SOCIETE GENERALE

A French corporation with a share capital of EUR 1,009,380,011.25
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SECOND UPDATE

TO THE

2016 REGISTRATION DOCUMENT

2016 INTERIM FINANCIAL REPORT

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SECOND UPDATE TO THE 2016 REGISTRATION DOCUMENT PER CHAPTER

1.1 Press releases and events subsequent to the submission of the first update to the 2016 Registration Document

1.1.1 Press release dated 18 May 2016: Annual General Meeting and Board of Directors dated 18 May 2016

See section 2, page 42.

1.1.2 Press release dated 29 July, 2016: the EBA publishes the results of the 2016 European stress testing exercise

The European Banking Authority published on 29th July 2016 the results of the 2016 European-wide stress-testing exercise covering 51 banks in the EU.

The results confirm the solidity of Societe Generale's balance sheet and the quality of its portfolio: the transitional CET 1 ratio closes at 11.94% at end-2018 in the baseline scenario and at 8.03% in the adverse scenario.

The detailed results of the stress testing for Societe Generale are available in excel format on the Group's Corporate website under "Pillar 3 and other prudential information", for the year 2016 at:

https://www.societegenerale.com/en/measuring-our-performance/information-and-publications/registrationdocuments

The complete results and information regarding the methodology used for the set of European banks reviewed are available on the European Banking Authority website: www.eba.europa.eu.

1.1.3 Press release dated 3 August, 2016: Second quarter 2016 Results – Update of the pages 24 to 41 of the 2016 Registration Document

Paris, August 3rd, 2016

Q2 16: SOUND RESULTS IN A CHALLENGING ENVIRONMENT

- Net banking income excluding non-economic items** of EUR 7.2bn (vs. EUR 6.5bn in Q2 15), +11.5%*, including the capital gain on the Visa disposal (EUR 725m). Good commercial performance by the businesses.
- Stable operating expenses vs. Q2 15
- Continued decline in the cost of risk (commercial cost of risk[(1)] of 38 basis points in Q2 16 vs. 44 basis points in Q2 15)
- Book Group net income of EUR 1,461m in Q2 16 vs. EUR 1,351m in Q2 15. Group net income excluding non-economic items**: EUR 1,599m in Q2 16 (+44.6%* vs. Q2 15)
- Good capital generation: fully-loaded CET 1 ratio of 11.1% (10.9% at end-2015). Total capital ratio of 16.7% (16.3% at end-2015)

H1 16: GOOD HALF-YEAR RESULTS

- Net banking income excluding non-economic items** of EUR 13.2bn (vs. EUR 12.8bn in H1 15)
- Stable operating expenses excluding the effect of the Euribor fine refund and restated for IFRIC 21
- Net cost of risk down -11.1% vs. H1 15
- Group net income: EUR 2,385m in H1 16 vs. EUR 2,219m in H1 15

  Group net income excluding non-economic items**: EUR 2,428m (+25.5%* vs. H1 15)
- **EPS**: EUR 2.77 in H1 16 vs. EUR 2.22 in H1 15 (+25%)[(2)].**

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

The notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, cost of risk in basis points, ROE, RONE, net assets, tangible net assets, EPS, non-economic items and the amounts serving as a basis for the different restatements carried out are presented in the methodology notes, section 10 of this press release, as are the principles for the presentation of prudential ratios.

The footnotes * and ** in this document are specified below

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

** Excluding non-economic items.

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

(2) Excluding non-economic items. Gross EPS in H1 15: EUR 2.54 and EUR 2.71 in H1 16. See methodology note No. 3

Societe Generale's Board of Directors met on August 2nd, 2016 under the chairmanship of Lorenzo Bini Smaghi and examined the results for H1 and Q2 2016.

Book **Group net income** amounted to EUR 1,461 million in Q2 16, vs. EUR 1,351 million in 2015, due to the increased earnings of International Retail Banking & Financial Services as well as the recording of the capital gain on the disposal of Visa Inc. shares (EUR 662 million after tax in the Corporate Centre's results). International Retail Banking & Financial Services' earnings rose by nearly 36%, with an increase in all activities. Earnings were resilient in French Retail Banking (-5.2% vs. Q2 15) in a very unfavourable interest rate environment. Global Banking & Investor Solutions' contribution was lower compared with an exceptionally high level in Q2 15, at EUR 448 million, its best level since Q2 15 in a still uncertain environment (EUR 702 million in Q2 15). Group net income totalled EUR 2,385 million in H1 16, vs. EUR 2,219 million in H1 15. If non-economic items are stripped out, it amounted to EUR 2,428 million (vs. EUR 1,970 million in H1 15). In a challenging economic environment for banking activities, marked by a low interest rate environment and unstable markets, the Group benefited from its well-balanced diversified banking model, with a substantially higher contribution from Retail Banking in H1.

Net banking income totalled EUR 6,984 million in Q2 16 (+3.0%* vs. Q2 15). If non-economic items are stripped out, it amounted to EUR 7,195 million (+11.5%* vs. Q2 15), including notably the capital gain on the Visa disposal (EUR 725 million). The Group's net banking income came to EUR 13,159 million in H1 16 vs. EUR 13,222 million in H1 15, up 0.7%* when adjusted for changes in Group structure and at constant exchange rates. If non-economic items are stripped out, the increase is +4.3%*, at EUR 13,225 million vs. EUR 12,843 million in 2015.

The Group continued with its efforts to control **operating expenses.** They came to EUR 4,119 million in Q2 16, stable vs. Q2 15. Operating expenses totalled EUR -8,403 million in H1 16 vs. EUR -8,566 million in 2015. Excluding the Euribor fine refund and adjusted for IFRIC 21, operating expenses were stable in H1 16 vs. the same period in 2015.

The Group's **commercial cost of risk** continued to decline, to 42 basis points in H1 16 (vs. 49 basis points in H1 15), towards the bottom end of the range announced by the Group at the beginning of the year, and to 38 basis points in Q2 16, down -6 basis points vs. Q2 15. The net cost of risk amounted to EUR -1,188 million in H1 16 (EUR -1,337 million in H1 15). During Q2, the Group recorded an additional EUR -200 million provision for litigation issues, as in Q2 15. The total net cost of risk in Q2 16 was EUR -664 million vs. EUR -724 million in Q2 15.

The "Basel 3" **Common Equity Tier 1 (fully-loaded CET1) ratio stood at 11.1%** (10.9% at end-2015). Q2 capital generation helped finance the Group's targeted acquisitions (car fleet management group Parcours in France as well as the Private Banking activities of Kleinwort Benson in the United Kingdom), and the increase in the Group's risk-weighted assets. The total capital ratio amounted to 16.7% at end-June 2016 (vs. 16.3% at end-2015).

Commenting on the Group's results for H1 2016, Frédéric Oudéa – Chief Executive Officer – stated:

"Societe Generale posted sound results in the second quarter due to the good commercial and financial performance of all the Group's businesses. Accordingly, the Group generated EUR 2,385 million of Group net income in the first six months of 2016, substantially higher than in H1 2015. These results, which have been achieved in a challenging environment, reflect the dynamism and strength of the Group's well-balanced banking model, the quality of its portfolios and the commitment of its teams in serving its customers. Societe Generale is determinedly pursuing the far-reaching transformation of its business model in order to adapt it to the changing needs of its customers and the new regulatory environment, with the aim of further developing synergies, increasing operating efficiency and boosting its profitability."

1. GROUP CONSOLIDATED RESULTS

In EUR m	Q2 16	Q2 15	Change		H1 16	H1 15	Change	
Net banking income	**6,984**	**6 869**	***+1.7%***	***+3.0%****	**13,159**	**13 222**	***-0.5%***	***+0.7%****
Net banking income(1)	*7,195*	*6 543*	*+10.0%*	*+11.5%**	*13,225*	*12 843*	*+3.0%*	*+4.3%**
Operating expenses	(4,119)	(4 124)	*-0.1%*	*+1.3%**	(8,403)	(8 566)	*-1.9%*	*-0.6%**
Gross operating income	**2,865**	**2 745**	***+4.4%***	***+5.6%****	**4,756**	**4 656**	***+2.1%***	***+3.2%****
Gross operating income(1)	*3,076*	*2 419*	*+27.2%*	*+28.8%**	*4,822*	*4 277*	*+12.7%*	*+14.0%**
Net cost of risk	(664)	(724)	*-8.3%*	*-5.3%**	(1,188)	(1 337)	*-11.1%*	*-7.4%**
Operating income	2,201	2,021	*+8.9%*	*+9.4%**	3,568	3,319	*+7.5%*	*+7.2%**
Operating income(1)	*2,412*	*1 695*	*+42.3%*	*+43.0%**	*3,634*	*2 940*	*+23.6%*	*+23.2%**
Net profits or losses from other assets	(16)	(7)	*n/s*	*n/s*	(12)	(41)	*+70.7%*	*+66.7%**
Impairment losses on goodwill	0	0	*n/s*	*n/s*	0	0	*n/s*	*n/s*
Reported Group net	**1,461**	**1,351**	***+8.1%***	***+10.8%****	**2,385**	**2,219**	***+7.5%***	*+9.3%**
Group net income(1)	1,599	1 137	*+40.6%*	*+44.6%**	2,428	1 970	*+23.2%*	*+25.5%**
ROE (after tax)	**11.7%**	**11.2%**			**9.4%**	**9.1%**		
Adjusted ROE (2)	11.0%	10.6%			10.1%	9.7%		

(1) Adjusted for revaluation of own financial liabilities and DVA
(2) Corrected for the implementation of IFRIC 21

Net banking income

The Group's net banking income totalled EUR 6,984 million in Q2 16, taking H1 net banking income to EUR 13,159 million. In 2015, Q2 net banking income was EUR 6,869 million and H1 net banking income EUR 13,222 million. When restated for the impact of the revaluation of own financial liabilities and DVA, net banking income came to EUR 7,195 million in Q2 16, vs. EUR 6,543 million in 2015 (+11.5%*) and EUR 13,225 million for H1 16, vs. EUR 12,843 million for H1 15 (+4.3%*). It includes the capital gain on the disposal of Visa Inc. shares, recorded in the Corporate Centre for EUR 725 million in Q2 16. When restated for this non-recurring item, the Group's net banking income excluding non-economic items was EUR 12,500 million for H1 16 (including EUR 6,470 million in Q2).

- French Retail Banking's (RBDF) net banking income was down -2.0% (excluding PEL/CEL effect) in Q2 16 and -2.5% in H1 16 compared with a very good year in 2015. In a low interest rate environment, the interest margin declined while financial commissions fell in an unfavourable market environment.

- International Retail Banking & Financial Services' (IBFS) net banking income rose +4.2%* in Q2 16 and +4.6%* in H1 16 compared with the same periods in 2015, with an increase in net banking income in all activities. Insurance continued to expand (+8.1%* vs. H1 15, and +8.3%* in Q2). Financial Services to Corporates' net banking income was up +9.3%* in Q2 16 vs. Q2 15, or +8.1%* in H1 16 vs. H1 15, driven by dynamic Operational Vehicle Leasing and Fleet Management activities (+11.7%* in H1 16 vs. H1 15).

- In an unstable market environment, notably following the UK referendum and fluctuations in commodity markets, Global Banking & Investor Solutions (GBIS) once again demonstrated the resilience of its multi-specialist model in serving its clients. Net banking income was down-8.7%* in H1 16 compared to a very high level at the beginning of 2015 (-8.3%* betweenQ2 15 and Q2 16).

The accounting impact of the revaluation of the Group's own financial liabilities was EUR -212 million in Q2 16, and EUR -67 million in H1 16. In 2015, the revaluation of own financial liabilities led to the recording of net income of EUR +312 million in Q2 and EUR +374 million in H1. The DVA impact is EUR 1 million in 2016, recognised in Q2 16 – it was EUR +14 million in Q2 15 for a total in H1 of EUR +5 million (see methodology note No. 7). These two factors constitute the restated non-economic items in the analyses of the Group's results. They lead to the recognition of self-generated earnings reflecting the market's evaluation of the counterparty risk related to the Group. They are also restated in respect of the Group's earnings for prudential ratio calculations.

Operating expenses

The Group's operating expenses amounted to EUR 8,403 million in H1 16 vs. EUR 8,566 million in H1 15. Without taking into account the refund of part of the Euribor fine and after correction of the IFRIC 21 impact, expenses were stable in H1 16 vs. H1 15. The taxes recorded in their entirety in the first half of 2016 amounted to EUR 523 million in H1 16 vs. EUR 400 million in 2015 (an increase of EUR +123 million). The IFRIC 21 adjustment consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity for the period.

Operating expenses came to EUR 4,119 million in Q2 16, stable vs. Q2 15 (EUR 4,124 million). This stability reflects the ongoing efforts to control costs undertaken for several years. The current plan has therefore helped generate cumulative savings of EUR 400 million at end-June 2016 for non-recurring implementation costs of EUR 129 million. When this plan expires at end-2017, the Group will therefore have reduced its cost base by EUR 2 billion per year in five years.

Operating income

The **Group's gross operating income** amounted to EUR 4,756 million in H1 16 (EUR 4,656 million in H1 15), including EUR 2,865 million in Q2 16 (vs. EUR 2,745 million in Q2 15).

The **Group's net cost of risk** amounted to EUR -664 million in Q2 16, down -5.3%* vs. Q2 15, providing further confirmation of the good quality of the Group's assets. For H1 16, the net cost of risk was down -7.4%* vs. H1 15, at EUR 1,188 million. It includes a EUR -200 million provision for litigation issues in Q2 16, taking the total of this provision to EUR 1.9 billion.

The commercial cost of risk (expressed as a fraction of outstanding loans) continued to decline: it is situated towards the bottom end of the Group's full-year target range at 38 basis points in Q2 16 and 42 basis points in H1 16 (vs. 44 basis points and 49 basis points respectively for the same periods in 2015):

- In French Retail Banking, the commercial cost of risk continued to decline and stood at 33 basis points in Q2 16 and 34 basis points in H1 16 (vs. 38 basis points in Q2 15 and 43 basis points in H1 15), thanks to a decrease in all customer segments.
- At 64 basis points in Q2 16 and 69 basis points in H1 16 (vs. 96 basis points in Q2 15 and 106 basis points in H1 15), International Retail Banking & Financial Services' cost of risk was substantially lower, due primarily to an improvement in the cost of risk for business customers in Europe. The cost of risk in Russia remained stable in a still challenging economic environment.
- Global Banking & Investor Solutions' cost of risk amounted to 29 basis points in Q2 16 and 35 basis points in H1 16 (vs. 10 basis points in Q2 15 and 11 basis points in H1 15). The second quarter was marked by the stability of the cost of risk in the oil and gas sector.

The gross doubtful outstandings ratio amounted to 5.1% at end-June 2016 (vs. 5.7% at end-June 2015). The Group's gross coverage ratio for doubtful outstandings stood at 64%, up +1 point vs. end-June 2015. The improvement in these indicators confirms the trend observed for several years and reflects the quality of the Group's assets.

The Group's operating income totalled EUR 2,201 million in Q2 16 or EUR 3,568 million for H1 (vs. EUR 2,021 million in Q2 15 and EUR 3,319 million in H1 15).

Net income

Group net income amounted to EUR 1,461 million in Q2 16, or EUR 2,385 million in H1 16. This compares with Group net income of EUR 1,351 million for Q2 15 and EUR 2,219 million in H1 15. This increase can be attributed primarily to the effect of the capital gain on the disposal of Visa Inc. shares, partially offset by a sharp decline in the revaluation of own financial liabilities. The earnings of the Group's businesses were generally stable (-1.6%), with the good results of Retail Banking activities offsetting the lower earnings of Global Banking & Investor Solutions in an unfavourable environment.

When corrected for non-economic items (revaluation of own financial liabilities and DVA), Group net income was EUR 1,599 million in Q2 16, and EUR 2,428 million for H1, vs. EUR 1,137 million in Q2 15 and EUR 1,970 million in H1 15.

The Group's ROE was 8.1%(1) in Q2 (11.7% in absolute terms) and 7.4%(1) in H1 (9.4% in absolute terms). On a comparable basis, ROE amounted to 10.3% for Q2 15 (9.1% in absolute terms) and 9.7% for H1 15 (11.2% in absolute terms).

Earnings per share amounts to EUR 2.71 for H1 16 (vs. EUR 2.54 in H1 15). When adjusted for non-economic items, EPS for H1 16 is EUR 2.77 vs. EUR 2.22 in H1 15.

(1) Adjusted for IFRIC 21 and excluding non-economic items, PEL/CEL provisions. In 2016, excluding Euribor refund and Visa capital gain (or a reduction in Group net income of EUR -880m in H1 16, including EUR -662m in Q2 16)

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 58.5 billion at June 30th, 2016 (EUR 59.0 billion at December 31st, 2015). Net asset value per share was EUR 61.41, including EUR 1.77 of unrealised capital gains. Tangible net asset value per share was EUR 55.37.

The **consolidated balance sheet** totalled EUR 1,460 billion at June 30th, 2016 (EUR 1,334 billion at December 31st, 2015). The net amount of **customer loan outstandings**, including lease financing, was EUR 393 billion (EUR 386 billion at December 31st, 2015) – excluding assets and securities sold under repurchase agreements. At the same time, **customer deposits** amounted to EUR 379 billion, vs. EUR 360 billion at December 31st, 2015 (excluding assets and securities sold under repurchase agreements).

In H1 2016, the Group issued EUR 20.0 billion of medium/long-term debt with EUR 17.8 billion at parent company level (in respect of a financing programme of EUR 31 billion in 2016), having an average maturity of 5.6 years and an average spread of 47 basis points (vs. the 6-month mid-swap, excluding subordinated debt), and EUR 2.2 billion by the subsidiaries. The LCR (Liquidity Coverage Ratio) increased and was well above regulatory requirements at 148% at end-June 2016 vs. 124% at end-2015.

The Group's **risk-weighted assets** amounted to EUR 355.1 billion at June 30th, 2016 (vs.EUR 356.7 billion at end-December 2015) according to CRR/CRD4 rules. Risk-weighted assets in respect of credit risk represent 83% of the total, at EUR 293.6 billion, down -1.6% vs. December 31st, 2015.

At June 30th, 2016, the Group's fully-loaded **Common Equity Tier 1** ratio(1) stood at 11.1% (10.9% at end-December 2015), stable in Q2 16 and up +22 basis points vs. end-December 2015. The Tier 1 ratio was 13.6% (13.5% at end-December 2015) and the total capital ratio amounted to 16.7% (16.3% at end-December 2015) and was up +23 basis points vs. end-March 2016 and +40 basis points vs. end-December 2015. The Group is continuing with efforts to increase its equity capital and is aiming for a Common Equity Tier 1 ratio of 11.5% to 12% by 2018.

The **leverage ratio** stood at 3.9% at June 30th, 2016 (4.0% at end-December 2015).

On July 29th, the European Banking Authority published the results of the 2016 stress test. Societe Generale provided further confirmation of the soundness of its balance sheet and the quality of its portfolio enabling it to withstand a severe stress situation: the regulatory capital ratio at end-2018 comes to 11.9% according to the standard stress scenario and 8.0% in a severe stress situation.

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

(1) *The phased-in ratio, including the earnings of the current financial year, stood at 11.5% at end-June 2016, vs. 11.4% at end-December 2015.*

3. FRENCH RETAIL BANKING

In EUR m	Q2 16	Q2 15	Change	H1 16	H1 15	Change
Net banking income	**2,100**	**2 163**	***-2.9%***	**4,184**	**4 227**	***-1.0%***
Net banking income ex. PEL/CEL	*2,087*	*2 129*	*-2.0%*	*4,194*	*4 302*	*-2.5%*
Operating expenses	(1 340)	(1 304)	***+2.8%***	(2 765)	(2 695)	***+2.6%***
Gross operating income	**760**	**859**	***-11.5%***	**1,419**	**1 532**	***-7.4%***
Gross banking income ex. PEL/CEL	*747*	*825*	*-9.5%*	*1,429*	*1 607*	*-11.1%*
Net cost of risk	(168)	(183)	*-8.2%*	(348)	(413)	*-15.7%*
Operating income	592	676	*-12.4%*	1,071	1 119	*-4.3%*
Reported Group net income	**403**	**425**	*-5.2%*	**731**	**704**	*+3.8%*
RONE	**15.7%**	**15.8%**		**14.1%**	**13.1%**	
Adjusted RONE (2)	14.8%	14.7%		14.8%	14.4%	

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

French Retail Banking enjoyed a healthy commercial momentum accompanied by sound profitability in Q2 16 and H1 16, despite the low interest rate environment.

The customer base continued to expand in H1 16 in the individual customer segment. Boursorama, the leading 100% mobile bank, strengthened its leadership position in France with nearly 870,000 customers while the number of new customers was robust in the branch networks (+230,000). In the business segment, French Retail Banking established relationships with more than 2,800 new companies in H1 16 (+8% vs. H1 15) due to the dynamism of its teams and the recognised quality of its services. Societe Generale remains the market leader in France for companies developing internationally (source: CSA French market research agency).

Average outstanding loans rose +3.5% in Q2 16 vs. Q2 15 and amounted to EUR 183.0 billion. This increase was primarily driven by the growth in outstanding housing loans (+5.7%) as well as by corporate loans (+1.9%). Investment loan production was up 27% vs. Q2 15, reflecting the rebound observed for several quarters. After a record year in 2015, housing loan production was lower in Q2 16 (-33% year-on-year), albeit with a pick-up in production compared to Q1 16.

Balance sheet deposits continued to enjoy strong growth of 6.9% to EUR 182.5 billion vs. Q2 15, driven by sight deposits (+17.9%). Over the same period, the level of gross life insurance inflow remained buoyant (EUR +2.6 billion), as did the net inflow of Private Banking in France (EUR +1.1 billion). The other growth drivers were also healthy with, in particular, a substantial increase in factoring and cash management income. Continuing on its downtrend, the average loan/deposit ratio now amounts to 100% (vs. 105% in Q4 15).

This healthy commercial momentum was partially reflected in French Retail Banking's net banking income which suffered from the negative effects of the low interest rate environment and housing loan renegotiations. After neutralising the impact of PEL/CEL provisions, net banking income was down -2.0% vs. Q2 15 at EUR 2,087 million, in line with expectations.

Net interest income (excluding PEL/CEL provision) was 2.7% lower than in Q2 15, with the production of higher margin loans and strong deposit inflow only partially mitigating the impact of low interest rates and renegotiations. Commissions were down -0.8%, reflecting mixed trends: service commissions rose +4.0% thanks to the development of synergies with the Group's other businesses and the substantial new customers won, whereas financial commissions were down -15.4% due to lower transaction volumes in an unstable market environment.

French Retail Banking's operating expenses rose +2.8% in Q2 16 (vs. Q2 15), reflecting increased investments in the digital transformation process whereas other expenses continued to be rigorously controlled. As part of its transformation plan, Societe Generale has notably launched the 100% online consumer loan application and the Group has closed 43 branches in France since the beginning of the year.

The net cost of risk declined by 8.2% in Q2 16 vs. Q2 15, reflecting the quality of the portfolio. Operating income totalled EUR 592 million in Q2 16 (down -12.4%).

French Retail Banking's contribution to Group net income amounted to EUR 403 million in Q2 16 (vs. EUR 425 million in Q2 15). The contribution to Group net income was slightly lower (-2.5%), excluding the PEL/CEL effect. However, the level of profitability remained robust (ROE of 14.8% excluding PEL/CEL effect and pro forma for IFRIC).

In H1 16, French Retail Banking posted net banking income of EUR 4,184 million (-2.5% excluding PEL/CEL effect vs. H1 15), operating expenses of EUR -2,765 million (+2.6%) and operating income of EUR 1,071 million (-4.3%). Its contribution to Group net income amounted to EUR 731 million, up +3.8% vs. H1 15, representing a very satisfactory ROE of 14.8% (excluding PEL/CEL effect and restated for IFRIC 21).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

The division's contribution to Group net income totalled EUR 436 million in Q2 16, up +35.8% vs. Q2 15. The increase can be attributed to revenue growth of +4.2%*, a decline in the cost to income ratio of 1 point and a significantly lower net cost of risk (-27.5%*) than in Q2 15.

In H1 16, revenues totalled EUR 3,716 million (up +4.6%* vs. H1 15), operating income amounted to EUR 1,142 million (+32.3%*) and the contribution to Group net income came to EUR 736 million (+56.9%).

