated in the conclusion of the investments notably committed acts amounting to corruption. On 3rd May 2017, Societe Generale and the Libyan Investment Authority reached a settlement agreement with a GBP 813.26 million payment, putting an end to the dispute. Also, on 8th April 2014, the US Department of Justice served Societe Generale with a subpoena requesting the production of documents relating to transactions with Libyan entities and individuals, including the LIA. On 4th October 2016, the Securities and Exchange Commission served Societe Generale with a subpoena on the same subject matter. Societe Generale is cooperating with US authorities. Recent meetings took place with the relevant authorities.

- Societe Generale, along with other financial institutions, has been named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. The action is pending in the US District Court in Manhattan. Motions to dismiss the action were denied by an order dated 4th October 2016, and discovery has begun. Societe Generale and certain subsidiaries, along with other financial institutions, have also been named as defendants in a putative class action in Canada (Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims.
- SG Americas Securities, LLC (“SGAS”), along with other financial institutions, has been named as a defendant in several putative class actions alleging violations of US antitrust laws and the CEA in connection with its activities as a US Primary Dealer, buying and selling US Treasury securities. The cases have been consolidated in the US District Court in Manhattan. SGAS’s time to respond to the complaints has not yet been set.
- Societe Generale, along with several other financial institutions, has been named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with foreign exchange spot and derivatives trading. The action is brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. The litigation is pending in the US District Court in Manhattan. Motions to dismiss were denied, and discovery is underway. Separate putative class actions on behalf of putative classes of indirect purchasers are also pending. Motions to dismiss will be filed on 4th August 2017.
- Societe Generale and certain subsidiaries, along with other financial institutions, have also been named as defendants in two putative class actions in Canada (in the Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims. The Societe Generale defendants have reached a settlement in these actions of CAD 1.8 million, which is pending court approval. Hearings to approve the settlement are scheduled for 18th September 2017, in Ontario and 22th September 2017, in Quebec.
- Further to an inspection conducted from 8th September to 1st December 2015 at Societe Generale’s offices in order to review the Group’s suspicious transaction reporting policies and procedures, the ACPR gave Societe Generale notice on 26th July 2016 of the opening of enforcement proceedings against it. On 19th July 2017, the enforcement commission issued a reprimand against Societe Generale and ordered it to pay a EUR 5 million fine.

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