In EUR m	Q2 16	Q2 15	Change		H1 16	H1 15	Change	
Net banking income	**1,891**	**1 867**	**+1.3%**	**+4.2%***	**3,716**	**3 662**	***+1.5%***	***+4.6%****
Operating expenses	(1,038)	(1 047)	-0.9%	+2.9%*	(2,171)	(2 204)	*-1.5%*	*+2.3%**
Gross operating income	**853**	**820**	***+4.0%***	***+5.7%****	**1,545**	**1 458**	***+6.0%***	***+8.1%****
Net cost of risk	(191)	(287)	-33.4%	-27.5%*	(403)	(620)	*-35.0%*	*-29.0%**
Operating income	662	533	+24.2%	+21.7%*	1,142	838	*+36.3%*	*+32.3%**
Net profits or losses from other assets	13	(1)	n/s	n/s	13	(26)	*n/s*	*n/s*
Impairment losses on goodwill	0	0	n/s	n/s	0	0	*n/s*	*n/s*
Reported Group net income	**436**	**321**	**+35.8%**	**+32.4%***	**736**	**469**	***+56.9%***	***+49.4%****
RONE	16.6%	12.3%			14.0%	9.0%		
Adjusted RONE(1)	16.0%	11.6%			14.7%	9.9%		

(1) Corrected for the implementation of IFRIC 21

International Retail Banking

International Retail Banking's outstanding loans rose +6.8%* in Q2 16 vs. Q2 15, to EUR 80.4 billion. The increase was particularly strong in Europe and Africa. Deposits also continued to enjoy robust growth in virtually all the countries where the Group operates. Outstanding deposits totalled EUR 72.2 billion at end-June 2016, up +5.2%* year-on-year, with very dynamic inflow in Central and Eastern European countries and in Africa.

International Retail Banking posted net banking income of EUR 1,243 million in Q2 16 (+3.4%*), primarily due to the good business performance in Central and Eastern Europe and in Sub-Saharan Africa, as well as the gradual recovery in Russia and Romania. Gross operating income came to EUR 517 million (+9.5%*) and the contribution to Group net income was EUR 195 million, vs. EUR 128 million in Q2 15 (+52.3%).

International Retail Banking's net banking income totalled EUR 2,461 million in H1 16, up +4.9%* vs. H1 15. The contribution to Group net income came to EUR 317 million compared to EUR 162 million in H1 15.

In Western Europe, outstanding loans were up +7.6%* at EUR 15.0 billion. Car financing was particularly dynamic over the period. In Q2 16, the region posted net banking income of EUR 171 million, gross operating income of EUR 81 million and a contribution to Group net income of EUR 45 million, up +25.0% vs. Q2 15.

In the Czech Republic, Komercni Banka (KB) delivered a solid commercial performance in Q2 16. Outstanding loans rose +9.4%* vs. Q2 15 to EUR 20.8 billion, driven by dynamic production of loans to individuals and large corporates. Over the same period, outstanding deposits climbed +6.5%* to EUR 25.8 billion. Net banking income was slightly lower in Q2 16 (-0.4%*) than in Q2 15 at EUR 259 million, given the persistent low interest rate environment. Over the same period, operating expenses were down -12.8%* primarily due to the smaller contribution to the deposit guarantee fund in Q2. The net cost of risk is normalising and amounted to EUR 17 million in Q2 16. The contribution to Group net income was stable at EUR 52 million.

On July 1st, 2016, the KB subsidiary, Essox, concluded an agreement for the acquisition of 100% of the shares in PSA Finance in the Czech Republic and Slovakia.

In Romania (BRD), the economic environment is gradually improving. BRD's outstanding loans rose +3.7%* to EUR 6.3 billion, primarily in the individual customer and large corporate segments. Outstanding deposits were up +6.4%* at EUR 8.9 billion. In this context, the BRD Group's net banking income was 6.3%* higher than in Q2 15 at EUR 136 million. Operating expenses were down -1.3%* over the period, due to rigorous cost control, at EUR 74 million and the net cost of risk was down -47.1%* at EUR 18 million. BRD's contribution to Group net income was EUR 21 million in Q2 16, compared to EUR 8 million in Q2 15.

In other European countries, the Group maintained a strong deposit inflow in Q2 16 (outstandings up +6.1%* at EUR 11.2 billion), while outstanding loans were 6.6%* higher at EUR 11.6 billion, principally in the individual customer segment. In Q2 16, net banking income was up +4.5%* vs. Q2 15 at EUR 186 million, operating expenses were down -0.9%* at EUR 109 million and the net cost of risk was down -8.3%*. The contribution to Group net income came to EUR 40 million, up +21.2% vs. Q2 15.

In Russia, the environment has stabilised. Corporate activity remains buoyant and we have observed a gradual recovery in loan production for individual customers. Against this backdrop, outstanding loans were slightly lower (-1.5%*) than in Q2 15 at EUR 8.3 billion. Outstanding deposits were down -7.4%* vs. Q2 15 at EUR 6.4 billion, due to a decrease in USD outstanding deposits, in line with objectives. Net banking income climbed +22.9%* in Q2 16 to EUR 145 million, in conjunction with the improvement in margins and loan production volumes. Costs remained under control at EUR 120 million, up +0.8%* in a high inflation environment. Overall, SG Russia([1]) generated a loss of EUR -12 million in Q2 16, an improvement compared to Q1 16 (EUR -18 million) and Q2 15 (EUR -43 million). In this environment, the Group has confirmed an anticipated loss of EUR -50 million to EUR -100 million for 2016 for SG Russia.

In Africa and other regions where International Retail Banking operates, outstanding loans rose +8.4%* vs. Q2 15 to EUR 18.4 billion. Business was particularly dynamic in Algeria and Côte d'Ivoire. Over the same period, outstanding deposits amounted to EUR 18.1 billion, up +7.0%*. At EUR 346 million, net banking income rose +1.5%* vs. Q2 15. Operating expenses were up +7.4%* and the net cost of risk was down -24.0%*. Overall, the contribution to Group net income rose +3.4% to EUR 60 million.

Insurance

The Insurance business maintained its commercial momentum in Q2 16. Life insurance outstandings rose +2.8%* vs. Q2 15 to EUR 95.8 billion. Net inflow amounted to EUR 0.6 billion in Q2 16, with the proportion of unit-linked products remaining at a high level (76%). In terms of protection (Personal Protection and Property/Casualty insurance), business was also buoyant with premiums climbing +9.2%* vs. Q2 15 to EUR 345 million in Q2 16.

The Insurance business delivered another sound financial performance in Q2 16. Net banking income was 8.3%* higher than in Q2 15 at EUR 221 million. The contribution to Group net income was up +10.2% in Q2 16, at EUR 97 million.

In H1 16, net banking income was up +8.1%* and the contribution to Group net income up +10.8% vs. H1 15.

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

Financial Services to Corporates

Operational Vehicle Leasing and Fleet Management continued to enjoy strong growth in its vehicle fleet in Q2 16 (+15.0% vs. Q2 15). The acquisition of the Parcours Group, carried out in Q2 16 (+66,000 vehicles), enables ALD Automotive to strengthen its position in the SME and VSE customer segment and accelerate its growth in the French and European markets. This performance was also underpinned by the successful development of its partnerships with car manufacturers and retail banking networks.

Equipment Finance's outstanding loans totalled EUR 16.0 billion (excluding factoring), up +4.9%* vs. Q2 15, driven by the transport and industrial equipment sectors. New business margins held up well despite an intense competitive environment.

Financial Services to Corporates continued to enjoy a strong momentum in Q2 16, with net banking income of EUR 418 million, substantially higher than in Q2 15 (+9.3%*). Operating expenses totalled EUR 207 million, up +6.4%*. Earnings were 23.3% higher than in Q2 15, with a contribution to Group net income of EUR 148 million. In H1 16, Financial Services to Corporates' net banking income came to EUR 803 million (+8.1%* vs. H1 15). The contribution to Group net income amounted to EUR 276 million (+20.0% vs. H1 15).

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EUR m	Q2 16	Q2 15	Change		H1 16	H1 15	Change	
Net banking income	**2,435**	**2 691**	**-9.5%**	**-8.3%***	**4,792**	**5 295**	**-9.5%**	**-8.7%***
Operating expenses	*(1,753)*	*(1 760)*	*-0.4%*	*+0.6%**	*(3,470)*	*(3 634)*	*-4.5%*	*-3.8%**
Gross operating income	**682**	**931**	***-26.7%***	***-25.2%****	**1,322**	**1 661**	***-20.4%***	***-19.5%****
Net cost of risk	(106)	(56)	+89.3%	+86.0%*	(246)	(106)	x 2,3	x 2,4
Operating income	576	875	-34.2%	-32.6%*	1,076	1 555	*-30.8%*	*-30.1%**
Reported Group net income	**448**	**702**	**-36.2%**	**-32.3%***	**902**	**1 234**	**-26.9%**	**-23.2%***
RONE	**11.8%**	**16.5%**			**11.7%**	**15.5%**		
Adjusted RONE (1)	10.6%	15.7%			10.1%	16.3%		

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

In Q2 16, Global Banking & Investor Solutions' net banking income totalled EUR 2,435 million, up for the third consecutive quarter. However, it was down -9.5% vs. a Q2 15 that benefited from a particularly favourable market environment in all activities (EUR 2,691 million).

Net banking income totalled EUR 4,792 million in H1 16, down -9.5% year-on-year.

Global Markets & Investor Services

Global Markets & Investor Services' net banking income amounted to EUR 1,544 million in Q2 16, down -11.3% vs. Q2 15 (and -12.1% in H1 16 at EUR 3,093 million). In line with the previous quarter, Q2 was marked by the gradual normalisation of the markets and generally buoyant commercial activity, despite the result of the referendum on the United Kingdom's exit from the EU.

- **Equities'** net banking income was down -29.2% in Q2 16 vs. Q2 15, at EUR 568 million, with a decline of -33.1% in H1 16 vs. H1 15. Despite a pick-up in demand on structured products, notably in Asia, activity was lower compared with a very buoyant H1 15. Listed products, in which the Group retains a recognised global leadership position, provided further confirmation of the healthy trend in Q1, with strong client demand, whereas the business' other activities, notably cash equities, experienced a decline in earnings.

- At EUR 629 million, **Fixed Income, Currencies & Commodities'** net banking income was up +2.8% vs. Q2 15 and +9.7% in H1 16. This good performance was driven by rate and commodity activities which maintained the momentum observed in Q1, as well as the higher contribution of Emerging Markets activity.

- **Prime Services'** net banking income totalled EUR 176 million in Q2 16, up +23.1% vs. Q2 15 (and +17.0% in H1 16 vs. H1 15). This result reflects a strong commercial momentum and the successful integration of Newedge.

- **Securities Services'** assets under custody amounted to EUR 4,012 billion at end-June 2016, up 1.0% year-on-year. Over the same period, assets under administration fell -4.0% to EUR 580 billion. Securities Services' revenues were down -7.1% in Q2 16 vs. Q2 15 at EUR 171 million (and -11.5% in H1 16 vs. H1 15), due to a reduction in transactional activity, the decline in markets and a negative interest rate environment.

Financing & Advisory

Financing & Advisory's net banking income came to EUR 637 million, down -7.8% vs. a very high level in Q2 15, but virtually stable in H1 16 (-0.7% vs. H1 15). The performance was driven by capital market activities, notably in Debt Capital Markets which benefited from an active market in the second quarter. Q2 16 was also marked by the commercial dynamism of investment banking, both in equity issues and advisory activities. Natural resources financing remained dynamic, in a highly competitive environment. Societe Generale's expertise was recognised again in Q2 16, with the title of "Best Export Finance Bank", awarded by Trade Export Finance.

Asset and Wealth Management

The net banking income of the **Asset and Wealth Management** business line totalled EUR 254 million in Q2 16, down -1.9% vs. Q2 15. The decline amounted to -12.2% in H1, against the backdrop of a declining market and weak transactional activity.

Private Banking's assets under management amounted to EUR 116.8 billion at end-June 2016. Driven by inflow of EUR +0.7 billion, notably in France and the United Kingdom, after the integration of Kleinwort Benson, assets under management were slightly higher (+0.4%) than in H1 15, despite negative market and currency effects. Net banking income was up +1.5% vs. Q2 15, at EUR 204 million, due to structure effects, but down -9.5% in H1 16. The gross margin remained at a satisfactory level of 106 basis points.

Lyxor's assets under management came to EUR 100.9 billion (+1.4% vs. H1 15), underpinned by positive inflow. Lyxor has maintained its No. 3 ETF ranking in Europe, with a market share of 10.1% (source ETFGI). Net banking income amounted to EUR 43 million in Q2 16, lower than in 2015 (-17.3% vs. Q2 15 and -27.9% in H1 16 vs. H1 15), but substantially higher than in Q1.

Operating expenses

Global Banking & Investor Solutions' operating expenses were slightly lower (-0.4% in Q2 16 vs. Q2 15). They were down -4.5% in H1, with Q1 including the negative effect of the implementation of the IFRIC 21 standard, offset by the refund of part of the Euribor fine(1). When restated for these two effects, operating expenses were generally stable vs. H1 15, reflecting the efforts made to control costs. The cost to income ratio amounted to 72.4% in H1 16.

Operating income

Gross operating income came to EUR 682 million, down -26.7% vs. a high level in Q2 15, and -20.4% in H1 16 vs. H1 15, at EUR 1,322 million.

The net cost of risk totalled EUR -106 million in Q2 16, an improvement of EUR 36 million vs. Q1 16. It was EUR -246 million in H1 16 (EUR -106 million in H1 15).

The division's operating income totalled EUR 576 million in Q2 16, down -34.2% vs. Q2 15, and EUR 1,076 million in H1 16, down -30.8%.

Net income

The division's contribution to Group net income came to EUR 448 million in Q2 16 (-36.2% vs. Q2 15) and EUR 902 million in H1 16. When restated for the effect of the IFRIC 21 standard and the partial refund of the Euribor fine, the division's ROE amounted to 10.1% in H1 16 (11.7% in absolute terms).

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

6. CORPORATE CENTRE

In EUR m	Q2 16	Q2 15	H1 16	H1 15
Net banking income	**558**	**148**	**467**	**38**
Net banking income (1)	*770*	*(164)*	*534*	*(336)*
Operating expenses	12	(13)	3	(33)
Gross operating income	**570**	**135**	**470**	**5**
Gross operating income (1)	*782*	*(177)*	*537*	*(369)*
Net cost of risk	(199)	(198)	(191)	(198)
Net profits or losses from other assets	(29)	(12)	(11)	(3)
Reported Group net income	**174**	**(97)**	**16**	**(188)**
Group net income (1)	*313*	*(302)*	*60*	*(433)*

(1) Adjusted for revaluation of own financial liabilities

The Corporate Centre includes:

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

The Corporate Centre's net banking income totalled EUR 558 million in Q2 16 (EUR 148 million in Q2 15), and EUR 770 million excluding the revaluation of the Group's own financial liabilities (EUR -164 million in Q2 15). The Corporate Centre's gross operating income was EUR 570 million in Q2 16 vs. EUR 135 million in Q2 15. When restated for the revaluation of own financial liabilities (see methodology note No. 7), gross operating income came to EUR 782 million in Q2 16 (vs. EUR -177 million in Q2 15).

The Corporate Centre's revenues include, in Q2 16, the capital gain on the disposal of Visa Inc. shares, for EUR 725 million in Q2 16, reflecting the share disposals carried out by the Group's different entities and subsidiaries. Accordingly, gross operating income, excluding non-economic items and disposal capital gain, amounted to EUR 57 million in Q2 16 and EUR -188 million in H1 16.

The Corporate Centre's contribution to Group net income was EUR 174 million in Q2 16, vs. EUR -97 million in Q2 15.

7. CONCLUSION

In H1 2016, Societe Generale generated Group net income of EUR 2,385 million. This sound result, achieved in challenging conditions, reflects the dynamism and strength of the Group's well-balanced banking model, the quality of its portfolios and the commitment of its teams in serving its customers. Underpinned by the disposal of Visa shares, EPS is substantially higher in H1, at EUR 2.77 excluding non-economic items (+25% vs. H1 15). Tangible net asset value per share is 4.1% higher than at end-June 2015 and 18.4% higher in the space of four years. In Q2, Societe Generale reaffirmed its commitment to control operating expenses and continue with the far-reaching transformation of its business model towards more synergies and greater efficiency, in order to offset the increase in regulatory costs, finance its development, and boost its profitability.

8. 2016-2017 FINANCIAL CALENDAR

2016-2017 financial communication calendar

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

9. APPENDIX 1: FINANCIAL DATA

CONSOLIDATED INCOME STATEMENT

(in EUR millions)

	H1 16	H1 15	Change		Q2 16	Q2 15	Variation	
In M EUR								
Net banking income	13,159	13 222	-0.5%	+0.7%*	6,984	6 869	+1.7%	+3.0%*
Operating expenses	(8,403)	(8 566)	-1.9%	-0.6%*	(4,119)	(4 124)	-0.1%	+1.3%*
Gross operating income	**4,756**	**4 656**	**+2.1%**	**+3.2%***	**2,865**	**2 745**	**+4.4%**	**+5.6%***
Net cost of risk	(1,188)	(1 337)	-11.1%	-7.4%*	(664)	(724)	-8.3%	-5.3%*
Operating income	**3,568**	**3,319**	**+7.5%**	**+7.2%***	**2,201**	**2,021**	**+8.9%**	**+9.4%***
Net profits or losses from other assets	(12)	(41)	+70.7%	+66.7%*	(16)	(7)	n/s	n/s
Net incomefrom companies accounted for by the equity method	68	110	-38.2%	+7.9%*	33	42	-21.4%	x 2,2
Impairment losses on goodwill			n/s	n/s			n/s	n/s
Income tax	(1,011)	(967)	+4.6%	+4.2%*	(627)	(597)	+5.0%	+5.8%*
Net income	**2,613**	**2 421**	**+7.9%**	**+9.6%***	**1,591**	**1 459**	**+9.0%**	**+11.5%***
O.w. non controlling Interests	228	202	+12.9%	+12.9%*	130	108	+20.4 %	+20.4%*
Group net income	**2,385**	**2,219**	**+7.5%**	**+9.3%***	**1,461**	**1,351**	**+8.1%**	**+10.8%***
Tier 1 ratio at the end of period	13.6%	12.7%			13.6%	12.7%		

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

GROUP NET INCOME AFTER TAX BY CORE BUSINESS

*(in EUR millions)

	H1 16	H1 15	Change	Q2 16	Q2 15	Variation
French Retail Banking	731	704	+3.8%	403	425	-5.2%
International Retail Banking & Financial Services	736	469	+56.9%	436	321	+35.8%
Global banking and Investor Solutions	902	1 234	-26.9%	448	702	-36.2%
CORE BUSINESS	2,369	2,407	-1.6%	1,287	1,448	-11.1%
Corporate Centre	16	(188)		174	(97)	
GROUP	2,385	2,219	+7.5%	1,461	1,351	+8.1%

CONSOLIDATED BALANCE SHEET

Assets - in EUR bn	30.06.2016	31.12.2015
Cash, due from central banks	105.9	78,6
Financial assets measured at fair value through profit and loss	560.3	519,3
Hedging derivatives	22.8	16,5
Available-for-sale financial assets	145.3	134,2
Due from banks	79.7	71,7
Customer loans	420.1	405,3
Revaluation differences on portfolios hedged against interest rate risk	3.2	2,7
Held-to-maturity financial assets	4.1	4,0
Tax assets	6.3	7,4
Other assets	85.6	69,4
Non-current assets held for sale	0.1	0,2
Investments in subsidiaries and affiliates accounted for by equity method	1.1	1,4
Tangible and intangible fixed assets	20.9	19,4
Goodwill	4.7	4,4
Total	**1,460.2**	**1 334,4**

Liabilities - in EUR bn	30.06.2016	31.12.2015
Due to central banks	8.2	7,0
Financial liabilities measured at fair value through profit and loss	522.5	455,0
Hedging derivatives	13.7	9,5
Due to banks	104.1	95,5
Customer deposits	400.5	379,6
Securitised debt payables	105.2	106,4
Revaluation differences on portfolios hedged against interest rate risk	11.2	8,1
Tax liabilities	1.1	1,6
Other liabilities	100.9	83,1
Non-current liabilities held for sale	0.2	0,5
Underwriting reserves of insurance companies	111.4	107,3
Provisions	5.8	5,2
Subordinated debt	13.8	13,1
Shareholders' equity	58.5	59,0
Non controlling Interests	3.5	3,6
Total	**1,460.2**	**1 334,4**

10. APPENDIX 2: METHODOLOGY

1 – The Group's consolidated results as at June 30th, 2016 were examined by the Board of Directors on August 2nd, 2016. The limited examination procedures carried out by the Statutory Auditors are in progress on the summarised interim consolidated financial statements as at June 30th, 2016.

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

2 – Net banking income

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

3 – Operating expenses

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

The Cost/Income Ratio is defined on page 488 of Societe Generale's 2016 Registration Document.

4 – IFRIC 21 adjustment

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

The corrections made in this respect to the operating expenses for the different divisions and the Group for H1 16 are reiterated below:

	French Retail Banking		International Retail Banking and Financial Services		Global Banking and Investor Solutions		Corporate Centre		Group	
In EUR m	**H1 16**	**H1 15**	**H1 16**	**H1 15**	**H1 16**	**H1 15**	**H1 16**	**H1 15**	**H1 16**	**H1 15**
Total IFRIC 21 Impact - costs	**-85**	**-62**	**-126**	**-116**	**-261**	**-188**	**-49**	**-35**	**-523**	**-400**
o/w Resolution Funds	*-34*	*-20*	*-34*	*-23*	*-160*	*-100*	*-5*		*-232*	*-142*

5 – Restatements and other significant items for the period

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

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

Details of these items, as well as the other items that are the subject of a one-off or recurring restatement, are given below.

In EUR m Q2 16	Net Banking Income	Operating Expenses	Others	Cost of Risk	Group Net Income	
Revaluation of own financial liabilities*	(212)				(139)	Corporate Centre
Accounting impact of DVA*	1				0	Group
Accounting impact of CVA**	(24)				(17)	Group
Capital gain on Visa disposal	725				662	Corporate Centre
Provision for disputes				(200)	(200)	Corporate Centre
Provision PEL/CEL	13				9	French Retail Banking

In EUR m Q2 15	Net Banking Income	Operating Expenses	Others	Cost of Risk	Group Net Income	
Revaluation of own financial liabilities*	312				204	Corporate Centre
Accounting impact of DVA*	14				9	Group
Accounting impact of CVA**	16				10	Group
Provision for disputes				(200)	(200)	Corporate Centre
Provision PEL/CEL	34				21	French Retail Banking

In EUR m

H1 16	Net Banking Income	Operating Expenses	Others	Cost of Risk	Group Net Income	
Revaluation of own financial liabilities*	(67)				(44)	Corporate Centre
Accounting impact of DVA*	1				1	Group
Accounting impact of CVA**	(78)				(56)	Group
Euribor fine refund		218			218	Global Banking and Investor Solutions
Capital gain on Visa disposal	725				662	Corporate Centre
Provision for disputes				(200)	(200)	Corporate Centre
Provision PEL/CEL	(10)				(7)	French Retail Banking

In EUR m

H1 15	Net Banking Income	Operating Expenses	Others	Cost of Risk	Group Net Income	
Revaluation of own financial liabilities*	374				245	Corporate Centre
Accounting impact of DVA*	5				3	Group
Accounting impact of CVA**	17				11	Group
Provision for disputes				(200)	(200)	Corporate Centre
Provision PEL/CEL	(75)				(47)	French Retail Banking

6 – Cost of risk in basis points, coverage ratio for non performing loans

The cost of risk or commercial cost of risk is defined on pages 39 and 488 of Societe Generale's 2016 Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases

		Q2 16	Q2 15	H1 16	H1 15
French Retail Banking	Net Cost of Risk (EUR m)	157	169	323	380
	Gross Book outstanding (EUR m)	187,263	178,922	187,750	178,526
	Cost of Risk in bp	**33**	**38**	**34**	**43**
International Retail Banking and Financial Services	Net Cost of Risk (EUR m)	185	283	401	618
	Gross Book outstanding (EUR m)	116,393	117,075	116,310	116,043
	Cost of Risk in bp	**64**	**96**	**69**	**106**
Global Banking and Investor Solutions	Net Cost of Risk (EUR m)	103	36	244	73
	Gross Book outstanding (EUR m)	143,925	136,825	140,970	130,526
	Cost of Risk in bp	**29**	**10**	**35**	**11**
Societe Generale Group	Net Cost of Risk (EUR m)	442	487	958	1 071
	Gross Book outstanding (EUR m)	459,994	440,946	456,950	432,746
	Cost of Risk in bp	**38**	**44**	**42**	**49**

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

7 – ROE, RONE

The notion of ROE, as well as the methodology for calculating it, are specified on page 40 of Societe Generale's 2016 Registration Document. This measure makes it possible to assess Societe Generale's return on equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 39 of Societe Generale's Registration Document. Data relating to the 2015 financial year have been adjusted to take account of the allocation principle in force since January 1st, 2016, based on 11% of the businesses' risk-weighted assets.

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

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

End of period	H1 16	Q1 16	2015	H1 15
Shareholder equity Group share	**58,475**	**59,039**	**59,037**	**56,146**
Deeply subordinated notes	(8,944)	(8,823)	(9,552)	(8,282)
Undated subordinated notes	(373)	(358)	(366)	(356)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes,interests paid to holders of deeply subordinated notes & undated subordinated notes, issue premiums amortisations	(185)	(235)	(146)	(161)
OCI excluding conversion reserves	(1,414)	(1,732)	(1,582)	(1,150)
Dividend provision	(1,106)	(1,952)	(1,593)	(885)
ROE equity	**46,453**	**45,939**	**45,798**	**45,312**
Average ROE equity	**46,033**	**45,869**	**44,889**	**44,219**

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

	Q2 16	Q2 15	H1 16	H1 15
French Retail Banking	10,275	10,765	10,355	10,722
International Retail Banking and Financial Services	10,493	10,466	10,494	10,382
Global Banking and Investor Solutions	15,164	17,039	15,472	15,971

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

End of period	H1 16	Q1 16	2015	H1 15
Shareholder equity Group share	**58,475**	**59,039**	**59,037**	**56,146**
Deeply subordinated notes	(8,944)	(8,823)	(9,552)	(8,282)
Undated subordinated notes	(373)	(358)	(366)	(356)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes,interests paid to holders of deeply subordinated notes & undated subordinated notes, issue premiums amortisations	(185)	(235)	(146)	(161)
Own shares in trading portfolio	103	32	125	160
Net Asset Value	**49,076**	**49,655**	**49,098**	**47,507**
Goodwill	4,820	4,532	4,533	5,159
Net Tangible Asset Value per Share	**44,256**	**45,123**	**44,565**	**42,348**
Number of shares used to calculate NAPS**	**799,217**	**799,217**	**796,726**	**796,533**
NAPS (in EUR)**	**61.4**	**62.1**	**61.6**	**59.6**
Net Tangible Asset Value per Share (EUR)	**55.4**	**56.5**	**55.9**	**53.2**

9 – Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 40 of Societe Generale's 2016 Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE. As specified on page 40 of Societe Generale's 2016 Registration Document, the Group also publishes EPS adjusted for the impact of non-economic items presented in methodology note No. 5.

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

Average number of shares (thousands)	**H1 16**	**Q1 16**	**2015**	**H1 15**
Existing shares	**807,083**	**806,872**	**805,950**	**805,803**
Deductions				
Shares allocated to cover stock options and restricted shares awarded to staff	3,807	3,191	3,896	3,943
Other treasury shares and share buybacks	4,889	5,709	9,551	12,112
Number of shares used to calculate EPS	**798,387**	**797,972**	**792,503**	**789,748**
Group net income	**2,385**	**924**	**4,001**	**2,219**
Interest, net of tax effect, payable to holders of deeply subordinated notes and undated subordinated notes	(220)	(112)	(442)	(215)
Capital gain net of tax on partial repurchase	0	0	0	0
Résultat net part du Groupe corrigé	**2,165**	**812**	**3,559**	**2,004**
EPS (in EUR) (1)	**2.71**	**1.02**	**4.49**	**2.54**

In accordance with the IAS 33 standard, historical data per share prior to the detachment date of a Preferential Subscription Right are restated for the adjustment coefficient corresponding to the operation

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

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

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

1.2 Societe Generale Group main activities

Societe Generale Group main activities

Simplified organisational chart as at June 30th, 2016

Societe Generale Group

Corporate Centre | International Retail Banking and Financial Services (IBFS) | French Retail Banking (RBDF) | Global Banking and Investor Solutions (GBIS)

FRANCE

Corporate Centre

- ► Societe Generale*
- ► Généfinance 100%
- ► SG Financial SH 100%
- ► Sogéparticipations 100%
- ► Societe Generale SFH 100%
- ► Societe Generale SCF 100%
- ► Sogefim Holding 100%
- ► Genegis I 100%
- ► Genevalmy 100%
- ► Valminvest 100%
- ► Sogemarché 100%

International Retail Banking and Financial Services (IBFS)

- ► Sogessur 100%
- ► Sogecap 100%
- ► Groupe CGL 100%
- ► Temsys 100%

French Retail Banking (RBDF)

- ► Societe Generale*
- ► Crédit du Nord 100%
- ► Boursorama 100%
- ► Franfinance 100%
- ► Sogefinancement 100%
- ► Sogelease France 100%
- ► Généfim 100%
- ► Sogebail 70.6%
- ► Sogeprom 100%
- ► Compagnie Générale d'Affacturage 100%

Global Banking and Investor Solutions (GBIS)

- ► Societe Generale*
- ► Inter Europe Conseil (IEC) 100%
- ► Lyxor Asset Management 100%
- ► CALIF 100%
- ► SGSS Holding 100%
- ► Parel 100%
- ► Descartes Trading 100%
- ► SG Option Europe 100%

EUROPE

International Retail Banking and Financial Services (IBFS)

- ► Euro bank *Poland* 99.5%
- ► Hanseatic Bank *Germany* 75%
- ► Komercni Banka A.S *Czech Republic* 61%
- ► SG Express Bank *Bulgaria* 99.7%
- ► SKB Banka *Slovenia* 99.7%
- ► SG Banka SRBIJA *Serbia* 100%
- ► SG-Splitska Banka *Croatia* 100%
- ► BRD-Groupe SG *Romania* 60.2%
- ► Groupe Rosbank *Russia* 99.5%
- ► Fiditalia S.P.A, *Italy* 100%
- ► ALD Lease Finanz, *Germany* 100%
- ► Groupe SG Equipment Finance, *Germany* 100%
- ► Groupe ALD International, *France* 100%

Global Banking and Investor Solutions (GBIS)

- ► Societe Generale Bank&Trust *Luxembourg* 100%
- ► SG Hambros Limited *United Kingdom* 100%
- ► SG Investments (U.K.) Ltd *United Kingdom* 100%
- ► Societe Generale Newedge UK Ltd London *United Kingdom* 100%
- ► Société Générale Private Banking NV/ SA *Belgium* 100%
- ► SG Issuer, *Luxembourg* 100%
- ► Kleinwort Benson Wealth Management *United Kingdom* 100%
- ► SGSS Spa *Italy* 100%
- ► SG Private Banking *Switzerland* 100%
- ► SG Private Banking *Monaco* 100%
- ► Societe Generale* branches in :
  London *United Kingdom*
  Milan *Italy*
  Frankfurt *Germany*
  Madrid *Spain*

AFRICA - MIDDLE EAST

International Retail Banking and Financial Services (IBFS)

- ► SG Marocaine de Banques, *Morocco* 57%
- ► SG Algérie 100%
- ► SG de Banques en Côte d'Ivoire, *Côte d'Ivoire* 73.2%
- ► Union Internationale de Banques, *Tunisia* 55.1%

AMERICA

Global Banking and Investor Solutions (GBIS)

- ► Banco SG Brazil SA, *Brasil* 100%
- ► SG Americas, Inc. *United States* 100%
- ► SG Americas Securities, LLC *United States* 100%
- ► Societe Generale* branches in:
  New York *United States*
  Montreal *Canada*

ASIA - AUSTRALIA

Global Banking and Investor Solutions (GBIS)

- ► Societe Generale (China) Ltd *China* 100%
- ► SG Securities Asia International Holdings Ltd *Hong Kong* 100%
- ► SG Securities Korea Co, Ltd *South Korea* 100%
- ► SG Securities Japan Limited *Japan* 100%
- ► SG Securities Australia Limited *Australia* 100%
- ► SG Securities Singapore Limited *Singapore* 100%
- ► Societe Generale* succursales de :
  Tokyo *Japan*
  Hong Kong
  Seoul *South Korea*
  Taipei *Taiwan*
  Singapore
  Munbaï

* Parent company

Notes :

- The percentage given indicate the share of capital held by the Group
- Groups are listed under the geographic region where they carry out their principal activities

1.3 Significant new products or services

Business division		New product or service
French Retail Banking	**SG Opcimmo** (February 2016) (Societe Generale)	New real estate savings product available as an ordinary securities account for customers wishing to diversify their portfolio through office real estate in the Paris region (Ile de France) and in Europe, or through companies focusing on real estate, and to collect potential earnings, with an investment horizon of 8 years minimum and without any capital guarantee. A portion of the fund is invested in bonds and cash.
	Overhaul of the Jazz international option (March 2016) (Societe Generale)	In order to meet our individual customers' expectations in terms of international transactions, we have overhauled the International option of our Jazz everyday banking package with four levels of billing leading to exemptions for payments, withdrawals and transfers outside of the Eurozone.
	The Crédit du Nord Group joins the *jedeclare.com* platform (February 2016) (Crédit du Nord)	*jedeclare.com* is a product of the French National Association of Chartered Accountants (Conseil Supérieur de l'Ordre des Experts Comptables). This agreement concerns the electronic transmission of account statements on the platform. In return, the firm will send its customer's tax returns to the Crédit du Nord Group.
	New online subscription process (April 2016) (Boursorama)	New subscription process launched in April to simplify and speed up online subscriptions to all products, from any device, and improve processing times.
	Launch of our juvenile life insurance offer (May 2016) (Boursorama)	Launch of our juvenile life insurance offer: the Boursorama Vie life insurance contract is now available to customers' children and still without entry fees.
International Retail Banking and Financial Services	**Pack Jeune** (July 2016) ; Essox-République Tchèque) (International Retail Banking)	Free of charge, the "youth package" offers young customers aged 20-25, a current account and a GIM UEMOA HIBISCUS bank card, to withdraw money from all ATMs belonging to the Société Générale Burkina Faso network and from partner ATMs within the UEMOA. Through MESSALIA, a mobile banking network also included in the package, young customers can receive information regarding their bank account from their mobile phone. This offer helps young people become more familiar with banking services.
	Sogepay (March 2016) (International Retail Banking)	Since the launch of SOGEPAY on 7th March 2016, a mobile payment solution, SGCBI's customers can pay with their mobile phone by debiting their bank account and addressing the onslaught of mobile operator's The technical aspects of SOGEPAY have been developed in association with MTN Côte d'Ivoire. The launch version of the solution allows you to buy MTN airtime credit and to have a look at the balance of your bank account. Fully secure and easy-to-use thanks to USSD technology, the solution will soon allow account to account transfers, third party account transfer, shopping payment and large invoice sender payment (national power/water suppliers).
	Special banking app for Apple Watch (February 2016 ; KB, Czech Republic) (International Retail Banking)	The app enables KB clients to, check their KB account balance, access the most recent transactions or search for the nearest ATM.
	Contactless money transactions via cards and stickers (March 2016; SGME, Montenegro) (International Retail Banking)	Contactless technology is a card payment system allowing to pay for goods and services without entering a PIN, for amounts below EUR 15 (in Montenegro). The MasterCard sticker, issued to customers who have a MasterCard Debit or MasterCard Debit Gold card, is another product using the same technology. Stickers allow contactless transactions and work in the same way as contactless cards.
	New voucher solution backed by a credit card	In partnership with OptioPay, a Berlin-based FinTech, the German bank added a voucher platform to its advantage portal, "Vorteilswelt" (world of

Business division		New product or service
	(March 2016 ; Hanseatic Bank, Germany) (International Retail Banking)	benefits). Hanseatic Bank or co-branded credit card holders can choose, on the platform, vouchers for a wide range of shops such as Amazon, Ikea, Adidas, Esprit or iTunes, worth up to twice the price the customer is paying.
	ALD free (March 2016 ; ALD Automotive Pays Bas) (Financial Services to Corporates)	ALD Automotive launches ALD free, a platform that will enable employees to shape their mobility packages by combining different modes of transport.
	My ALD application (May 2016; ALD Automotive) (Financial Services to Corporates)	MY ALD is the unique & complete tool for drivers to manage the ALD Automotive services and vehicle. With the My ALD mobile app company car drivers can: - Find petrol stations, car parks and other useful services quickly using geo-localization functionality. - Request assistance with one click. - Find out information with speedy access to contract and vehicle details and other useful documents. ▪- Never miss a service again thanks to personalised alerts.
	Life and Savings Insurance unit-linked account contract 100% Exchange Traded Fund (ETF (June 2016; Oradéa Vie, Unep et Lyxor) (Financial Services to Corporates)	New contract, baptised “Unep Selection Trackers” in which indexing, popular with institutional investors, is made available to individuals for the first time. This contract provided by Oradéa Life, is sold by Independent Financial Advisers (IFAs) distributing Unep contracts. It includes a list of Lyxor ETFs (between 50 and 100) accessible freely, but also driven by Lyxor in which customers delegate the power to arbitrate between ETFs at Lyxor based on three themes: Europe, globally, or 50% worldwide and 50% Europe.
	La Multirisque des Pros (June 2016 Sogessur– France) (Financial Services to Corporates)	“La Multirisque des Pros” (Business multi-risk insurance) is for Retailers and Artisans and independent professions and small businesses. This offer brings together in one single contract: • The protection of business assets • Third party liability insurance • Liability protection and financial activity
	Protect Invest (February 2016 SOGELIFE Bulgaria et Societe Generale Expressbank) (Financial Services to Corporates)	The first insurance product entirely dedicated to Societe Generale Expressbank's (SGEB) "Prestigious Customers", a long-term investment solution that offers customers the opportunity to benefit from the performance of financial markets whilst enjoying the protection of 'insurance coverage. Completes the bank's savings offer by proposing an alternative to deposits where interest rates are currently very low and that promises good prospects for growth in the unit-linked account market.
Global Banking and Investor Solutions	**SG Smart Low Volatility Index** (June 2016) (Global Markets and Investor Services)	The SG Smart Low Volatility Index aims to replicate a long position in the iStoxx Low Variance Adjusted Beta Index associated with a short position in the STOXX Europe 600 Gross Return Index, i.e. the Benchmark. The long/short strategy allows to extract the outperformance of the iSTOXX Low Variance Adjusted Beta Index vs. its Benchmark. The Index is rebalanced monthly according to a systematic model that selects the 120 lowest volatility stocks under criteria of liquidity.
	SGI Cross Asset Dual Momentum Strategy Index (March 2016) (Global Markets and Investor Services)	The SGI Cross Asset Dual Momentum Strategy provides exposure to the hypothetical performance of a systematic and rules-based cross asset strategy which seeks to generate returns via exposure to various indices linked to equities and futures contracts on financial instruments and physical commodities, based on a quantitative model designed by Mizuho Alternative Investments, LLC. The Model is based on long/short trend following systematic arbitrage strategy that use the most liquid listed instruments across a universe comprised of indices on equities, fixed income, foreign exchange and commodities. It aims to track repetitive trend following tendencies in price movement across markets and time horizons. It seeks to take advantage of hypothetical profit opportunities on both the long and short side of the markets. Finally, it has historically exhibited low correlation to traditional and alternative asset classes and has the capability of performing well during periods of market stress (e.g., 2008).
	Lyxor’s Enhanced Architecture Program (January 2016) (Lyxor)	LYXOR has been selected to create, manage and administer a €2.5bn investment vehicle to cover the pension liabilities of the ENGIE Group via its insurance policies. ENGIE’s insurers primarily sought a modern, open-architecture, multi-fund investment solution that delivers efficient management of both performance and costs. This dedicated multi-fund

Business division		New product or service
		solution offers responsive portfolio management, improved risk management through a holistic approach and access to a wide array of active, passive and alternative strategies. Starting with ENGIE's pension assets in France, the mechanism is intended to reach international scale.

1.4 Analysis of the consolidated balance sheet

1.4.1 Consolidated balance sheet

ASSETS

(in billions of euros)	**30.06.2016**	**31.12.2015**
Cash, due from central banks	105.9	78.6
Financial assets at fair value through profit or loss	560.4	519.3
Hedging derivatives	22.8	16.5
Available-for-sale financial assets	145.3	134.2
Due from banks	79.7	71.7
Customer loans	420.2	405.3
Revaluation differences on portfolios hedged against interest rate risk	3.2	2.7
Held-to-maturity financial assets	4.1	4.0
Tax assets	6.3	7.4
Other assets	85.6	69.4
Non current assets held for sale	0.1	0.2
Investments accounted for using the equity method	1.1	1.4
Tangible, intangible fixed assets	20.9	19.4
Goodwill	4.6	4.3
Total	**1460.2**	**1334.4**

LIABILITIES

(in billions of euros)	**30.06.2016**	**31.12.2015**
Due to central banks	8.1	7.0
Financial liabilities at fair value through profit or loss	522.4	455.0
Hedging derivatives	13.7	9.5
Due to banks	104.0	95.5
Customer deposits	400.5	379.6
Debt securities issued	105.1	106.4
Revaluation differences on portfolios hedged against interest rate risk	11.2	8.1
Tax liabilities	1.1	1.6
Other liabilities	100.9	83.1
Non current liabilities held for sale	0.2	0.5
Underwriting reserves of insurance companies	111.4	107.3
Provisions	5.8	5.2
Subordinated debt	13.8	13.0
Shareholders' equity	58.5	59.0
Non controlling Interests	3.5	3.6
Total	**1460.2**	**1334.4**

At 30th June 2016, the Group's consolidated balance sheet totalled EUR 1,460.2bn, an increase of EUR 125.8bn (+9%) compared to 31st December 2015 (EUR 1,334.4bn).

1.4.2 Main changes in the consolidated balance sheet

The main changes in the scope of consolidation at 30th June 2016, compared with the scope applicable at 31st December 2015, are as follows:

PARCOURS
On 3 May 2016, ALD Automotive acquired Parcours Group, a subsidiary of Wendel, located in Europe, and mainly in France. This acquisition gives ALD Automotive the opportunity to strengthen its position with SMEs and very small companies, and to accelerate its growth in the long-term leasing business in France.

KLEINWORT BENSON
On 6 June 2016, Societe Generale Private Banking Hambros acquired Kleinwort Benson Bank Limited and Kleinwort Benson Channel Islands Holdings Limited. These acquisitions reflect Societe Generale's growth strategy in Private Banking in its core markets, and are aligned with its ambition to be the relationship-focused private bank of reference.

1.4.3 Changes in major consolidated balance sheet items

Cash, due from central banks (EUR 105.9bn at 30th June 2016) increased by EUR 27.3bn (+ 34.8%) compared to 31st December 2015.

Financial assets and liabilities at fair value through profit or loss increased by EUR 40.9bn (+7.9%) and EUR 67.4bn (+14.8%) respectively, compared to 31st December 2015.

Financial instruments at fair value through profit or loss mainly comprise:

- debt and equity instruments;
- trading derivatives;
- securities sold under repurchase agreements and securities purchased under resale agreements;
- securities lending agreements and amounts payable on borrowed securities.

The growth in financial assets and liabilities at fair value through profit or loss is mainly attributable to an increase in trading derivatives activity linked to the decrease of interest rate and to an increase of the resale agreements activity.

The exchange rate fluctuation on the valuation of financial instruments has almost the same impact on the assets and liabilities.

Customer loans, including securities purchased under resale agreements recognised at amortised cost, increased by EUR 14.9bn (+3.7%) compared to 31st December 2015, reflecting higher demand for real estate loans, cash facilities, other loans, authorised overdrafts and securities purchased under resale agreements.

Customer deposits, including securities sold under repurchase agreements recognised at amortised cost, improved by EUR 20.9bn (+5.5%) compared to 31st December 2015 mainly due to the growth of regulated savings account inflows and demand deposits in most geographic areas.

Due from banks, including securities purchased under resale agreements recognised at amortised cost, increased by EUR 8.0bn (+ 11.2%) relative to 31st December 2015, sparked by the easing of the interbank market.

Due to banks, including securities sold under repurchase agreements recognised at amortised cost, increased by EUR 8.5bn (+9%) versus 31st December 2015.

Group shareholders' equity amounted to EUR 58.5bn at 30th June 2016 versus

EUR 59bn at 31st December 2015. This increase was attributable primarily to the following items:

- first half 2016 net income: EUR +2.4bn;
- dividend payment in respect of financial year 2015: EUR -1.9bn;
- Decrease in unrealised or deferred capital gains and losses: EUR -0.6bn;
- Refund of a deeply subordinated note: EUR -0.4bn.

After taking into account non-controlling interest (EUR 3.5bn), Group shareholders' equity came to EUR 62.0bn at 30th June 2016.

1.5 Property and equipment

The gross book value of Societe Generale Group's tangible operating fixed assets amounted to EUR 30.0bn at 30th June 2016. This figure comprises land and buildings (EUR 5.1bn), assets leased by specialised financing companies (EUR 19.2bn) and other tangible assets (EUR 5.7bn).

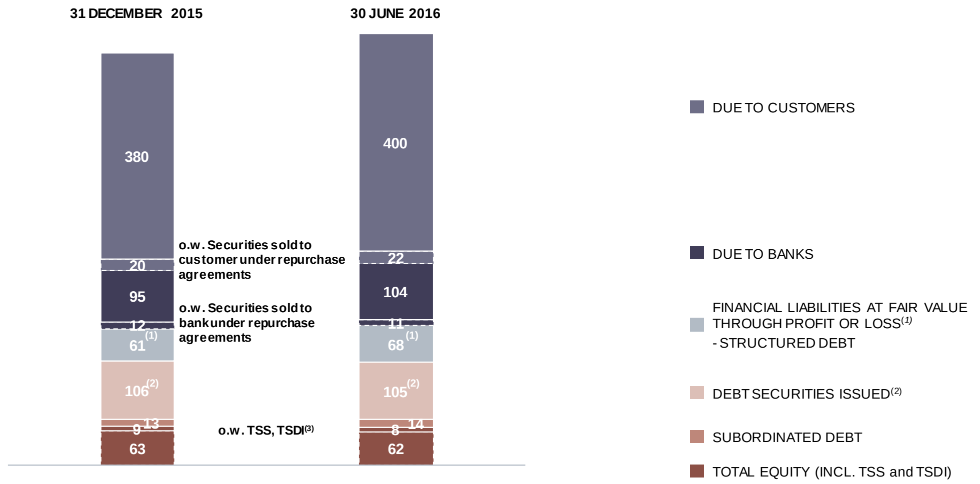
The gross book value of the Group's investment property amounted to EUR 0.8bn at 30th June 2016.

The net book value of tangible operating assets and investment property amounted to EUR 19.3bn, representing 1.3 % of the consolidated balance sheet at 30th June 2016. Due to the nature of Societe Generale's activities, property and equipment are not material at the Group level.

1.6 Financial policy

1.6.1 Group debt policy

DETAILS ON GROUP FUNDING STRUCTURE



(1) o.w. debt securities issued reported in the trading book and debt securities issued measured using fair value option through P&L. Outstanding unsecured debt securities with maturity exceeding one year EUR 43.7bn at end-Q2 16 and EUR 38.5bn at end-Q4 15

(2) o.w. SGSCF (EUR 8.8bn), SGSFH (EUR 9.4bn), CRH (EUR 6.6bn), securitisation and other secured issuances (EUR 3.6bn), conduits: (EUR 9.6bn) at end- June 2016 (and SGSCF (EUR 8.9bn), SGSFH (EUR 9.7bn), CRH (EUR 7.1bn), securitisation and other secured issuances (EUR 4.4bn), conduits (EUR 9.0bn) at end-Dec 2015. Outstanding amounts with maturity exceeding one year (unsecured): EUR 29.9bn at end-Q2 16 and EUR 29.6bn at end-Q4 15

(3) TSS, TSDI: deeply subordinated notes, perpetual subordinated notes. Notional amount excluding notably fx differences, original issue premiums/discounts, and accrued interest

The Group's funding structure is broken down as follows:

- capital including deeply subordinated and perpetual subordinated notes (representing EUR 9.4bn as of 30 June 2016 and EUR 10.0bn as of 31 December 2015);

- debt securities issued by the Group, of which:
  - dated subordinated debt (EUR 13.4bn at 30 June 2016 and EUR 13.0bn at end-2015),
  - long-term vanilla senior debt (EUR 35.0bn at 30 June 2016 and EUR 33.9bn at end-2015),
  - covered bonds issued through the following vehicles: SGSCF (EUR 8.8bn at 30 June 2016 and EUR 8.9bn at end-2015); SGSFH (EUR 9.4bn at 30 June 2016 and EUR 9.7bn at end-2015); CRH (EUR 6.6bn at 30 June 2016 and EUR 7.1bn at end-2015),
  - securitisations and other secured debt issues: EUR 3.6bn at 30 June 2016 and EUR 4.4bn at end-2015,
  - conduits (EUR 9.6bn at 30 June 2016 and EUR 9.0bn at end-2015);
  - financial liabilities reported at fair value through P&L, including debt securities issued reported in the trading book, and debt securities issued measured using fair value option through P&L,

- debt to customers, particularly deposits.

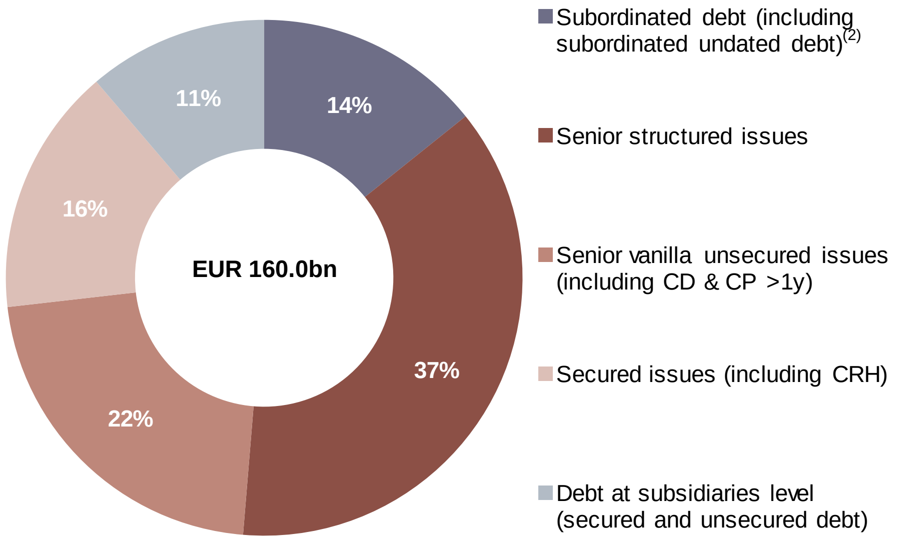
Funding resources also include funding via securities lending/borrowing transactions and securities sold under repurchase agreements measured at fair value through P&L totalling EUR 205.7bn at 30 June 2016 versus EUR 178.5bn at 31st December 2015 (see Note 3.1 of the consolidated financial statements), which are not included in this graph.

The **Societe Generale Group's debt policy** is designed not only to ensure financing for the growth of the core businesses' commercial activities and debt renewal, but also to maintain repayment schedules that are compatible with the Group's ability to access the market and its future growth.

The Group's debt policy is based on 2 principles:

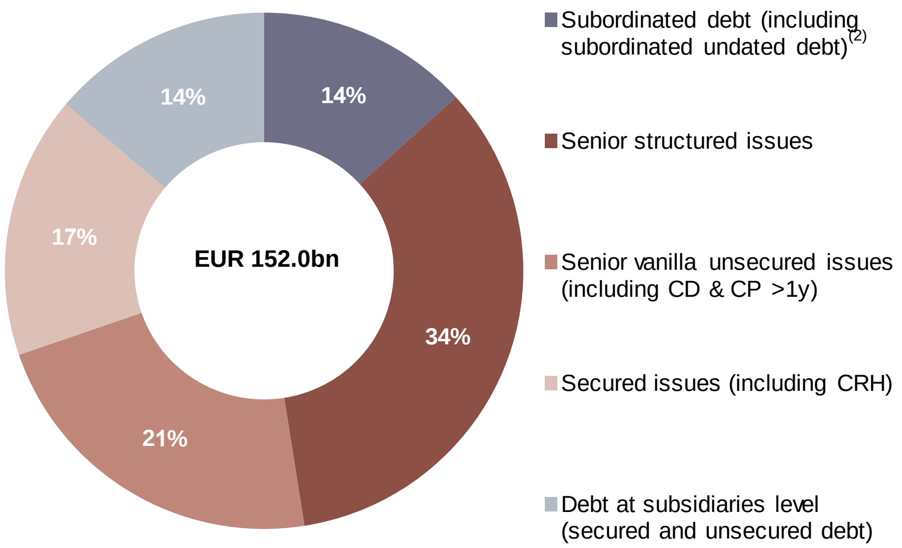
- firstly, maintaining an active policy of diversifying the Societe Generale Group's sources of refinancing issued in the capital market in order to guarantee its stability;
- secondly, adopting a Group refinancing structure that consistently matches the maturities of its assets and liabilities.

GROUP LONG-TERM DEBT ISSUED IN THE CAPITAL MARKET AT 30 JUNE 2016(1)



(1) Group short-term debt totalled EUR 36.5bn as of 30 June 2016, of which EUR 9.6bn issued by conduits.
(2) Of which EUR 9.4bn accounted as "other equity instruments" (see consolidated financial statements, changes in shareholders' equity).

GROUP LONG-TERM DEBT ISSUED IN THE CAPITAL MARKET AT 30 JUNE 2015[(1)]

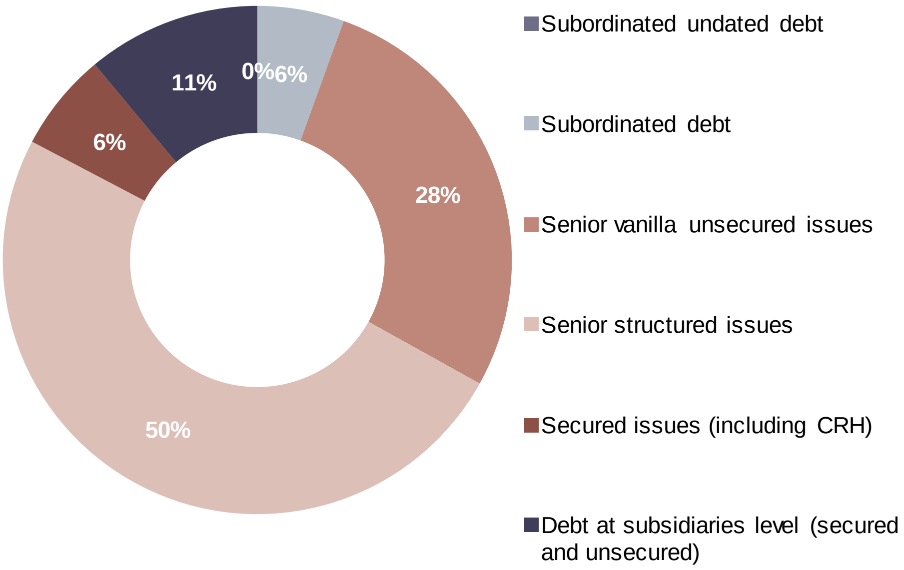


(1) Group short-term debt totalled EUR 36.4bn as of 30 June 2015, of which EUR 9.3bn issued by conduits.
(2) Of which EUR 8.7bn accounted as "other equity instruments" (see consolidated financial statements, changes in shareholders' equity).

Accordingly, the **Group's long-term financing plan**, implemented gradually and in a coordinated manner during the year based on a non-opportunistic issuance policy, is designed to maintain a surplus liquidity position over the medium and long term.

At 30 June 2016, the liquidity raised under the 2016 financing programme amounted to EUR 20.0bn in senior and subordinated debt. The liquidity raised at the parent company level amounted to EUR 17.8bn at 30 June 2016. Refinancing sources broke down as EUR 5.5bn in senior vanilla unsecured issues, EUR 9.9bn in senior structured issues, EUR 1.25bn in secured issues (SG SFH) and EUR 1.1bn in subordinated Tier 2 debt. At the subsidiary level, EUR 2.2bn had been raised at 30 June 2016.

FINANCING PROGRAMME AT END JUNE 2016: EUR 20.0BN



1.7 Major investments and disposals

The Group has maintained in 2016 a targeted acquisition and disposal policy in line with its strategy focused on its core businesses and management of its resources.

Business division	Description of the investments
2016	
International Retail Banking and Financial Services	Acquisition of the Parcours group (car leasing in France).
Global Banking and Investor Solutions	Acquisition of the Kleinwort Benson group (private banking in the United Kingdom and Channel Islands).
2015	
International Retail Banking and Financial Services	Acquisition of a 65% stake in MCB Mozambique
French Retail Banking	Acquisition of 20.5% stake and exclusive control of Boursorama. Acquisition of 49% stake and exclusive control of Selftrade Bank in Spain.
2014	
International Retail Banking and Financial Services	Acquisition of 7% of Rosbank, taking the Group's stake to 99.4%.
Global Banking and Investor Solutions	Acquisition of 50% and total control of Newedge
French Retail Banking	Increase from 55.3% to 79.5% of the Group's stake in Boursorama following a tender offer and a squeeze-out. Increase to 100% of the Group's stake in Banque Nuger
Corporate centre	Acquisition of a 3% stake in Euronext NV

Business division	Description of the disposals
2016	
Corporate centre	Disposal of the Group's stake in Visa Europe.
Corporate centre	Disposal of the Group's 8% stake in Axway.
2015	
International Retail Banking and Financial Services	Disposal of consumer credit activities in Brazil.
Global Banking and Investor Solutions	Disposal of the entire stake in amundi (20%) at the time of the company's stock market listing.
Corporate centre	Disposal of treasury shares (1% of Societe Generale's total shares). Disposal of the Group's 7.4% stake held by Geninfo in Sopra Steria.
2014	
Global Banking and Investor Solutions	Disposal of the Private Banking operations in Asia (Hong Kong and Singapore).
Global Banking and Investor Solutions	Sale of 5% of Amundi to Crédit Agricole, taking the Group's stake to 20%.

1.8 Main risks and uncertainties over the next 6 months – Update of the page 59 of the 2016 Registration document

Societe Generale continues to be subject to the usual risks and the risks inherent in its business mentioned in Chapter 4 of the Registration Document filed on 7 March 2016, and in its updated version filed on 4 May 2016.

Global economic growth is likely to remain fragile. Firstly, emerging economies have seen their growth stabilise, but at a low level. Secondly, growth in developed countries, which was already sluggish, is likely to be negatively impacted by the uncertainty shock due to Brexit (following the referendum on 23 June 2016, when a majority of British citizens voted for the United Kingdom to leave the European Union). In addition, numerous negative uncertainties continue to adversely affect the outlook: risk of renewed financial tensions in Europe, risk of further turmoil (financial and socio-political) in emerging economies, uncertainty caused by the unconventional monetary policies implemented by the main developed countries, increased terrorist risk and geopolitical tensions. More specifically, the Group could be affected by:

- renewed financial tensions in the Eurozone resulting from increased doubts about the integrity of the region, following Brexit or institutional or political deadlock in some Eurozone countries;
- a sudden and marked rise in interest rates and volatility in the markets (bonds, equities and commodities), which could be triggered by poor communication from central banks, in particular the US Federal Reserve (Fed), when changing monetary policy stance;
- a sharp slowdown in economic activity in China, triggering capital flight from the country, downward pressure on the Chinese currency and, by contagion, on other emerging country currencies, as well as a fall in commodity prices;
- socio-political tensions in some countries dependent on oil and gas revenues and still needing to adapt to the situation of low prices for these commodities;
- a downward correction on commercial property and house prices in France;
- worsening geopolitical tensions in the Middle East, South China Sea or Ukraine. This could lead to the extension and stepping up of sanctions between Western countries and Russia, even more depressed economic activity in Russia, and a further sharp depreciation in the rouble.

2 - Chapter 3: Corporate Governance

2.1 General Meeting of shareholders held on 18 May 2016

2.1.1 Extract from the press release dated 18 May 2016

The Combined General Meeting of shareholders of Societe Generale was held on 18 May 2016 at Paris Expo - Espace Grande Arche, La Défense, and was chaired by Mr. Lorenzo Bini Smaghi.

Quorum was established at 56.97% vs. 54.66% in 2015:

- 620 shareholders attended the General Meeting;
- 932 shareholders were represented;
- 6789 shareholders voted online;
- 2932 shareholders voted by post;
- 8458 shareholders, including 6676 online, representing 0.63% of the share capital, gave proxy to the Chairman.

All the resolutions put forward by the Board of Directors were adopted, in particular:

- The 2015 annual and consolidated accounts were approved;
- The dividend per share was set at EUR 2. It shall be detached on 25 May 2016 and paid from 27 May 2016;
- One director was renewed for 4 years: Mrs. Nathalie Rachou;
- Two directors were appointed for 4 years: Mr. Juan Maria Nin Genova and Mr. Emmanuel Roman;
- Favorable opinions were issued on the components of the compensation of the chief executive officers ("Say on pay") as well as on the compensation paid in 2015 to regulated persons;
- The share capital increase authorizations, in particular the one allowing the issuance of shares in favor of employees as part of a company or group employee share ownership plan, as well as the authorization to allocate performance shares existing or to be issued as part of the Law dated 6 August 2015 called “Loi Macron”, were adopted for 26 months.

2.2 Corporate governance structure and main bodies

2.2.1 Board of Directors and General Management

Composition of the Board of Directors as at 19 May 2016

Following the renewal and the appointments of Directors, 50% of Board of Directors’ members are women including 5 women appointed by the shareholders (41.6%). The rate of independent Directors is higher than 91.6% (11/12) according to the calculation method of the AFEP-MEDEF corporate governance Code. The Board of Directors will be composed of 14 members including 2 Directors elected by the employees in March 2015 for 3 years:

- Mr. Lorenzo Bini Smaghi, Chairman
- Mr. Frédéric Oudéa, Chief executive officer and Director
- Mr. Robert Castaigne, Director
- Mrs. Barbara Dalibard, Director
- Mrs. Kyra Hazou, Director
- Mrs. France Houssaye, Director elected by employees
- Mrs. Béatrice Lepagnol, Director elected by employees
- Mr. Jean-Bernard Lévy, Director
- Mrs. Ana Maria Llopis Rivas, Director
- Mr. Gérard Mestrallet, Director
- Mr. Juan Maria Nin Genova, Director, effective from 1 September 2016

- Mrs. Nathalie Rachou, Director
- Mr. Emmanuel Roman, Director
- Mrs. Alexandra Schaapveld, Director.

Based on a proposal from the Nomination and Corporate Governance Committee, the Board of Directors reviewed the composition of the committees which, as of 1 September 2016, will be composed as follows:

- Audit and Internal Control Committee: Mrs. Alexandra Schaapveld (Chairman), Mr. Robert Castaigne, Mrs. Kyra Hazou and Mrs. Nathalie Rachou;
- Risk Committee: Mrs. Nathalie Rachou (Chairman), Mrs. Kyra Hazou, Mr. Juan Maria Nin Genova and Mrs. Alexandra Schaapveld;
- Compensation Committee: Mr. Jean-Bernard Levy (Chairman), Mrs. France Houssaye, Mr. Gérard Mestrallet and Mr. Juan Maria Nin Genova;
- Nomination and Corporate Governance Committee: Mr. Gérard Mestrallet (Chairman), Mr. Robert Castaigne, Mr. Jean-Bernard Levy and Mrs. Ana Maria Llopis Rivas.

2.3 Executive Committee

(AS AT 1 JULY 2016)

The Executive Committee is responsible for the strategic management of the Group, under the authority of the Chief Executive Officer.

Frédéric OUDEA
Chief Executive Officer

Séverin CABANNES
Deputy Chief Executive Officer

Bernardo SANCHEZ INCERA
Deputy Chief Executive Officer

Gilles BRIATTA
Corporate Secretary and Group Chief Compliance Officer

Laurent GOUTARD
Head of Societe Generale French Retail Banking

Caroline GUILLAUMIN
Head of Group Communication

Didier HAUGUEL
Co-Head of International Banking and Financial Services

Philippe HEIM
Group Chief Financial Officer

Edouard-Malo HENRY
Group Head of Human Resources

Diony LEBOT
Group Chief Risk Officer

Françoise MERCADAL-DELASALLES
Group Head of Corporate Resources and Innovation

Jean-Luc PARER
Co-Head of International Banking and Financial Services

Didier VALET
Head of Corporate and Investment Banking, Private Banking, Asset Management and Securities Services

GROUP MANAGEMENT COMMITTEE

(AS AT 1 JULY 2016)

The Group Management Committee, which comprises nearly sixty of the Group's senior executives, meets to discuss Group strategy and other issues of general interest to the Group.

Frédéric Oudéa, Chief Executive Officer

Séverin Cabannes, Deputy Chief Executive Officer

Bernardo Sanchez Incera, Deputy Chief Executive Officer

Gilles Briatta, General Secretary and Group Chief Compliance Officer

Laurent Goutard, Head of Societe Generale Retail Banking in France

Caroline Guillaumin, Head of Group Communication

Didier Hauguel, Co-Head of International Banking and Financial Services

Philippe Heim, Group Chief Financial Officer

Édouard-Malo Henry, Group Head of Human Resources

Françoise Mercadal-Delasalles, Group Head of Corporate Resources and Innovation

Jean-Luc Parer, Co-Head of International Banking and Financial Services

Didier Valet, Head of Corporate & Investment Banking, Private Banking, Asset Management, Securities Services

Hervé Audren de Kerdrel, Deputy Chief Financial Officer of the Group

Pascal Augé, Head of Global Transaction and Payment Services

Philippe Aymerich, Chief Executive Officer of Credit du Nord

Alain Bozzi, Head of Group Compliance

Pavel Čejka, Chief Operating Officer at International Banking and Financial Services

Marie Cheval, Chief Executive Officer of Boursorama

Thierry d'Argent, Co-Head of Coverage and Investment Banking

Véronique de La Bachelerie, Chief Executive Officer of Societe Generale Bank & Trust

Bruno Delas, Head of Information Systems and Process Automation for Retail Banking in France

Pierre-Yves Demoures, Deputy Head of Human Resources

Frank Drouet, Head of Global Markets

Marie-Christine Ducholet, Head of the Equipment and Vendor Finance businesses, Societe Generale Equipment Finance

Claire Dumas, Chief Financial Officer of Retail Banking in France

Ian Fisher, Group Country Head for the United Kingdom

Patrick Folléa, Deputy Head of Société Générale Private Banking and Head of Société Générale Private Banking France

Olivier Garnier, Group Chief Economist

Jean-Marc Giraud, Head of Inspection and Audit Division

Donato Gonzalez-Sanchez, Head of Corporate & Investment Banking, Private Banking, Asset Management, Securities Services for Spain and Portugal and Group Country Head for Spain and Portugal

Jean-François Grégoire, Deputy Group Chief Risk Officer

Éric Groven, Deputy Head of Societe Generale Retail Banking in France

Alvaro Huete, Deputy Head of Global Finance and Head of Global Financing Activities for the United Kingdom

Arnaud Jacquemin, Group Deputy General Secretary

Jochen Jehmlich, Chief Executive Officer of GEFA Group and Deputy Chief Executive Officer of Societe Generale Equipment Finance

William Kadouch-Chassaing, Deputy Chief Financial Officer and Head of Group Strategy

Jean-Louis Klein, Head of Corporate Accounts for Societe Generale Retail Banking in France

Slawomir Krupa, Chief Executive Officer for Societe Generale Americas

Albert Le Dirac'h, Chairman of the Board of Directors and Chief Executive Officer of Komerční Banka and Group Country Head for the Czech Republic and Slovakia

Christophe Leblanc, Chief Operating Officer, Corporate & Investment Banking, Private Banking, Asset Management, Securities Services

Diony Lebot, Group Chief Risk Officer

Philippe Lhotte, Chairman and Chief Executive Officer of the Banque Roumaine de Développement

Xavier Lofficial, Head of Transformation, Processes and Information Systems

Anne Marion-Bouchacourt, Group Chief Country Officer for China

Mike Masterson, Head of the Car Renting and Fleet Management businesses (ALD Automotive)

Laetitia Maurel, Head of Group Media Relations

Alexandre Maymat, Head of the Africa/Asia/Mediterranean Basin & Overseas region, International Banking and Financial Services

Jean-François Mazaud, Head of Private Banking

Christophe Mianné, Deputy Head, Corporate & Investment Banking, Private Banking, Asset Management, Securities Services

Patrizia Micucci, Group Country Head for Italy and Head of Corporate & Investment Banking for Italy

Hikaru Ogata, Chief Executive Officer, Asia Pacific, Corporate & Investment Banking, Private Banking, Asset Management, Securities Services

Dmitry Olyunin, Chief Executive Officer of Rosbank

Pierre Palmieri, Head of Global Finance

Philippe Perret, Head of the Insurance businesses

Bruno Prigent, Global Head of Societe Generale Securities Services

Sylvie Rémond, Co-Head of Coverage and Investment Banking

Giovanni-Luca Soma, Head of the Europe region, International Banking and Financial Services division

Catherine Théry, Head of Group Internal Control Coordination and "Enterprise Risk Management" (ERM) Programe Director

Vincent Tricon, Head of Societe Generale's Mid Cap Investment Banking

Guido Zoeller, Group Country Head for Germany and Head of Societe Generale Corporate & Investment Banking activities in Germany

2.4 Employee share plans

General policy

The Group has stopped grants of stock purchase or subscription options in 2011. Free shares have been issued in France since 2006 and abroad since 2009, as authorised by the General Meeting. The Board of Directors, following the recommendations of the Compensation Committee, has defined the following policy: Performance shares are granted with the aim of motivating, rewarding and securing the long-term loyalty of three categories of employees:

- employees who have made a significant contribution to the Group's results with respect to their responsibilities;
- high-potential employees whose expertise is highly sought-after on the job market;
- employees whose work has proved extremely valuable to the company.

Moreover, 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 Directive CRD4 in effect since 1st January 2014 (i.e. regulated staff), part of the variable remuneration of chief executive officers and of some employees working within concerned activities is deferred over time in the form of performance shares.

Grants are wholly contingent on continued employment within the Group at the vesting date and on collective performance, regardless of the category or level of the beneficiary. In accordance with AFEP-MEDEF recommendations, Group performance conditions applied to Group senior managers are stringent and established in advance.

The grant of these financial instruments is accounted for under personnel expenses in the Company's financial statements in accordance with IFRS 2.

2016 Plan

Based on a proposal by the Compensation Committee, the Board of Directors at its meeting of 18th May 2016 granted performance shares to certain members of staff in accordance with the 19th and 20th resolutions of the General Meeting held earlier on the same day.

In accordance with the 19th resolution, performance shares awarded under the deferred plan for regulated staff covered by banking regulations (including Chief Executive Officers and other members of the Group Management Committee) represent 0.16% of the share capital for a total of approximately 1,270,000 shares. They vest over periods ranging from two to six years followed by at least a six-month holding period. Shares are fully subject to performance conditions defined according to the divisions and activity.

In accordance with the 20th resolution, the beneficiaries of the annual long term incentive plan are 5,867. They were granted a total of approximately 1,215,000 shares, i.e. 0.15% of the share capital.

The Chief Executive Officers and members of the Group Management Committee were not beneficiaries of the plan. Plan beneficiaries comprised 2,379 women and 3,488 men belonging to other employee categories (including non-executives) working in nearly 75 different countries; 41% work outside France.

All free share grants are conditional on employment with the Group during the entire vesting period and are also subject to a performance condition based on Societe Generale Group's net income. For each beneficiary, the shares vest after three years.

3 - Chapter 4: risks and capital adequacy

3.1 Risk factors – Update of the page 139 to 147 of the 2016 Registration Document

1. **The global economy and financial markets continue to display high levels of uncertainty, which may materially and adversely affect the Group's business, financial situation and results of operations.**

As part of a global financial institution, the Group's businesses are sensitive to changes in financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. The Group could be confronted with a significant deterioration in market and economic conditions resulting from, in particular, crises affecting capital or credit markets, liquidity constraints, regional or global recessions, sharp fluctuations in commodity prices (including oil), currency exchange rates or interest rates, inflation or deflation, sovereign debt rating downgrades, restructurings or defaults, or adverse geopolitical events (including acts of terrorism and military conflicts). Such occurrences, which may develop quickly and may not be hedged, could affect the operating environment for financial institutions for short or extended periods and have a material adverse effect on the Group's financial situation, results of operations or cost of risk.

Financial markets have in recent years experienced significant disruptions as a result of concerns regarding the sovereign debt of various Eurozone countries, uncertainty relating to the pace of US monetary policy tightening as well as fears related to a slowdown of the Chinese economy. The insufficient adjustment of several oil-producing countries to the low oil prices is also a source of additional concerns. Since the end of 2014, the marked decrease in oil prices has lead to new concerns especially with respect to oil-producing countries. Moreover, the prolonged period of weak demand and very low inflation in the Eurozone fosters the risk of deflation, which might adversely affect banks through low interest rates, with a particular impact on interest rate margins for retail banks.

The Group is exposed to the risk of substantial losses if sovereign states, financial institutions or other credit counterparties become insolvent or are no longer able to fulfil their obligations to the Group. A resumption of tensions in the Eurozone may trigger a significant decline in the Group's asset quality and an increase in its loan losses in the affected countries. The Group's inability to recover the value of its assets in accordance with the estimated percentages of recoverability based on past historical trends (which could prove inaccurate) could further adversely affect its performance. In the event of a pronounced macroeconomic downturn, it may also become necessary for the Group to invest resources to support the recapitalisation of its businesses and/ or subsidiaries in the Eurozone or in countries closely connected to the Eurozone such as those in Central and Eastern Europe. The Group's activities and/or subsidiaries in certain countries could become subject to emergency legal measures or restrictions imposed by local or national authorities, which could adversely affect its business, financial situation and results of operations.

2. **A number of exceptional measures taken by governments, central banks and regulators could be completed or terminated, and measures at the European level face implementation risks.**

In response to the financial crisis, governments, central banks and regulators implemented measures intended to support financial institutions and sovereign states and thereby stabilise financial markets. Central banks took measures to facilitate financial institutions' access to liquidity, in particular by lowering interest rates to historic lows for a prolonged period.

Various central banks decided to substantially increase the amount and duration of liquidity provided to banks, loosen collateral requirements and, in some cases, implement "non-conventional" measures to inject substantial liquidity into the financial system, including direct market purchases of government bonds, corporate commercial paper and mortgage-backed securities.

These central banks may decide, acting alone or in concert, to tighten their policies, which could substantially and abruptly decrease the flow of liquidity in the financial system and impact the levels of interest rates.

For example, in October 2014, the United States Federal Reserve (the "Fed") terminated its asset purchase under its third quantitative easing programme. On 16th December 2015, the Fed began raising interest rates, ending seven years of a zero interest rate policy. However, it announced its intention to maintain the size of its balance sheet and continue to roll over maturing Treasury bonds and refinance other assets acquired under its quantitative easing programme. The market is now focusing on the pace of interest rate rises as a function of the American economic recovery. Such changes, or concerns about their potential impact, could increase volatility in the financial markets and push interest rates significantly higher. Given the uncertainty regarding the strength of global growth, such changes could have an adverse effect on financial institutions and, hence, on the Group's business, financial situation and results of operations.

Steps taken in 2014 to support the Eurozone, including exceptional monetary policy measures, the 2014 launch of a Single Supervisory Mechanism under the supervision of the European Central Bank (ECB) and the successful 2014 completion of the Asset Quality Review (AQR) process and stress tests covering all major European banks, have contributed to a tangible easing of financial stability tensions. Since June 2014, the ECB lowered its policy rates (including negative interest rate on the deposit facility), launched two rounds of Targeted Longer-Term Refinancing Operations (the latter, announced in March 2016, being proposed at zero or negative rate) and introduced and reinforced various asset purchase programmes (for ABS, covered bonds, sovereign bonds and, since 2016, corporate bonds) which amount to 80bnEUR per month since April 2016.These asset purchase programmes are set to continue until at least March 2017. In spite of these measures, a resurgence of financial tension in Eurozone markets cannot be ruled out, which could result in national policies restricting cross-border flows of liquidity.

3. The Group's results may be affected by regional market exposures.

The Group's performance is significantly affected by economic, financial and political conditions in the principal markets in which it operates, such as France and other European Union countries. In France, the Group's principal market, the pick-up in growth and low interest rates halted the unfavorable trend in the real estate market, but a resumption of this trend could have material adverse impact on the Group's business, resulting in decreased demand for loans, higher rates of non-performing loans and decreased asset values. In the other European Union countries, a slowdown or a break on the ongoing economic recovery, for example as a consequence to Brexit, could result in increased loan losses or higher level of provisioning..

The Group is involved in commercial banking and investment banking operations in emerging markets, in particular in Russia and other Central and Eastern European countries as well as in North Africa. Capital markets and securities trading activities in emerging markets may be more volatile than those in developed markets and more vulnerable to certain risks, such as political instability and currency volatility. It is likely that these markets will continue to be characterised by higher levels of uncertainty and therefore risk. Unfavourable economic or political changes affecting these markets could have a material effect on the business, results and financial position of the Group. This is also true in Russia given the ongoing Ukraine crisis. Since March 2014, the United States, the European Union and other countries and international organisations have imposed several rounds of sanctions against Russian individuals and corporates.

These sanctions, combined with the substantial decline in world oil prices, have adversely impacted the value of the rouble, financing conditions and economic activity in Russia. There is a risk of further adverse developments in the event of increased geopolitical tensions and/or additional sanctions by Western countries and/or by the Russian Federation.

Unfavourable developments in the political or economic conditions affecting the markets in which the Group operates or is considering operating may adversely affect its business, results of operations or financial situation.

4. The Group operates in highly competitive industries, including in its home market.

The Group is subject to intense competition in the global and local markets in which it operates. On a global level, it competes with its peers principally in its core businesses (French Retail Banking, International Retail Banking and Financial Services, Global Banking and Investor Solutions, and Corporate Divisions).

In local markets, including France, the Group faces substantial competition from locally-established banks, financial institutions, businesses providing financial and other services and, in some instances, governmental agencies. This competition exists in all of the Group's lines of business.

In France, the presence of large domestic competitors in the banking and financial services sector, as well as emerging market participants such as online retail banking and financial services providers, has resulted in intense competition for virtually all of the Group's products and services. The French market is a mature market and one in which the Group holds significant market share in most of its lines of business. Its financial situation and results of operations may be adversely affected if it is unable to maintain or increase its market share in key lines of business. The Group also faces competition from local participants in other geographic markets in which it has a significant presence. In addition, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms, or have declared bankruptcy. Such changes could result in the Group's remaining competitors benefiting from greater capital resources or other advantages, such as the ability to offer a broader range of products and services or greater geographic diversity. As a result of these factors, and Societe Generale competitors' efforts to increase market share by reducing prices, the Group has experienced pricing pressures in the past, and may continue to experience them in the future.

Competition on a global level, as well as on a local level in France and in other key markets, could have a material adverse effect on the Group's business, results of operations and financial situation.

5. Reputational damage could harm the Group's competitive position.

The financial services industry is highly competitive and the Group's reputation for financial strength and integrity is critical to its ability to foster loyalty and develop its relationships with customers and counterparties (supervisors, suppliers, etc.).Its reputation could be harmed by events attributable to it, flaws in its control measures, non-compliance with its commitments or strategic decisions (business activities, appetite for risk, etc.), as well as by events and actions of others outside its control.Independent of the merit of information being disseminated, negative comments concerning the Group could have adverse effects on its business and its competitive position.

The Group's reputation could be adversely affected by a weakness in its internal control measures (operational risk, regulatory risk, credit risk, etc.) or following misconduct by employees such as with respect to clients (non-compliance with consumer protection rules) or by issues affecting market integrity (market abuse and conflicts of interest). The Group's reputation could also be affected by external fraud. Similarly, reputational issues could also result from a lack of transparency, communication errors or a restatement of, or corrections to, its financial results. The impact of these events can vary depending on the context and whether they become the focus of extensive media reports. Reputational damage could translate into a loss of business or investor confidence or a loss of clients (and prospects) that could have a material adverse effect on the Group's results of operations and financial position or on its ability to attract and retain employees.

6. The Group depends on access to financing and other sources of liquidity, which may be restricted for reasons beyond its control.

The ability to access short-term and long-term funding is essential to the Group's businesses. Societe Generale funds itself on an unsecured basis, by accepting deposits, by issuing long-term debt, promissory notes and commercial paper and by obtaining bank loans or lines of credit. The Group also seeks to finance many of its assets on a secured basis, including by entering into repurchase agreements. If the Group is unable to access secured or unsecured debt markets on terms it considers acceptable or if it experiences unforeseen outflows of cash or collateral, including material decreases in customer deposits, the Group's liquidity could be impaired. In particular, if the Group does not continue to successfully attract customer deposits (because, for example, competitors raise the interest rates that they are willing to pay to depositors, and accordingly, customers move their deposits elsewhere), the Group may be forced to turn to more expensive funding sources, which would reduce the Group's net interest margin and results.

The Group's liquidity could be adversely affected by factors the Group cannot control, such as general market disruptions, operational difficulties affecting third parties, negative views about the financial services industry in general, or the Group's short- term or long-term financial prospects in particular, as well as changes in credit ratings or even market perceptions of the Group or other financial institutions.

The Group's credit ratings can have a significant impact on the Group's access to funding and also on certain trading revenues. In connection with certain OTC trading agreements and certain other securities agreements, the Group may, for example, be required to provide additional collateral to certain counterparties in the event of a credit ratings downgrade. The ratings agencies continue to monitor certain issuer-specific factors, including governance, the level and quality of earnings, capital adequacy, funding and liquidity, risk appetite and management, asset quality, strategic direction, business mix and liability structure. Additionally, the rating agencies look at the regulatory and legislative environment, as well as the macro-economic environment in which the bank operates. A deterioration in any of the factors above may lead to a ratings downgrade of the Group or of other actors in the European banking industry.

Lenders have the right to accelerate some of the Group's debts upon the occurrence of certain events, including the Group's failure to provide the necessary collateral following a downgrade of its credit rating below a certain threshold, and other events of default set out in the terms of such indebtedness. If the relevant lenders declare all amounts outstanding due and payable due to a default, the Group may be unable to find sufficient alternative financing on acceptable terms, or at all, and the Group's assets might not be sufficient to repay its outstanding indebtedness in full.

Moreover, the Group's ability to access the capital markets and the cost of its long-term unsecured funding is directly related to its credit spreads in both the bond and credit derivatives markets, which are also outside of its control. Liquidity constraints may have a material adverse effect on the Group's business, financial situation, results of operations and ability to meet its obligations to its counterparties.

7. The protracted decline of financial markets or reduced liquidity in such markets may make it harder to sell assets and could lead to material losses.

In a number of the Group's businesses, a protracted market decline, particularly in asset prices, can reduce the level of activity in the financial markets or reduce market liquidity. These developments can lead to material losses if the Group is not able to close out deteriorating positions in a timely way or adjust the hedge of its positions. This is especially true for the assets the Group holds for which the markets are relatively illiquid by nature. Assets that are not traded in regulated markets or other public trading markets, such as derivatives contracts between banks, are valued based on the Group's internal models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the Group did not anticipate.

8. The volatility of the financial markets may cause the Group to suffer significant losses on its trading and investment activities.

Market volatility could adversely affect the Group's trading and investment positions in the debt, currency, commodity and equity markets, as well as its positions in private equity, property and other investments. Severe market disruptions and extreme market volatility have occurred in recent years and may occur again in the future, which could result in significant losses for the Group's capital markets activities. Such losses may extend to a broad range of trading and hedging products, including swaps, forward and future contracts, options and structured products.

Market volatility makes it difficult to predict trends and implement effective trading strategies; it also increases risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. Such losses, if significant, could adversely affect the Group's results of operations and financial situation.

9. Changes in interest rates may adversely affect the Group's banking and asset management businesses.

The Group's performance is influenced by changes and fluctuations in interest rates in Europe and in the other markets in which it operates. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest margins and balance sheet values. Any mismatch between interest owed by the Group and interest due to it (in the absence of adequate hedging) could have adverse material effects on the Group's business, financial situation and results of operations.

The Group structural exposure, measured using ALM models that are periodically reviewed, induces a model risk. It is generated by potential discrepancies between real and modelised operations. Those discrepancies could be due to modeling errors (model, parameters calibration…) and result in a financial impact on the Group profits.

10. Fluctuations in exchange rates could adversely affect the Group's results of operations.

The Group's main operating currency is the euro. However, a significant portion of the Group's business is carried out in currencies other than the euro, such as the US dollar, the British pound sterling, the Czech koruna, the Romanian lei, the Russian rouble and the Japanese yen. The Group is exposed to exchange rate movements to the extent its revenues and expenses or its assets and liabilities are recorded in different currencies. Because the Group publishes its consolidated financial statements in euros, which is the currency of most of its liabilities, the Group is also subject to translation risk in the preparation of its financial statements. Fluctuations in the rate of exchange of these currencies into euros may have a negative impact on the Group's consolidated results of operations, financial position and cash flows, despite any hedges that may be implemented by the Group to limit its foreign exchange exposure. Exchange rate fluctuations may also affect the value (denominated in euros) of the Group's investments in its subsidiaries outside the Eurozone.

11. The Group is subject to extensive supervisory and regulatory regimes in the countries in which it operates and changes in these regimes could have a significant effect on the Group's businesse.

The Group is subject to extensive regulation and supervision in all jurisdictions in which it operates. The rules applicable to banks seek principally to limit their risk exposure, preserve their stability and financial solidity and protect depositors, creditors and investors. The rules applicable to financial services providers govern, among other things, the sale, placement and marketing of financial instruments. The banking entities of the Group must also comply with requirements as to capital adequacy and liquidity in the countries in which they operate. Compliance with these rules and regulations requires significant resources. Non-compliance with applicable laws and regulations could lead to fines, damage to the Group's reputation, forced suspension of its operations or the withdrawal of operating licenses.

Since the onset of the financial crisis, a variety of measures have been proposed, discussed and adopted by numerous national and international legislative and regulatory bodies, as well as other entities. Certain of these measures have already been implemented, while others are still under discussion. It therefore remains difficult to accurately estimate the future impacts or, in some cases, to evaluate the likely consequences of these measures.

In particular, the Basel 3 reforms are being implemented in the European Union through the Capital Requirements Regulation (CRR) and Capital Requirements Directive 4 (CRD4) which came into effect on 1st January 2014, with certain requirements being phased in over a period of time, at least until 2019. Basel 3 is an international regulatory framework to strengthen capital and liquidity requirements with the goal of promoting a more resilient banking sector. Recommendations and measures addressing systemic risk exposure of global banks, including additional loss absorbency requirements, were adopted by the Basel Committee and by the Financial Stability Board (FSB), which was established following the G20 London summit in 2009. Societe Generale, among other global banks, has been named by the FSB as a "systemically important financial institution" (G-SIB) and as a result will be subject to additional capital buffer requirements. In France, the French law No. 2013-672 dated 26th July 2013 on the separation and regulation of banking activities (*loi de séparation et de régulation des activités bancaires*) (as amended by ordonnance No. 2014-158 dated 20th February 2014 (*ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*)) (the Banking Law) mandates the separation of certain market activities by significant credit institutions that are considered to be "speculative" (i.e. those deemed not necessary for financing the economy). Unless an exception applies under the law (such as market making), this obligation covers all banks'proprietary trading. In accordance with the Banking Law, the Group has segregated the relevant activities in a special subsidiary as from 1st July 2015. Given the recent implementation of the Banking Law, it is still too early to estimate the potential impact of these reforms on the Group's activities.

Ordonnance No. 2015-1024 dated 20th August 2015 (*ordonnance n° 2015-1024 du 20 août 2015 portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (the Ordonnance) has amended the provisions of the French Monetary and Financial Code (*Code monétaire et financier*) to implement into French law Directive 2014/59/EU of 15th May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the BRRD). Many of the provisions contained in the Banking Law were already similar in effect to the provisions of the Ordonnance. Decree No. 2015-1160 dated 17th September 2015 and three orders (*arrêtés*) dated 11th September 2015 regarding (i) recovery planning, (ii) resolution planning and (iii) criteria to assess the resolvability for institutions or groups, were published on 20th September 2015 to supplement the provisions of the Ordonnance implementing the BRRD into French law.

The *Ordonnance* requires that credit institutions subject to the direct supervision of the ECB (such as

Societe Generale) and credit institutions and investment firms that are a significant part of the financial system, draw up and submit to the ECB a recovery plan providing for measures to be taken by such institutions to restore their financial position following a significant deterioration of the same. The *Ordonnance* expands the powers of the ACPR over these institutions under resolution, in particular by allowing business disposals, the establishment of a bridge institution, the transfer of their assets to an asset management vehicle or the write-down and conversion or the amendment of the terms (including altering the maturity and/or payable interests and/or ordering a temporary suspension of payments) of their capital instruments and eligible liabilities (referred to as the bail-in tool). These reforms could have a significant impact on the Group and its structure and the value of its equity and debt securities.

Regulation (EU) No. 806/2014 of 15th July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund has created the Single Resolution Board (the Board). Since 1st January 2015, the Board has authority to collect information and cooperate with the ACPR for resolution planning purposes. As from 1st January 2016, the resolution powers of the ACPR have been overridden by those of the Board within the framework of the Single Resolution Mechanism. The entry into force of such mechanism could impact the Group and its structure in ways that cannot currently be estimated.

Since November 2014, Societe Generale and all other major financial institutions in the Eurozone are subject to the supervision of the ECB as part of the implementation of the single supervisory mechanism. As set out above, Societe Generale is also subject to the Single Resolution Mechanism since January 2016. The impact of this new supervisory structure on the Group cannot yet be fully evaluated. Nevertheless, the new structure and the implementation of additional supervisory measures may increase volatility in financial markets.

The MREL ratio "Minimum requirement for own funds and eligible liabilities") is defined in the BRRD and has been implemented into French law by the *Ordonnance*. It entered into force on 1st January 2016. The MREL ratio is a minimum requirement for own funds and eligible liabilities that are available to absorb losses under resolution. This requirement is calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution

The TLAC ratio (Total loss absorbing capacity") has been created by the FSB at the request of the G20. In November 2015, the FSB finalized its Principles on Loss-absorbing and Recapitalisation Capacity of G-SIBs in Resolution, including the TLAC Term Sheet. It introduced a new international standard for external and internal TLAC. The final Term Sheet, published on 9th November 2015 and approved by the G20 Leaders in Antalya, provides for the following TLAC principles, which will form a new international standard for G-SIBs:

(i) G-SIBs may be required to meet the TLAC requirement alongside the minimum regulatory requirements set out in the Basel III framework. Specifically, G-SIBs may be required to meet a Minimum TLAC Requirement of at least 16% plus Basel III regulatory capital buffers of the resolution group's risk-weighted assets (TLAC RWA Minimum) as from 1st January 2019. As from 1st January 2022, the TLAC RWA Minimum will amount to at least 18% plus Basel III regulatory capital buffers. Minimum TLAC must also be at least 6% of the Basel III leverage ratio denominator (TLAC Leverage Ratio Exposure Minimum) as from 1st January 2019, and at least 6.75% as from 1st January 2022. Home authorities may apply additional firm-specific requirements above these minimum standards.

(ii) The Term Sheet determines the core features for TLAC-eligible external instruments. TLAC instruments must be subordinated (structurally, contractually or statutorily) to operational liabilities, except for EU banks which will be allowed to include a limited amount of senior debt (2.5% of RWA in 2019, 3.5% of RWA in 2022) subject to regulatory approval. TLAC instruments must have a remaining maturity of at least one year. Insured deposits, sight or short term deposits, derivatives and structured notes are excluded.

(iii) In order to reduce the risk of contagion, G-SIBs may be required to deduct exposures to eligible external TLAC instruments and liabilities issued by other G-SIBs from their own TLAC position.

The impact of the MREL and TLAC ratios on the Group and its structure may not be currently fully estimated, although our financial position and cost of funding could be materially and adversely affected.

The US Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 "Dodd-Frank") affects the Group and some of its businesses. Under Dodd-Frank, US regulators are required to implement significant structural reforms in the financial services industry, and many of its provisions apply to non-US banking organisations with US operations. Among other things, Dodd-Frank establishes or calls for new systemic risk oversight, bank capital standards, the orderly liquidation of failing systemically significant financial institutions, regulation of the over-the-counter derivatives market, and limitations on banking organisations'trading and fund activities.

Although the majority of required rules and regulations have now been finalised, many are still in proposed form, are yet to be proposed or are subject to extended transition periods. Finalised rules may in some cases be subject to ongoing uncertainty about interpretation and enforcement. Further implementation and compliance efforts may be necessary based on subsequent regulatory interpretations, guidelines or exams. Nevertheless, the rules and regulations are expected to result in additional costs and impose certain limitations, and the Group could be materially and adversely affected thereby.

The European Market Infrastructure Regulation (EMIR) published in 2012 places new constraints on derivatives market participants in order to improve the stability and transparency of this market. Specifically, EMIR requires the use of central counterparties for products deemed sufficiently liquid and standardised, the reporting of all derivative products transactions to a trade repository, and the implementation of risk mitigation procedures (e.g. exchange of collateral) for OTC derivatives not cleared by central counterparties. Some of these measures are already in effect, while others are expected to come into force in 2016 (e.g. mandatory central clearing for interest rate derivatives), making it difficult to accurately estimate their impact. In addition, Regulation (EU) 2015/2365 of 25th November 2015 on transparency of securities financing transactions and of reuse was published in the Official Journal of the European Union on 23rd December 2015.

In January 2015, the European Banking Authority (EBA) published the final draft Regulatory Technical Standards "RTS") laying out the requirements related to prudent valuation. Even though a prudent valuation of fair value assets was already specified in CRD3, the RTS implement uniform prudent valuation standards across Europe. The Additional Valuation Adjustments (AVAs) are defined as the difference between the prudent valuation and the accounting fair value and are deducted from "Common Equity Tier 1 Capital".

Additional reforms are being considered that seek to enhance the harmonisation of the regulatory framework and reduce variability in the measurement of Risk Weighted Assets (RWA) across banks. In particular, the final text on the reform of internally-modelled and standardised approaches for market risk (the Minimum capital requirements for market risk) was published in January 2016 with a view to implementation in January 2019. Banks would be required to report under the new standards by the end of 2019. The Basel Committee also published in April 2016 the final text for the Interest-Rate Risk in the Banking Book (IRRBB) which will replace the 2004 Basel principles in 2018.

On the 24th of March 2016, the consultative document *Reducing variation in credit risk-weighted assets - constraints on the use of internal model approaches* sets out the Basel Committee's proposed changes to the advanced internal ratings-based approach and the foundation internal ratings-based approach. On the 4th of March 2016, the Basel committee has opened a consultation about a new operational risk calculation methodology. A single Standardised Measurement Approach (SMA) proposal could replace the present standard approach and the Advanced Measurement Approach (AMA) based upon the banks 'internal models.

In order to complete the regulatory mechanism, the Basel Committee launched a consultation about the leverage ratio published in January 2014

At this stage, it is difficult to estimate the potential impact of these reforms with precision.

12. The Group is exposed to counterparty risk and concentration risk.

The Group is exposed to credit risk with respect to numerous counterparties in the ordinary course of its trading, lending, deposit-taking, clearance and settlement, and other activities. These counterparties include institutional clients, brokers and dealers, commercial and investment banks and sovereign states. The Group may realise losses if a counterparty defaults on its obligations and the collateral that it holds does not represent a value equal to, or is liquidated at prices not sufficient to recover the full amount of, the loan or derivative exposure it is intended to cover. Many of the Group's hedging and other risk management strategies also involve transactions with financial services counterparties. The weakness or insolvency of these counterparties may impair the effectiveness of the Group's hedging and other risk management strategies, which could in turn materially adversely affect its business, results of operations and financial situation.

The Group may also have concentrated exposure to a particular counterparty, borrower or issuer (including sovereign issuers), or to a particular country or industry. A ratings downgrade, default or insolvency affecting such a counterparty, or a deterioration of economic conditions in such a country or industry, could have a particularly adverse effect on the Group's business, results of operations and financial situation. The systems the Group uses to limit and monitor the level of its credit exposure to individual entities, industries and countries may not be effective to prevent concentration of credit risk. Because of a concentration of risk, the Group may suffer losses even when economic and market conditions are generally favourable for its competitors.

13. The financial soundness and conduct of other financial institutions and market participants could adversely affect the Group.

The Group's ability to engage in funding, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial services institutions are interrelated as a result of trading, clearing, counterparty, funding and other relationships. As a result, defaults by, or even rumours or questions about, one or more financial services institutions, or the loss of confidence in the financial services industry generally, may lead to market-wide liquidity scarcity and could lead to further losses or defaults. The Group has exposure to many counterparties in the financial industry, directly and indirectly, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients with which it regularly executes transactions. Many of these transactions expose the Group to credit risk in the event of default by counterparties or clients. It should be noted that the number of cleared transactions is increasing and will continue to do so, thereby increasing our exposure to clearing houses while reducing our bilateral positions.

14. The Group's hedging strategies may not prevent all risk of losses.

If any of the variety of instruments and strategies that the Group uses to hedge its exposure to various types of risk in its businesses is not effective, it may incur significant losses. Many of its strategies are based on historical trading patterns and correlations that may not be effective in the future. For example, if the Group holds a long position in an asset, it may hedge that position by taking a short position in another asset whose value has historically moved in an offsetting direction. However, the hedge may only cover a part of its exposure to the long position, and the strategies used may not protect against all future risks or may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of the Group's hedging strategies.

15. The Group's results of operations and financial situation could be adversely affected by a significant increase in new provisions or by inadequate provisioning.

The Group regularly sets aside provisions for loan losses in connection with its lending activities. Its overall level of loan loss provisions, recorded as "cost of risk" in its income statement, is based on its assessment of the recoverability of the relevant loans.

This assessment relies on an analysis of various factors, including prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, certain economic conditions and the amount and type of any guarantees and collateral. Notwithstanding the care with which the Group carries out such assessments, it has had to increase its provisions for loan losses in the past and may have to substantially increase its provisions in the future following an increase in defaults or for other reasons. Significant increases in loan loss provisions, a substantial change in the Group's estimate of its risk of loss with respect to loans for which no provision has been recorded, or the occurrence of loan losses in excess of its provisions, could have a material adverse effect on its results of operations and financial situation.

16. The Group relies on assumptions and estimates which, if incorrect, could have a significant impact on its financial statements.

When applying the IFRS accounting principles disclosed in the Financial Information (Chapter 6) of the Registration Document and for the purpose of preparing the Group's consolidated financial statements, management makes assumptions and estimates that may have an impact on figures recorded in the income statement, 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, management exercises judgment and uses information available at the date of preparation of the consolidated financial statements. By nature, valuations based on estimates involve risks and uncertainties relating to their occurrence in the future. Actual future results may differ from these estimates, which could have a significant impact on the Group's financial statements.

The use of estimates principally relates to the following valuations:

- fair value of financial instruments that are not quoted on an active market, presented in the balance sheet or the notes to the financial statements
- the amount of impairment of financial assets (loans and receivables, available-for-sale financial assets, held-to-maturity financial assets), lease financing and similar agreements, tangible or intangible fixed assets and goodwill
- provisions recognised under liabilities, including provisions for employee benefits or underwriting reserves of insurance companies, and deferred profit-sharing on the asset side of the balance sheet
- the amount of deferred tax assets recognised in the balance sheet
- initial value of goodwill determined for each business combination; and
- in the event of the loss of control of a consolidated subsidiary, fair value of the entity's interest retained by the Group, where applicable

17. The Group is exposed to legal risks that could negatively affect its financial situation or results of operations.

The Group and certain of its former and current representatives may be involved in various types of litigation including civil, administrative and criminal proceedings. The large majority of such proceedings arise from transactions or events that occur in the Group's ordinary course of business. There has been an increase in investor litigation and regulatory actions against intermediaries such as banks and investment advisors in recent years, in part due to the challenging market environment. This has increased the risk, for the Group as well as for other financial institutions, of losses or reputational harm deriving from litigation and other proceedings. Such proceedings or regulatory enforcement actions could also lead to civil or criminal penalties that adversely affect the Group's business, financial situation and results of operations.

It is inherently difficult to predict the outcome of litigation, regulatory proceedings and other adversarial proceedings involving the Group's businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, cases where claims for damages are of unspecified or indeterminate amounts or cases involving novel legal claims. In preparing the Group's financial statements, management makes estimates regarding the outcome of legal, regulatory and arbitration matters and records a provision when losses with respect to such matters are probable and can be reasonably estimated. Should such estimates prove inaccurate or the provisions set aside by the Group to cover such risks inadequate, its financial situation or results of operations could be materially and adversely affected. (See “Compliance, reputational and legal risks”.)

18. If the Group makes an acquisition, it may be unable to manage the integration process in a cost-effective manner or achieve the expected benefits.

The selection of an acquisition target is carried out by the Group following a careful analysis of the business or assets to be acquired. However, such analyses often cannot be exhaustive due to various factors. As a result, certain acquired businesses may include undesirable assets or expose the Group to increased risks, particularly if the Group was unable to conduct full and comprehensive due diligence prior to the acquisition.

The successful integration of a new business typically requires effectively coordinating business development and marketing initiatives, retaining key managers, recruitment and training, and consolidating information technology systems. These tasks may prove more difficult than anticipated, require more management time and resources than expected, and/or the Group may experience higher integration costs and lower savings or earn lower revenues than expected. The pace and degree of synergy building is also uncertain.

19. The Group’s risk management system may not be effective and may expose the Group to unidentified or unanticipated risks, which could lead to significant losses.

The Group has devoted significant resources to develop its risk management policies, procedures and assessment methods, and intends to continue to do so in the future. Nonetheless, its risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that it fails to identify or anticipate. Some of its qualitative tools and metrics for managing risk are based upon observed historical market behaviour. The Group applies statistical and other tools to these observations in order to assess its risk exposures. These tools and metrics may fail to predict accurate future risk exposures that arise from factors the Group did not anticipate or correctly evaluate in its statistical models. Failure to anticipate these risks or accurately estimate their impact could significantly affect the Group’s business, financial situation and results of operations.

20. Operational failure, termination or capacity constraints affecting institutions the Group does business with, or failure or breach of the Group’s information technology systems, could result in losses.

The Group is exposed to the risk of operational failure, termination or capacity constraints of third parties, including clients, financial intermediaries that it uses to facilitate cash settlement or securities transactions (such as clearing agents, exchanges and clearing houses), and other market participants. An increasing number of derivative transactions are now cleared on exchanges or will be in the near future, which has increased the Group’s exposure to these risks, and could affect its ability to find adequate and cost-effective alternatives in the event of any such failure, termination or constraint.

The interconnectivity of multiple financial institutions with clearing agents, exchanges and clearing houses, and the increased centrality of these entities, increases the risk that an operational failure at one institution or entity may cause an industry-wide operational failure that could materially impact the Group’s ability to conduct business. Industry consolidation, whether among market participants or financial intermediaries, can exacerbate these risks as disparate complex systems need to be integrated, often on an accelerated basis. As the Group becomes more interconnected with its clients, it also faces the risk of operational failure with respect to its clients’information technology and communication systems. Any failure, termination or constraint could adversely affect its ability to effect transactions, service its clients, manage its exposure to risk or expand its businesses or result in financial loss or liability to its clients, impairment of its liquidity, disruption of its businesses, regulatory intervention or reputational damage.

In addition, an increasing number of companies, including financial institutions, have experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks and resulted in the loss, theft or disclosure of confidential data. Because the techniques used to obtain unauthorised access, disable or degrade service or sabotage information systems change frequently and often are not recognised until launched against a target, the Group may be unable to anticipate these techniques or to implement effective countermeasures in a timely manner. Similarly, technical internal and external fraud are fluid and protean and closely follow the technological evolution of financial activities and customer behavior leading them Fraudsters regularly to develop new techniques attacks. Such actions could have a material adverse effect on the Group's business and be the origin of operational losses.

The Group relies heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems, even if only brief and temporary, could result in business interruptions and lead to additional costs related to information retrieval and verification, reputational harm and a potential loss of business. A failure, interruption or security breach of its information systems could have a material adverse effect on its business, results of operations and financial situation.

21. The Group may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks or natural disasters.

The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic or other widespread health crises (or concerns over the possibility of such crises), terrorist attacks or natural disasters, could create economic and financial disruptions, lead to operational difficulties (including travel limitations or relocation of affected employees) that could impair the Group's ability to manage its businesses, and expose its insurance activities to significant losses and increased costs (such as re-insurance premiums).

22. The Group may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.

During the recent market downturn, the Group experienced a decline in the volume of transactions that it executed for its clients, resulting in lower revenues from this activity. There is no guarantee that the Group will not experience a similar trend in future market downturns, which may occur periodically and unexpectedly. Furthermore, changes in applicable regulations, such as the adoption of a financial transaction tax, could also impact the volume of transactions that the Group executes for its clients, resulting in lower revenues from these activities. In addition, because the fees that the Group charges for managing its clients'portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients'portfolios or increases the amount of withdrawals would reduce the revenues the Group generates from its asset management, custodial and private banking businesses.

23. The Group's ability to retain and attract qualified employees is critical to the success of its business, and the failure to do so may materially adversely affect its performance.

Societe Generale's employees are its most important resource, and industry competition for qualified personnel is intense.

In order to attract, retain and engage talented employees, the Group must offer career paths, training and development opportunities and compensation levels in line with its competitors and market practices. If the Group were unable to continue to engage highly-qualified employees, its performance, including its competitive position and client satisfaction, could be materially adversely affected. Furthermore, the financial industry in Europe will continue to experience more stringent regulation of employee compensation, including rules related to bonuses and other incentive-based compensation, clawback requirements and deferred payments, and Societe Generale, like all participants in the financial industry, will need to adapt to this changing environment in order to attract and retain qualified employees.

The CRD4, which applies to banks from the European Economic Area, introduced a ceiling on the variable component of compensation in relation to the fixed component in 2014. This regulatory constraint could cause a relative increase in the fixed compensation in relation to its variable component based on risk-adjusted performance. This could lead to challenges in attracting and retaining key personnel and to an increase in the fixed cost base, both of which would be detrimental to the financial stability of the Group.

24. The United Kingdom's impending departure from the European Union could adversely affect us.

The United Kingdom held a referendum on 23 June 2016 in which a majority voted to exit the European Union ("Brexit"). Negotiations are expected to commence to determine the future terms of the United Kingdom's relationship with the European Union, including the terms of trade between the United Kingdom and the European Union. The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to European Union markets either during a transitional period or more permanently. Brexit could adversely affect European or worldwide economic market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the pound sterling or the euro. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. Any of these effects of Brexit, and others we cannot anticipate, could adversely affect our business, results of operations, financial condition and cash flows, and could negatively impact the value of the Notes.

3.2 Key figures

	30/06/2016	30/06/2015
Indicators		
Total Group exposure (EAD[(1)]) in EUR bn	859	780
Percentage of Group EAD to industrialised countries	88%	87%
Percentage of Corporate EAD to *investment grade* counterparties	61%	64%
Cost of Risk in basis points (bp)[(2)]	42	49
Gross doubtful loans ratio (doubtful loans/ gross book outstandings)	5,1%	5,7%
Gross doubtful loans coverage ratio (overall provisions/ doubtful loans))	64%	63%
Average annual VaR in EUR m	Cf. section 3.6.	Cf. section 3.6
Group global sensitivity to structural interest rate risk* (in % of Group regulatory capital)	<1.5%	<1.5%
Regulatory ratios Basel 3[(3)]		
Solvency Ratio	16.7%	15.2%
One-month regulatory Ratio	148%	128%
Common Equity Tier 1 Ratio – Basel 3 (fully loaded)	11.1%	10.4%
CRR leverage ratio	3.9%	3.8%
Phased-in Basel 3 regulatory ratio		
Common Equity Tier 1 Ratio Basel 3	11.5%	10.9%

(1) The EAD reported here are presented in accordance with the Capital Requirements Directive (CRD), transposed into French regulation.

(2) Calculated by dividing the net allocation to provisions for the half-year by average outstanding loans as at the end of the two quarters preceding the closing date, excluding legacy assets

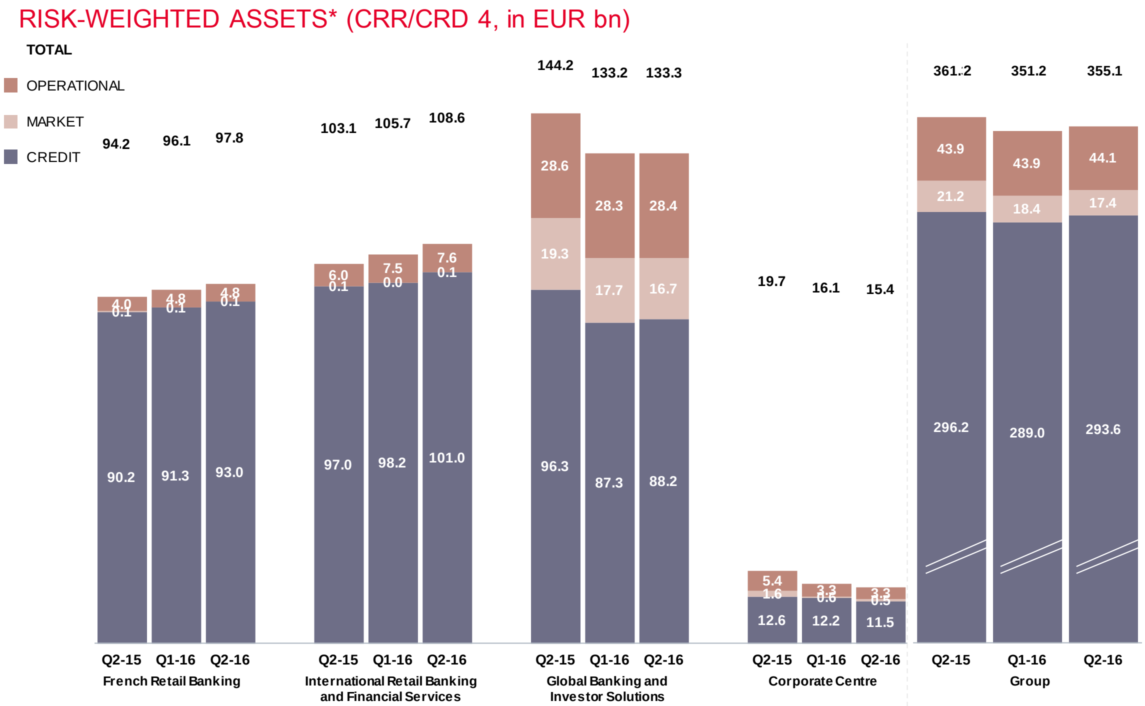
(3) Fully loaded proforma based on CRR rules as published on 26th June 2013, without phasing including Danish compromise for insurance. The figures reported above do not reflect new rules for leverage ratio published by the Basel committee in January 2014.

(4) Countries included in the" IMF's list of "advanced economies"; April 2014

http://www.imf.org/external/pubs/ft/weo/2014/01/weodata/weoselagr.aspx

* This estimate is based on a scenario of a parallel rate rise of 100bp.

3.2.1 Extract from the presentation dated August 3, 2016: first half year 2016 results (and supplements) – Update of the 2016 Registration document page 137



* Includes the entities reported under IFRS 5 until disposal

3.3 Regulatory ratios

CRR/CRD4 PRUDENTIAL CAPITAL RATIOS

In EUR bn	30/06/2016	31/12/2015	30/06/2015
Shareholder equity Group share	**58,5**	**59,0**	**56,1**
Deeply subordinated notes*	**(8,9)**	(9,6)	(8,3)
Undated subordinated notes*	**(0,4)**	(0,4)	(0,4)
Dividend to be paid & interest on subordinated notes	**(1,3)**	(1,8)	(1,0)
Goodwill and intangible	**(6,3)**	(6,0)	(6,6)
Non controlling interests	**2,5**	2,5	2,5
Deductions and regulatory adjustments	**(4,6)**	(5,0)	(4,9)
Common Equity Tier 1 Capital	**39,5**	**38,9**	**37,4**
Additional Tier 1 capital	**8,9**	9,2	8,5
Tier 1 Capital	**48,4**	48,1	45,9
Tier 2 capital	**10,8**	10,0	8,9
Total capital (Tier 1 + Tier 2)	**59,2**	58,1	54,9
Total risk-weighted assets	**355**	357	361
Common Equity Tier 1 Ratio	**11,1%**	**10,9%**	**10,4%**
Tier 1 Ratio	**13,6%**	**13,5%**	**12,7%**
Total Capital Ratio	**16,7%**	**16,3%**	**15,2%**
Financial conglomerate ratio	**>100%**	**>100%**	**>100%**

Ratios based on the CRR/CDR4 rules as published on 26th June 2013, including Danish compromise for insurance. See Methodology Section 5

* Excluding issue premiums on deeply subordinated notes and on undated subordinated notes

** Fully loaded deductions

CRR LEVERAGE RATIO

CRR fully loaded leverage ratio(1)

In EUR bn	30/06/2016	31/12/2015	30/06/2015
Tier 1 Capital	**48,4**	**48,1**	**45,9**
Total prudential balance sheet (2)	**1 352**	1 229	1 257
Adjustement related to derivative exposures	**(144)**	(90)	(87)
Adjustement related to derivative exposures*	**(34)**	(25)	(35)
Off-balance sheet (loan and guarantee commitments)	**93**	90	93
Technical and prudential adjustments (Tier 1 capital prudential deductions)	**(10)**	(10)	(11)
Leverage exposure	**1 256**	**1 195**	**1 217**
CRR leverage ratio	**3,9%**	**4,0%**	**3,8%**

(1) Pro forma fully loaded based on CRR rules taking into account the leverage ratio delegated act adopted in October 2014 by the European Commission . See Methodology Section 5

(2) The prudential balance sheet corresponds to the IFRS balance sheet less entities accounted for through the equity method (mainly insurance subsidiaries)

* Securities financing transactions : repos, reverse repos, securities lending and borrowing and other similar transactions

3.3.1 Reconciliation of the consolidated balance sheet and the accounting balance sheet within the prudential scope - Update of the 2016 Registration document pages 149 and 150

ASSETS at 30.06.2016 (in EUR m)	**Consolidated balance sheet**	**Prudential restatements[1]**	**Accounting balance sheet within the prudential scope**
Cash and amounts due from Central Banks	105 887	0	105 887
Financial assets at fair value through profit and loss	560 281	-26 829	533 451
Hedging derivatives	22 835	-495	22 340
Available-for-sale assets	145 336	-76 462	68 873
Loans and advances to credit institutions	79 723	-7 160	72 563
of which subordinated loans to credit institutions	*144*	*0*	*144*
Loans and advances to clients	392 385	914	393 300
Lease financing and equivalent transactions	27 698	0	27 698
Revaluation of macro-hedged items	3 242	0	3 242
Financial assets held to maturity	4 107	0	4 107
Tax assets	6 339	19	6 358
of which deferred tax assets that rely on future profitability excluding those arising from temporary differences	*1 429*	*759*	*2 188*
of which deferred tax assets arising from temporary	*4 294*	*-709*	*3 585*
Other assets	85 635	-345	85 290
of which defined-benefit pension fund assets	*4*	*0*	*4*
Non-current assets held for sale	88	0	88
Investments in subsidiaries and affiliates accounted for by	1 132	3 096	4 228
Tangible and intangible assets	20 909	-656	20 255
of which intangible assets exclusive of leasing rights	*1 548*	*-57*	*1 491*
Goodwill	4 646	5	4 651
TOTAL ASSETS	**1 460 243**	**-107 912**	**1 352 332**

(1) Restatement of subsidiaries excluded from the prudential scope and reconsolidation of intragroup transactions related to its subsidiaries.

LIABILITIES at 30.06.2016 (in EUR m)	**Consolidated balance sheet**	**Prudential restatements[1]**	**within the prudential scope**
Central banks	8 155	0	8 155
Liabilities at fair value through profit or loss	522 469	1 641	524 110
Hedging derivatives	13 708	1	13 709
Amounts owed to credit institutions	104 069	-438	103 631
Amounts owed to clients	400 490	2 379	402 869
Debt securities	105 149	4 803	109 952
Revaluation reserve of interest-rate-hedged portfolios	11 152	0	11 152
Tax liabilities	1 109	-174	935
Other Liabilities	100 860	-4 166	96 694
Debts related to Non-current assets held for sale	191	0	191
Technical provisions of insurance companies	111 353	-111 369	-16
Provisions	5 761	-22	5 739
Subordinated debts	13 764	253	14 017
of which redeemable subordinated notes including revaluation differences on hedging items	*13 238*	*241*	*13 479*
Total debts	**1 398 230**	**-107 092**	**1 291 138**
EQUITY			
Equity, Group share	58 475	1	58 476
of which capital and related reserves	*19 981*	*0*	*19 981*
of which other capital instruments	*8 416*	*0*	*8 416*
of which retained earnings	*4 498*	*0*	*4 498*
of which accumulated other comprehensive income (including gains and losses accounted directly in equity)	*23 195*	*1*	*23 196*
of which net income	*2 385*	*0*	*2 385*
Minority interests	3 538	-819	2 719
Total equity	62 013	-820	61 194
TOTAL LIABILITIES	**1 460 243**	**-107 912**	**1 352 332**

(1) Restatement of subsidiaries excluded from the prudential scope and reconsolidation of intragroup transactions related to its subsidiaries.

3.3.2 Subsidiaries outside the prudential reporting scope – Update of the 2016 Registration document page 151

Company	Activity	Pays
Antarius	Insurance	France
Catalyst RE International LTD	Insurance	Bermuda
Société Générale strakhovanie zhizni LLC	Insurance	Russia
Sogelife	Insurance	Luxembourg
Genecar - Société Générale de courtage d'assurance et de réassurance	Insurance	France
Inora life ltd	Insurance	Ireland
SG Strakhovanie LLC	Insurance	Russia
Sogecap	Insurance	France
Komercni Pojstovna A.S.	Insurance	Czech Republic
La Marocaine Vie	Insurance	Morocco
Oradea Vie	Insurance	France
Société Générale re sa	Insurance	Luxembourg
Sogessur	Insurance	France
Société Générale Life Insurance Broker SA	Insurance	Luxembourg
SG Reinsurance Intermediary Brokerage, LLC	Insurance	United States
Catalyst RE Ltd.	Insurance	Bermuda
La Banque Postale Financement	Bank	France
SG Banque au Liban	Bank	Lebanon

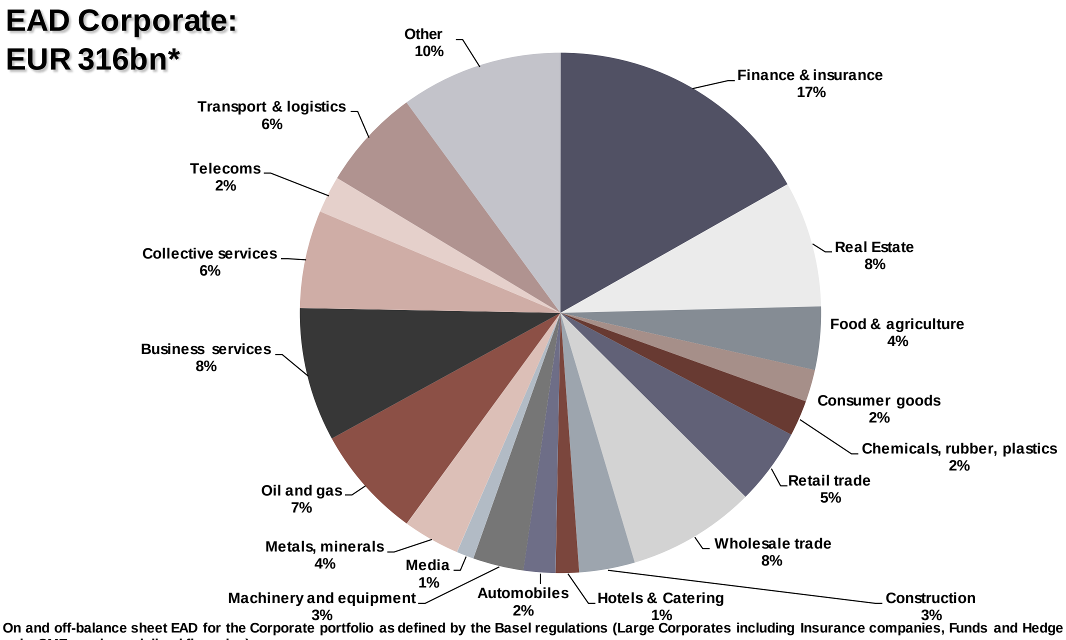
3.3.3 Prudential ratio management – Update of the 2016 Registration document pages 151-153

During the first semester, Societe Generale issued an equivalent of EUR 1.1bn of subordinated Tier 2 bonds.

The Group also redeemed at first call date the Additional Tier 1 bond implemented in February 2009 for USD 450 M and redeemed at maturity three Tier 2 bonds (EUR 114 M implemented in February 2004, EUR 113 M implemented in May 2004 and USD 519 M implemented in April 2006).

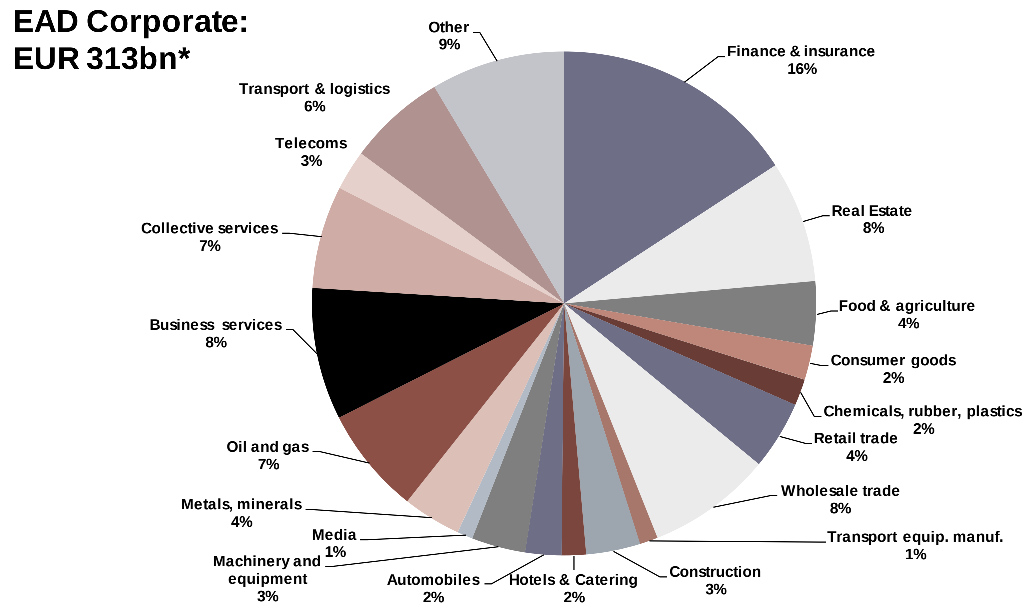
3.4 Credit risks – Update of the 2016 Registration document pages 170-171

BREAKDOWN OF SG GROUP COMMITMENTS BY SECTOR AT 30 JUNE 2016



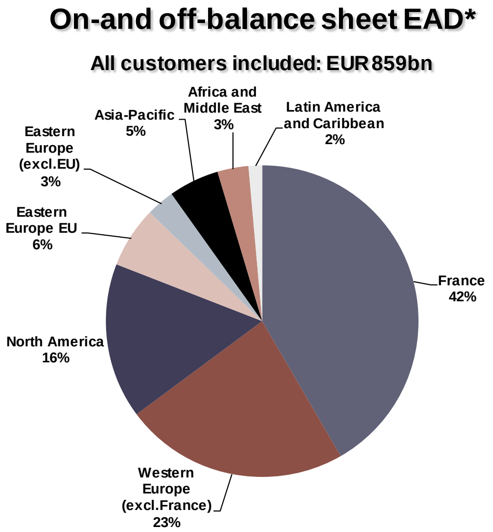
* On and off-balance sheet EAD for the Corporate portfolio as defined by the Basel regulations (Large Corporates including Insurance companies, Funds and Hedge funds, SMEs and specialised financing)
Total credit risk (debtor, issuer and replacement risk, excluding fixed assets, equities and accruals)

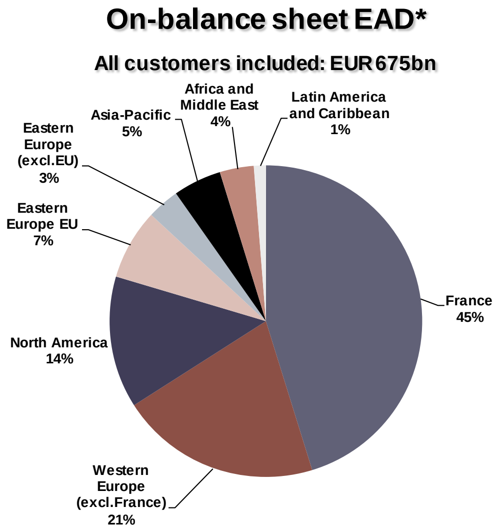
BREAKDOWN OF SG GROUP COMMITMENTS BY SECTOR AT 31 DECEMBER 2015



* On and off-balance sheet EAD for the Corporate portfolio as defined by the Basel regulations (Large Corporates including Insurance companies, Funds and Hedge funds, SMEs and specialised financing)
Total credit risk (debtor, issuer and replacement risk, excluding fixed assets, equities and accruals)

GEOGRAPHIC BREAKDOWN OF SG GROUP COMMITMENTS AT 30 JUNE 2016





* Total credit risk (debtor, issuer and replacement risk for all portfolios, excluding fixed assets, equities and accruals)

3.5 Provisioning of doubtful loans – Update of the 2016 Registration document page 173

NON PERFORMING LOANS

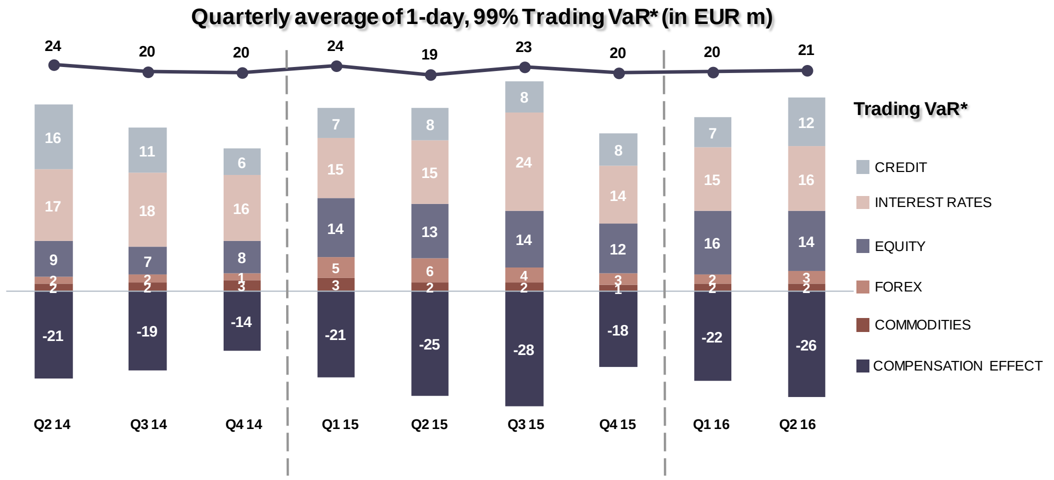
In EUR bn	**30/06/2015**	**31/03/2016**	**30/06/2016**
Gross book outstandings*	458.4	464.7	484.0
Non performing loans*	24.1	23.4	23.4
Gross non performing loans ratio*	***5.3%***	***5.0%***	***4.8%***
Specific provisions*	13.4	13.3	13.2
Portfolio-based provisions*	1.3	1.4	1.5
Gross non performing loans coverage ratio* (Overall provisions / Non performing loans)	***61%***	***63%***	***63%***
Legacy assets gross book outstandings	3.9	2.7	2.5
Non performing loans	2.3	1.3	1.3
Gross non performing loans ratio	***59%***	***48%***	***53%***
Specific provisions	2.1	1.1	1.2
Gross non performing loans coverage ratio*	***89%***	***87%***	***87%***
Group gross non performing loans ratio	***5.7%***	***5.3%***	***5.1%***
Group gross non performing loans coverage ratio	***63%***	***64%***	***64%***

* Excluding legacy assets. Customer loans, deposits at banks and loans due from banks leasing and lease assets.

3.6 Change in trading VaR – Update of the 2016 Registration document page 178

Quarterly average 99% Value at Risk (VaR), a composite indicator used for the day-to-day monitoring of the market risks incurred by the bank, on the scope of its trading activities, in millions of euros:

CHANGE IN TRADING VAR* AND STRESSED VAR



Stressed VAR** (1 day, 99%, in EUR m)	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16
Minimum	34	27	36	44	30
Maximum	56	59	62	60	52
Average	48	43	45	52	43

* Trading VaR: measurement over one year (i.e. 260 scenario) of the greatest risk obtained after elimination of 1% of the most unfavourable occurrences

** Stressed VaR : Identical approach to VaR (historical simulation with 1-day shocks and a 99% confidence interval), but over a fixed one-year historical window corresponding to a period of significant financial tension instead of a one-year rolling period

Since 1 January 2008, the scope of the credit VaR excludes hybrid CDO positions now dealt with prudentially in the banking book.

3.7 Structural interest rate risk

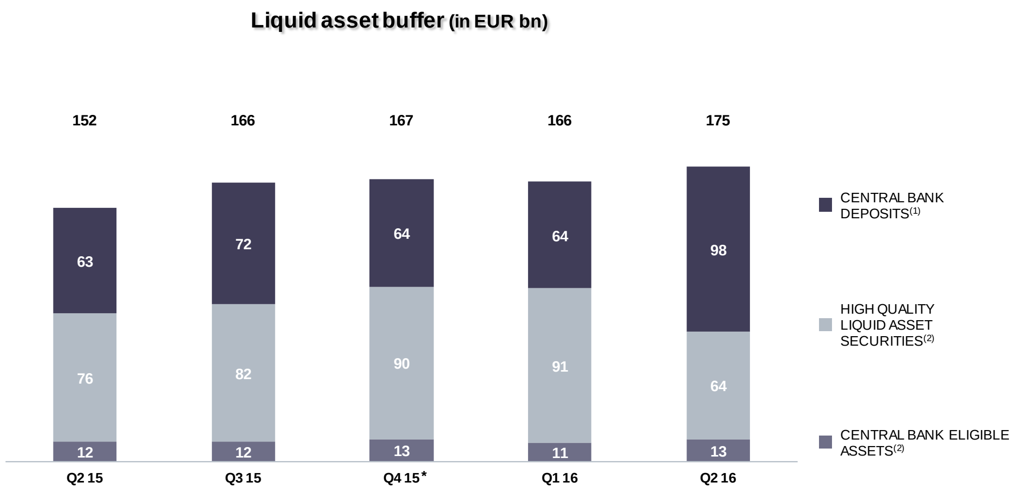
3.7.1 Foreign exchange transactions, update of the table 28 of the 2016 Registration Document, page 191

	30.06.2016				31.12.2015			
(In EUR m)	Assets	Liabilities	Currencies bought, not yet received	Currencies sold not yet delivered	Assets	Liabilities	Currencies bought, not yet received	Currencies sold not yet delivered
EUR	875 951	869 947	38 681	38 399	760 374	746 574	20 811	19 937
USD	339 167	310 224	66 665	64 794	324 591	324 715	43 752	49 152
GBP	62 041	50 313	13 208	11 272	69 513	58 518	7 836	12 791
JPY	45 603	90 217	24 215	29 963	41 084	64 231	21 168	17 611
AUD	6 054	5 520	5 614	6 752	6 122	5 712	3 640	4 923
CZK	30 204	31 657	908	663	29 046	30 656	270	130
RUB	10 199	7 133	180	218	9 843	6 789	21	43
RON	6 917	7 129	196	204	6 595	7 256	47	189
Autres devises	84 107	88 104	30 271	25 693	87 223	89 941	18 256	15 131
Total	**1 460 243**	**1 460 243**	**179 938**	**177 958**	**1 334 391**	**1 334 391**	**115 802**	**119 906**

3.8 Liquidity risk

3.8.1 Liquid asset buffer – Update of the 2016 Registration document page 195

LIQUID ASSET BUFFER



- Liquidity Coverage Ratio at 152% on average in Q2 16

(1) Excluding mandatory reserves
(2) Unencumbered, net of haircuts
* Data adjusted vs. published data at Q4 15 – HQLA securities previously at EUR 92bn

3.8.2 Balance sheet schedule – Update of the 2016 Registration document pages 196-197

FINANCIAL LIABILITIES

(In EUR m)	Note to the consolidated financial statements	30th June 2016 0-3 M	3M-1YR	1-5 YRS	> 5 YRS	Total
Due to central banks		8 108	47	0	0	8 155
Financial liabilities at fair value through profit or loss, excluding derivatives	Note 3.1	228 400	22 271	17 651	33 558	301880
Due to banks	Note 3.5	72 568	8 177	21861	1463	104 069
Customer deposits	Note 3.5	255 390	36 420	61020	47 660	400 490
Securitised debt payables	Note 3.5	32 554	21060	37 784	13 751	105 149
Subordinated debt	Note 3.8	940	709	2 374	9 741	13 764

FINANCIAL ASSETS

(In EUR m)	Note to the consolidated financial statements	30th June 2016 0-3 M	3M-1YR	1-5 YRS	> 5 YRS	Total
Cash, due from central banks		103 178	635	1330	744	105 887
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.1	341178	1675	0	0	342 853
Available-for-sale financial assets	Note 3.2	134 720	8 694		1922	145 336
Due from banks	Note 3.4	63 592	6 203	8 863	1065	79 723
Customer loans	Note 3.4	102 005	53 277	142 950	93 425	391657
Lease financing and similar agreements	Note 3.4	2 664	5 781	14 974	5 007	28 426

OTHER LIABILITIES

(In EUR m)	Note to the consolidated financial statements	Not scheduled	30th June 2016 0-3 M	3M-1YR	1-5 YRS	> 5 YRS	Total
Revaluation difference on portfolios hedged against interest rate risk		11 152	0	0	0	0	11 152
Tax liabilities		0		782	0	327	1109
Other liabilities	Note 4.2	0	100 860	0	0	0	100 860
Non-current liabilities held for sale		0	191	0	0	0	191
Underwriting reserves of insurance companies	Note 8.2	0	13 942	7 598	29 283	60 530	111353
Provisions	Note 8.2	5 761	0	0	0	0	5 761
Shareholders' equity		58 475	0	0	0	0	58 475

OTHER ASSETS

(In EUR m)	Note to the consolidated financial statements	Not scheduled	30th June 2016 0-3 M	3M-1YR	1-5 YRS	> 5 YRS	Total
Revaluation difference on portfolios hedged against interest rate risk		3 242	0	0	0	0	3 242
Held-to-maturity financial assets	Note 3.8	0	0	0	0	4 107	4 107
Tax assets		6 339	0	0	0	0	6 339
Other assets	Note 4.2	0	85 635	0	0	0	85 635
Non-current assets held for sale		0	61	27	0	0	88
Investments in subsidiaries and affiliates accounted for by the equity method		0	0	0	0	1132	1132
Tangible and intangible fixed assets		0	0	0	0	20 909	20 909
Goodwill		0	0	0	0	4 646	4 646

3.9 Risk and litigation - update of the pages 202 to 205 of the 2016 Registration Document

- On May 31, 2016, the Civil Division of the United States Attorney's Office for the Eastern District of New York served a subpoena requesting the production of information and documents from certain Societe Generale affiliates concerning residential mortgage backed securities issued by Societe Generale affiliates in New York. Societe Generale is cooperating with the authorities.

- Societe Generale, along with other financial institutions, has been named as a defendant in five putative class actions and several individual (non-class) actions in connection with its involvement in the setting of US Dollar Libor rates and trading in derivatives indexed to Libor. The actions were brought by purchasers of certain exchange-based derivatives contracts, over-the-counter derivatives contracts, bonds, equity securities and mortgages, and are pending before a single judge in the US District Court in Manhattan. The actions variously allege violations of, among other laws, US antitrust laws, the US Commodity Exchange Act ("CEA"), and numerous state laws. On 29th March 2013, the district court dismissed plaintiffs' antitrust claims. The plaintiffs in most of the class and individual actions appealed the district court's dismissal of their antitrust claims against all defendants to the US Court of Appeals for the Second Circuit. On 23rd May 2016, the Second Circuit vacated the district court's dismissal of the antitrust claims, and remanded the claims for further proceedings. On 6th July 2016, Societe Generale, and other defendants, filed a motion to dismiss those antitrust claims in the district court on merits and jurisdictional grounds; plaintiffs' opposition brief is due shortly.

- Societe Generale, along with other financial institutions, has been named as a defendant in two putative class actions in the US District Court in Manhattan brought by purchasers or sellers of Euroyen derivative contracts on the Chicago Mercantile Exchange ("CME"), and purchasers of over-the-counter derivative contracts, respectively, who allege that their instruments were traded or transacted at artificial levels due to alleged manipulation of Yen LIBOR and Euroyen TIBOR rates. On 8th October 2015, the court denied a motion filed by the California State Teachers' Retirement System ("CalSTRS") to intervene as plaintiff in the exchange-based case. CalSTRS has appealed that decision to the US Court of Appeals for the Second Circuit, and voluntarily dismissed the appeal on 8th June 2016. On 29th February 2016, exchange-based plaintiffs filed their Third Amended Complaint adding CEA claims for an extended putative class period against all defendants. Answers to the Third Amended Complaint and defendants' motion to dismiss the additional CEA claims were filed in May 2016. Motions to dismiss the over-the- counter plaintiffs' claims have been filed. The parties have submitted letters to the court regarding the implications of the US Court of Appeals' 23rd May 2016 decision on the pending motions to dismiss the over-the-counter plaintiffs' claims.

- In the case opposing the Libyan Investment Authority to Société Générale before the English Courts, the latter decided on 16 July 2016 to adjourn the trial hearing from January to April 2017.

4 - Chapter 6 : Financial information

4.1 Financial information as at June 30, 2016

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET - ASSETS

(In millions of euros)		30.06.2016	31.12.2015
Cash, due from central banks		105,887	78,565
Financial assets at fair value through profit or loss	Notes 3.1 and 3.3	560,281	519,333
Hedging derivatives		22,835	16,538
Available-for-sale financial assets	Notes 3.2 and 3.3	145,336	134,187
Due from banks	Notes 3.4 and 3.8	79,723	71,682
Customer loans	Notes 3.4 and 3.8	420,083	405,252
Revaluation differences on portfolios hedged against interest rate risk		3,242	2,723
Held-to-maturity financial assets	Note 3.8	4,107	4,044
Tax assets		6,339	7,367
Other assets	Note 4.2	85,635	69,398
Non-current assets held for sale		88	171
Investments accounted for using the equity method		1,132	1,352
Tangible and intangible fixed assets		20,909	19,421
Goodwill		4,646	4,358
Total		**1,460,243**	**1,334,391**

CONSOLIDATED BALANCE SHEET - LIABILITIES

(In millions of euros)		30.06.2016	31.12.2015
Due to central banks		8,155	6,951
Financial liabilities at fair value through profit or loss	Notes 3.1 and 3.3	522,469	454,981
Hedging derivatives		13,708	9,533
Due to banks	Notes 3.5 and 3.8	104,069	95,452
Customer deposits	Notes 3.5 and 3.8	400,490	379,631
Debt securities issued	Notes 3.5 and 3.8	105,149	106,412
Revaluation differences on portfolios hedged against interest rate risk		11,152	8,055
Tax liabilities		1,109	1,571
Other liabilities	Note 4.2	100,860	83,083
Non-current liabilities held for sale		191	526
Underwriting reserves of insurance companies	Note 8.2	111,353	107,257
Provisions	Note 8.2	5,761	5,218
Subordinated debt	Note 3.8	13,764	13,046
Total liabilities		**1,398,230**	**1,271,716**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Issued common stocks, equity instruments and capital reserves		29,265	29,537
Retained earnings		25,859	23,905
Net income		2,385	4,001
Sub-total		**57,509**	**57,443**
Unrealised or deferred capital gains and losses		966	1,594
Sub-total equity, Group share		**58,475**	**59,037**
Non-controlling interests		3,538	3,638
Total equity		**62,013**	**62,675**
Total		**1,460,243**	**1,334,391**

CONSOLIDATED INCOME STATEMENT

(In millions of euros)		1st half of 2016	2015	1st half of 2015
Interest and similar income	Note 3.6	12,442	25,431	12,523
Interest and similar expense	Note 3.6	(7,517)	(16,125)	(7,979)
Fee income	Note 4.1	5,114	10,144	4,982
Fee expense	Note 4.1	(1,764)	(3,466)	(1,541)
Net gains and losses on financial transactions		3,778	8,224	4,606
o/w net gains and losses on financial instruments at fair value through profit or loss	*Note 3.1*	*2,863*	*7,275*	*3,915*
o/w net gains and losses on available-for-sale financial assets[(1)]	*Note 3.2*	*915*	*949*	*691*
Income from other activities		20,969	53,324	28,452
Expenses from other activities		(19,863)	(51,893)	(27,821)
Net banking income		**13,159**	**25,639**	**13,222**
Personnel expenses	Note 5	(4,688)	(9,476)	(4,819)
Other operating expenses[(2)]		(3,259)	(6,477)	(3,296)
Amortisation, depreciation and impairment of tangible and intangible fixed assets		(456)	(940)	(451)
Gross operating income		**4,756**	**8,746**	**4,656**
Cost of risk	Note 3.7	(1,188)	(3,065)	(1,337)
Operating income		**3,568**	**5,681**	**3,319**
Net income from investments accounted for using the equity method		68	231	110
Net income/expense from other assets		(12)	197	(41)
Impairment losses on goodwill		-	-	-
Earnings before tax		**3,624**	**6,109**	**3,388**
Income tax	Note 6	(1,011)	(1,714)	(967)
Consolidated net income		**2,613**	**4,395**	**2,421**
Non-controlling interests		228	394	202
Net income, Group share		**2,385**	**4,001**	**2,219**
Earnings per ordinary share	Note 7.2	**2.71**	**4.49**	**2.54**
Diluted earnings per ordinary share	Note 7.2	**2.71**	**4.49**	**2.54**

(1) This amount now includes dividend income.
(2) This amount includes, for the first half of 2016, EUR 218 million for reduction of the fine paid in December 2013 in the Euribor case.

STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(In millions of euros)	1st half of 2016	2015	1st half of 2015
Net income	**2,613**	**4,395**	**2,421**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**(675)**	**1,059**	**588**
Translation differences[1]	(478)	797	782
Available-for-sale financial assets	(203)	425	(54)
Revaluation differences	*566*	*703*	*636*
Reclassified into income	*(769)*	*(278)*	*(690)*
Hedging derivatives	75	(174)	(218)
Revaluation differences	*77*	*(171)*	*(215)*
Reclassified into income	*(2)*	*(3)*	*(3)*
Unrealised gains and losses of entities accounted for using the equity method and that will be reclassified subsequently into income	(1)	(117)	23
Tax on items that will be reclassified subsequently into income	(68)	128	55
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**(231)**	**80**	**148**
Actuarial gains and losses on post-employment defined benefit plans	(343)	125	221
Tax on items that will not be reclassified subsequently into income	112	(45)	(73)
Total unrealised or deferred gains and losses	**(906)**	**1,139**	**736**
Net income and unrealised or deferred gains and losses	**1,707**	**5,534**	**3,157**
o/w Group share	*1,526*	*5,148*	*2,990*
o/w non-controlling interests	*181*	*386*	*167*

(1) The variation in translation differences amounted to EUR -478 million and consisted of:
- EUR -460 million variation in Group translation differences, mainly due to the appreciation of the euro against the US dollar (EUR -293 million), the pound sterling (EUR -259 million), partially offset by the depreciation of the euro againt the Japanese yen (EUR +66 million) and the Russian rouble (EUR +59 million);
- EUR -18 million variation in translation differences attributable to non-controlling interests.

CHANGES IN SHAREHOLDERS' EQUITY

(In millions of euros)	Capital and associated reserves: Issued common stocks	Issuing premium and capital reserves	Elimination of treasury stock	Other equity instruments	Total	Retained earnings	Net income, Group share
Shareholders' equity at 1st January 2015	**1,007**	**20,141**	**(731)**	**9,069**	**29,486**	**25,216**	**-**
Increase in common stock	1				1	(1)	
Elimination of treasury stock			246		246	329	
Issuance / Redemption of equity instruments				(1,408)	(1,408)	118	
Equity component of share-based payment plans		38			38		
1st half of 2015 Dividends paid					-	(1,301)	
Effect of acquisitions and disposals on non-controlling interests					-	(85)	
Sub-total of changes linked to relations with shareholders	***1***	***38***	***246***	***(1,408)***	***(1,123)***	***(940)***	
Unrealised or deferred gains and losses					-	148	
Other changes					-	(10)	
1st half of 2015 Net income for the period					-		2,219
Sub-total	***-***	***-***	***-***	***-***	***-***	***138***	***2,219***
Change in equity of associates and joint ventures accounted for using the equity method					-		
Shareholders' equity at 30th June 2015	**1,008**	**20,179**	**(485)**	**7,661**	**28,363**	**24,414**	**2,219**
Increase in common stock		4			4		
Elimination of treasury stock			36		36	(178)	
Issuance / Redemption of equity instruments				1,111	1,111	111	
Equity component of share-based payment plans		23			23		
2nd half of 2015 Dividends paid					-	(357)	
Effect of acquisitions and disposals on non-controlling interests					-	(10)	
Sub-total of changes linked to relations with shareholders	***-***	***27***	***36***	***1,111***	***1,174***	***(434)***	
Unrealised or deferred gains and losses					-	(68)	
Other changes					-	(7)	
2nd half of 2015 Net income for the period					-		1,782
Sub-total	***-***	***-***	***-***	***-***	***-***	***(75)***	***1,782***
Change in equity of associates and joint ventures accounted for using the equity method					-		
Shareholders' equity at 31st December 2015	**1,008**	**20,206**	**(449)**	**8,772**	**29,537**	**23,905**	**4,001**
Appropriation of net income						4,001	(4,001)
Shareholders' equity at 1st January 2016	**1,008**	**20,206**	**(449)**	**8,772**	**29,537**	**27,906**	**-**
Increase in common stock (see Note 7.1)	1				1	(1)	
Elimination of treasury stock (see Note 7.1)			50		50	(29)	
Issuance / Redemption of equity instruments				(356)	(356)	130	
Equity component of share-based payment plans		33			33		
1st half of 2016 Dividends paid (see Note 7.2)					-	(1,921)	
Effect of acquisitions and disposals on non-controlling interests					-	5	
Sub-total of changes linked to relations with shareholders	***1***	***33***	***50***	***(356)***	***(272)***	***(1,816)***	
Unrealised or deferred gains and losses					-	(231)	
Other changes					-		
1st half of 2016 Net income for the period					-		2,385
Sub-total	***-***	***-***	***-***	***-***	***-***	***(231)***	***2,385***
Change in equity of associates and joint ventures accounted for using the equity method					-		
Shareholders' equity at 30th June 2016	**1,009**	**20,239**	**(399)**	**8,416**	**29,265**	**25,859**	**2,385**

Unrealised or deferred gains and losses (net of tax) that will be reclassified subsequently into income					Non-controlling interests				
Translation reserves	**Change in fair value of assets available-for-sale**	**Change in fair value of hedging derivatives**	**Total**	**Shareholders' equity, Group share**	**Capital and Reserves**	**Other Equity instruments issued by subsidiaries**	**Unrealised or deferred gains and losses**	**Total**	**Total consolidated shareholders' equity**
(757)	**1,027**	**257**	**527**	**55,229**	**2,778**	**800**	**67**	**3,645**	**58,874**
			-	-				-	-
			-	575				-	575
			-	(1,290)				-	(1,290)
			-	38				-	38
			-	(1,301)	(231)			(231)	(1,532)
			-	(85)	(128)			(128)	(213)
-	***-***	***-***	***-***	***(2,063)***	***(359)***	***-***	***-***	***(359)***	***(2,422)***
757	68	(217)	608	756			(35)	(35)	721
			-	(10)	4			4	(6)
			-	2,219	202			202	2,421
757	***68***	***(217)***	***608***	***2,965***	***206***	***-***	***(35)***	***171***	***3,136***
	15	-	15	15				-	15
-	**1,110**	**40**	**1,150**	**56,146**	**2,625**	**800**	**32**	**3,457**	**59,603**
			-	4				-	4
			-	(142)				-	(142)
			-	1,222				-	1,222
			-	23				-	23
			-	(357)	(2)			(2)	(359)
			-	(10)	(40)			(40)	(50)
-	***-***	***-***	***-***	***740***	***(42)***	***-***	***-***	***(42)***	***698***
12	488	47	547	479			27	27	506
			-	(7)	4			4	(3)
			-	1,782	192			192	1,974
12	***488***	***47***	***547***	***2,254***	***196***	***-***	***27***	***223***	***2,477***
	(103)		(103)	(103)				-	(103)
12	**1,495**	**87**	**1,594**	**59,037**	**2,779**	**800**	**59**	**3,638**	**62,675**
				-				**-**	**-**
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**

CASH FLOW STATEMENT

(In millions of euros)	1st half of 2016	2015	1st half of 2015
Net income (I)	**2,613**	**4,395**	**2,421**
Amortisation expense on tangible fixed assets and intangible assets (including operational leasing)	1,882	3,597	1,776
Depreciation and net allocation to provisions	3,416	4,507	3,705
Net income/loss from investments accounted for using the equity method	(68)	(231)	(110)
Change in deferred taxes	286	651	114
Net income from the sale of long-term available-for-sale assets and subsidiaries	(698)	(337)	(56)
Change in deferred income	85	44	203
Change in prepaid expenses	(229)	150	(91)
Change in accrued income	(472)	672	(259)
Change in accrued expenses	(916)	(158)	(37)
Other changes	881	3,747	1,295
Non-cash items included in net income and other adjustments not including income on financial instruments at fair value through Profit or Loss (II)	**4,167**	**12,642**	**6,540**
Income on financial instruments at fair value through Profit or Loss[1]	(2,863)	(7,275)	(3,915)
Interbank transactions	6,329	14,659	13,126
Customers transactions	4,158	(5,724)	(791)
Transactions related to other financial assets and liabilities	16,337	(1,541)	6,011
Transactions related to other non financial assets and liabilities	3,220	3,959	625
Net increase/decrease in cash related to operating assets and liabilities (III)	**27,181**	**4,078**	**15,056**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III)	**33,961**	**21,115**	**24,017**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	1,053	1,997	143
Net cash inflow (outflow) related to tangible and intangible fixed assets	(2,110)	(4,502)	(2,628)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**(1,057)**	**(2,505)**	**(2,485)**
Cash flow from/to shareholders	(2,404)	(1,522)	(2,247)
Other net cash flows arising from financing activities	322	4,404	2,970
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**(2,082)**	**2,882**	**723**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**30,822**	**21,492**	**22,255**

Net balance of cash accounts and accounts with central banks	71,615	52,458	52,458
Net balance of accounts, demand deposits and loans with banks	11,193	8,858	8,858
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	**82,808**	**61,316**	**61,316**
Net balance of cash accounts and accounts with central banks	97,731	71,615	64,166
Net balance of accounts, demand deposits and loans with banks	15,898	11,193	19,405
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**113,629**	**82,808**	**83,571**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS	**30,821**	**21,492**	**22,255**

(1) Income on financial instruments at fair value through Profit or Loss includes realised and unrealised income.

NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

The condensed interim consolidated financial statements for the Societe Generale Group ("the Group") for the six-month period ending 30 June 2016 were prepared and are presented in accordance with IAS (International Accounting Standards) 34 "Interim Financial Reporting". The accompanying notes therefore relate to events and transactions that are significant to an understanding of changes in the financial position and performance of the Group during the period. These notes should be read in conjunction with the audited consolidated financial statements for the year ending 31 December 2015 included in the Registration document for the year 2015.

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.

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

2. NEW 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 2015 year-end consolidated financial statements, which were drawn up in compliance with the IFRS (International Financial Reporting Standards) as adopted by the European Union and described in the notes to the 2015 consolidated financial statements, updated by the following amendments applied by the Group since 1 January 2016.

AMENDMENTS TO IFRS APPLIED BY THE GROUP AS OF 1 JANUARY 2016

Accounting standards or Interpretations	IASB Publication date	European Union Adoption date
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	21 November 2013	17 December 2014
Annual Improvements to IFRSs (2010-2012)	12 December 2013	17 December 2014
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	6 May 2014	24 November 2015
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"	12 May 2014	2 December 2015
Annual Improvements to IFRSs (2012-2014)	25 September 2014	15 December 2015
Amendments to IAS 1 "Disclosure Initiative"	18 December 2014	18 December 2015

The application of these amendements and improvements has no significant impact on the Group's net income and equity.

AMENDMENTS TO IAS 19 "DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS"

These amendments apply to contributions from employees to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent from the number of years of employee service.

ANNUAL IMPROVEMENTS TO IFRSS (2010-2012) AND (2012-2014)

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

AMENDMENTS TO IFRS 11 "ACCOUNTING FOR ACQUISITIONS OF INTERESTS IN JOINT OPERATIONS"

These amendments clarify the accounting for the acquisition of an interest in a joint operation when the operation constitutes a business as defined in IFRS 3 "Business combinations". It requires the application of all IFRS 3 principles to the acquisition of this interest.

AMENDMENTS TO IAS 16 AND IAS 38 "CLARIFICATION OF ACCEPTABLE METHODS OF DEPRECIATION AND AMORTISATION"

In these amendments, the IASB clarifies that using a revenue-based method to calculate the depreciation and the amortisation of an asset is not appropriate, with few exceptions.

AMENDMENTS TO IAS 1 "DISCLOSURE INITIATIVE"

These amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The IASB clarifies that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.

ACCOUNTING STANDARDS AND INTERPRETATIONS TO BE APPLIED BY THE GROUP IN THE FUTURE

Not all of the accounting standards published by the IASB were adopted by the European Union as of 30 June 2016. These accounting standards and interpretations are required to be applied from annual periods beginning on 1 January 2017 at the earliest or on the date of their adoption by the European Union. Therefore they were not applied by the Group as of 30 June 2016.

Accounting standards or Interpretations	IASB Publication date	Effective date: annual periods beginning on or after
IFRS 9 "Financial Instruments"	24 July 2014	1 January 2018
IFRS 15 "Revenue from Contracts with Customers"	28 May 2014	1 January 2018
IFRS 16 "Leases"	13 January 2016	1 January 2019
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses"	19 January 2016	1 January 2017
Amendments to IAS 7 "Disclosure Initiative"	29 January 2016	1 January 2017
Clarifications to IFRS 15 "Revenue from Contracts with Customers"	12 April 2016	1 January 2018
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	20 June 2016	1 January 2018

IFRS 9 "FINANCIAL INSTRUMENTS"

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 macro hedge accounting, which is currently being developed by the IASB as a separate project.

Subject to its adoption by the European Union, IFRS 9 will be applicable to accounting periods beginning on or after 1 January 2018, replacing the accounting principles currently applied for financial instruments.

Organisation of IFRS 9 implementation

In 2013, the Group began preliminary assessments to determine 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 in its Risk and Finance functions to organise the work necessary to implement the new standard and to be ready to apply it on 1 January 2018.

During the first half of 2016, the Group continued its review of its portfolios of financial assets to determine their future accounting treatment under IFRS 9. Furthermore, the Group is also finalising the calibration and review for approval of its framework methodology defining the rules for assessing the deterioration of credit risk and for determining 12-month and lifetime expected credit losses, including forward looking assessments.

Planning studies for adapting information systems and processes are also on-going, and some IT developments have been launched.

At this point in the IFRS 9 implementation programme, the quantified impact of its application cannot be reasonably estimated.

IFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS" AND RELATED CLARIFICATIONS

This standard sets out the requirements for recognising revenue that apply to all contracts with customers. To recognise revenue, the following five steps must be applied: identification of the contract with the customer, identification of the performance obligations arising from the contract, determination of the transaction price, allocation of the transaction price to each performance obligation and revenue recognition when a performance obligation has been satisfied.

Amendments will also clarify the implementation of IFRS 15, especially for identification of performance obligations, determination whether a company is a principal or an agent, and licences on intellectual property.

The Group is currently analysing the impact of this standard on its net income and equity.

IFRS 16 "LEASES"

This new standard modifies accounting requirements for leases, and more specifically in relation to the lessees' financial statements. The identification process for a lease is modified in order to differentiate the accounting treatment for leases from that applicable to service contracts. For all lease agreements, the new standard requires the lessee to recognise the right of use of the leased item as an asset in its balance sheet, and its required lease payments as a liability. In its income statement, the lessee shall separately recognise the depreciation of the lease assets and the interest expense on lease liabilities.

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

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

AMENDMENTS TO IAS 7 "DISCLOSURE INITIATIVE"

These amendments will help to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes.

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

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

3. 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, Management makes assumptions and estimates that may have an impact on figures recorded in the income statement or in unrealised or deferred gains and losses, 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, Management uses information that is available when the consolidated financial statements are prepared, 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.

4. VISA EUROPE'S TAKEOVER BY VISA INC.

After approval by the appropriate European authorities, Visa Europe's takeover by Visa Inc., signed on 2 November 2015, was settled on 21 June 2016. The unlisted Visa Europe shares held by the Group and recorded under *Available-for-sale financial assets* have been sold against the receipt of a payment which includes three components: an upfront cash payment, a deferred cash payment, and Visa Inc. preference shares. These preference shares will be convertible into ordinary shares over a period of 4 to 12 years, subject to conditional terms; they are not listed and their transferability is limited. To assess the value of these preference shares, the Group took into account their illiquidity and the factors that will be used to determine the final conversion rate into ordinary Visa Inc. shares, using estimates and assumptions similar to those made for the valuation of Visa Europe shares on 31 December 2015. This sale resulted in a gain of EUR 725 milllion recognised under *Net gains and losses on available-for-sale financial assets* (Group's share after tax: EUR 662 million).

NOTE 2 - CONSOLIDATION

CHANGES IN 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 material 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 2016, compared with the scope applicable at the closing date of 31 December 2015, are as follows:

- **PARCOURS**
  On 3 May 2016, ALD Automotive acquired Parcours Group, a subsidiary of Wendel, located in Europe, and mainly in France. This acquisition gives ALD Automotive the opportunity to strengthen its position with SMEs and very small companies, and to accelerate its growth in the long-term leasing business in France.

- **KLEINWORT BENSON**
  On 6 June 2016, Societe Generale Private Banking Hambros acquired Kleinwort Benson Bank Limited and Kleinwort Benson Channel Islands Holdings Limited. These acquisitions reflect Societe Generale's growth strategy in Private Banking in its core markets, and are aligned with its ambition to be the relationship-focused private bank of reference.

NOTE 3 - FINANCIAL INSTRUMENTS

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

	30.06.2016		31.12.2015	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Trading portfolio	503,314	461,139	462,775	400,931
Financial instruments measured using the fair value option through profit or loss	56,967	61,330	56,558	54,050
Total	**560,281**	**522,469**	**519,333**	**454,981**
o/w securities purchased/sold under resale/repurchase agreements	*168,497*	*155,443*	*136,157*	*141,265*

1. TRADING BOOK

ASSETS

(In millions of euros)	30.06.2016	31.12.2015
Bonds and other debt securities	54,053	54,628
Shares and other equity securities	57,955	79,297
Other non-derivative financial assets	173,878	140,521
Trading derivatives	217,428	188,329
Total	**503,314**	**462,775**
o/w securities loaned	*14,359*	*15,670*

LIABILITIES

(In millions of euros)	30.06.2016	31.12.2015
Debt securities issued	16,503	15,524
Amounts payable on borrowed securities	50,212	37,271
Bonds and other debt instruments sold short	15,296	14,142
Shares and other equity instruments sold short	2,011	1,407
Other non-derivative financial liabilities	156,528	142,359
Trading derivatives	220,589	190,228
Total	**461,139**	**400,931**

BREAKDOWN OF TRADING DERIVATIVES

	30.06.2016		31.12.2015	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments	155,140	154,838	126,002	124,931
Foreign exchange instruments	26,800	27,777	23,713	24,725
Equity and index instruments	20,512	22,735	18,589	20,727
Commodity instruments	9,371	8,574	12,604	11,690
Credit derivatives	5,273	5,658	7,108	7,265
Other forward financial instruments	332	1,007	313	890
Total	**217,428**	**220,589**	**188,329**	**190,228**

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

ASSETS

(In millions of euros)	30.06.2016	31.12.2015
Bonds and other debt securities	21,406	20,704
Shares and other equity securities	17,728	18,537
Other financial assets	17,551	17,027
Separate assets for employee benefit plans	282	290
Total	**56,967**	**56,558**

LIABILITIES

Financial liabilities measured at 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 67 million at 30 June 2016. The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale Group's current financing terms and conditions on the markets and the residual maturity of the related liabilities.

At 30 June 2016, the difference between fair value of financial liabilities measured using the fair value option through profit or loss (EUR 61,330 million versus EUR 54,050 million at 31 December 2015) and the amount repayable at maturity (EUR 60,959 million versus EUR 53,769 million at 31 December 2015) was EUR 371 million (EUR 281 million at 31 December 2015).

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

(In millions of euros)	1st half of 2016	2015	1st half of 2015
Net gain/loss on trading portfolio	(1,846)	712	4,514
Net gain/loss on financial instruments measured using fair value option	8	1,879	651
Net gain/loss on derivative instruments	5,820	3,421	(2,986)
Net gain/loss on hedging transactions	28	244	180
Net gain/loss on fair value hedging derivatives	*1,894*	*(2,004)*	*(2,575)*
Revaluation of hedged items attributable to hedged risks	*(1,866)*	*2,248*	*2,755*
Ineffective portion of cash flow hedge	-	-	-
Net gain/loss on foreign exchange transactions	(1,147)	1,019	1,556
Total(1)	**2,863**	**7,275**	**3,915**

(1) Insofar as 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. 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 - AVAILABLE-FOR-SALE FINANCIAL ASSETS

1. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30.06.2016		31.12.2015	
(In millions of euros)	**Net**	*o/w allowances for impairment*	**Net**	*o/w allowances for impairment*
Debt instruments	130,979	*(265)*	119,467	*(266)*
Equity instruments[1]	12,252	*(530)*	12,091	*(363)*
Long-term equity investments	2,105	*(490)*	2,629	*(510)*
Total	**145,336**	***(1,285)***	**134,187**	***(1,139)***

(1) Including UCITS

CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	2016
Balance at 1 January	**134,187**
Acquisitions	31,617
Disposals / redemptions[1]	(24,148)
Change in scope and others	1,826
Gains and losses on changes in fair value recognised directly in equity during the period	2,969
Change in impairment on debt instruments recognised in profit and loss	1
Impairment losses on equity instruments recognised in profit and loss	(197)
Change in related receivables	(72)
Translation differences	(847)
Balance at 30 June	**145,336**

(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 2016	2015	1st half of 2015
Dividend income	155	722	557
Gains and losses on sale of debt instruments	22	133	97
Gains and losses on sale of equity instruments[1]	17	995	1,133
Impairment losses on equity instruments[2]	(186)	(102)	(67)
Profit-sharing on available-for-sale financial assets of insurance companies	174	(893)	(1,078)
Gains and losses on sale of long-term equity investments[3]	744	118	68
Impairment losses on long-term equity investments	(11)	(24)	(19)
Total net gains and losses on available-for-sale assets	**915**	**949**	**691**
Interest income on available-for-sale assets	**1,240**	**2,811**	**1,413**

(1) O/w EUR 15 million for Insurance activities in the first half of 2016.
(2) O/w EUR - 186 million for Insurance activities in the first half of 2016.
(3) O/w EUR 725 million on the sale of Visa Europe securities in the first half of 2016 (see Note 1).

NOTE 3.3 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

	30.06.2016				31.12.2015			
(In millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading non-derivative financial assets	**103,005**	**182,440**	**441**	**285,886**	**119,360**	**154,499**	**587**	**274,446**
Bonds and other debt securities	49,704	4,328	21	54,053	46,383	8,021	224	54,628
Shares and other equity securities	53,301	4,590	64	57,955	72,975	6,322	-	79,297
Other non-derivative financial assets	-	173,522	356	173,878	2	140,156	363	140,521
Financial assets measured using fair value option through profit and loss	**37,007**	**18,736**	**1,224**	**56,967**	**37,710**	**16,444**	**2,404**	**56,558**
Bonds and other debt securities	20,960	249	197	21,406	20,291	228	185	20,704
Shares and other equity securities	16,047	1,549	132	17,728	17,419	975	143	18,537
Other financial assets	-	16,656	895	17,551	-	14,951	2,076	17,027
Separate assets for employee benefit plans	-	282	-	282	-	290	-	290
Trading derivatives	**438**	**213,057**	**3,933**	**217,428**	**413**	**184,065**	**3,851**	**188,329**
Interest rate instruments	42	152,557	2,541	155,140	38	123,411	2,553	126,002
Foreign exchange instruments	281	26,289	230	26,800	298	23,142	273	23,713
Equity and index instruments	-	19,927	585	20,512	-	18,107	482	18,589
Commodity instruments	-	9,314	57	9,371	-	12,361	243	12,604
Credit derivatives	-	4,962	311	5,273	-	6,855	253	7,108
Other forward financial instruments	115	8	209	332	77	189	47	313
Hedging derivatives	**-**	**22,835**	**-**	**22,835**	**-**	**16,538**	**-**	**16,538**
Interest rate instruments	-	22,582	-	22,582	-	16,037	-	16,037
Foreign exchange instruments	-	253	-	253	-	463	-	463
Equity and index instruments	-	-	-	-	-	5	-	5
Other forward financial instruments	-	-	-	-	-	33	-	33
Available-for-sale financial assets	**134,728**	**8,694**	**1,914**	**145,336**	**123,718**	**8,200**	**2,269**	**134,187**
Debt securities	124,350	6,432	197	130,979	113,374	5,983	110	119,467
Equity securities	10,210	1,938	104	12,252	10,153	1,827	111	12,091
Long-term equity investments	168	324	1,613	2,105	191	390	2,048	2,629
Total financial assets at fair value	**275,178**	**445,762**	**7,512**	**728,452**	**281,201**	**379,746**	**9,111**	**670,058**

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

	30.06.2016				31.12.2015			
(In millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trading non-derivative financial liabilities	**17,301**	**216,521**	**6,728**	**240,550**	**15,564**	**189,175**	**5,964**	**210,703**
Debt securities issued	-	10,172	6,331	16,503	-	9,728	5,796	15,524
Amounts payable on borrowed securities	11	50,201	-	50,212	52	37,219	-	37,271
Bonds and other debt instruments sold short	15,279	17	-	15,296	14,105	36	1	14,142
Shares and other equity instruments sold short	2,011	-	-	2,011	1,407	-	-	1,407
Other non-derivative financial liabilities	-	156,131	397	156,528	-	142,192	167	142,359
Financial liabilities measured using fair value option through P&L	**246**	**38,497**	**22,587**	**61,330**	**306**	**32,570**	**21,174**	**54,050**
Trading derivatives	**273**	**215,951**	**4,365**	**220,589**	**279**	**185,884**	**4,065**	**190,228**
Interest rate instruments	51	151,755	3,032	154,838	42	122,334	2,555	124,931
Foreign exchange instruments	222	27,504	51	27,777	221	24,470	34	24,725
Equity and index instruments	-	22,030	705	22,735	-	19,991	736	20,727
Commodity instruments	-	8,473	101	8,574	-	11,436	254	11,690
Credit derivatives	-	5,183	475	5,658	-	6,780	485	7,265
Other forward financial instruments	-	1,006	1	1,007	16	873	1	890
Hedging derivatives	**-**	**13,708**	**-**	**13,708**	**-**	**9,533**	**-**	**9,533**
Interest rate instruments	-	13,448	-	13,448	-	9,334	-	9,334
Foreign exchange instruments	-	156	-	156	-	187	-	187
Equity and index instruments	-	21	-	21	-	-	-	-
Other financial instruments	-	83	-	83	-	12	-	12
Total financial liabilities at fair value	**17,820**	**484,677**	**33,680**	**536,177**	**16,149**	**417,162**	**31,203**	**464,514**

3. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS MEASURED AT FAIR VALUE

(In millions of euros)	**Balance at 1 January 2016**	**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 2016**
Trading non-derivative financial assets	**587**	**105**	**(240)**	**-**	**-**	**(3)**	**(8)**	**-**	**441**
Bonds and other debt securities	224	35	(240)	-	-	2	-	-	21
Shares and other equity securities	-	70	-	-	-	(5)	(1)	-	64
Other non-derivative financial assets	363	-	-	-	-	-	(7)	-	356
Financial assets measured using fair value option through profit or loss	**2,404**	**211**	**(1,007)**	**(255)**	**-**	**(114)**	**(15)**	**-**	**1,224**
Bonds and other debt securities	185	-	(2)	-	-	14	-	-	197
Shares and other equity securities	143	-	(21)	-	-	11	(1)	-	132
Other financial assets	2,076	211	(984)	(255)	-	(139)	(14)	-	895
Separate assets for employee benefit plans	-	-	-	-	-	-	-	-	-
Trading derivatives	**3,851**	**64**	**(752)**	**(247)**	**501**	**454**	**62**	**-**	**3,933**
Interest rate instruments	2,553	13	(388)	(216)	241	278	60	-	2,541
Foreign exchange instruments	273	4	-	(21)	35	(74)	13	-	230
Equity and index instruments	482	46	(147)	(1)	7	203	(5)	-	585
Commodity instruments	243	1	(217)	-	-	30	-	-	57
Credit derivatives	253	-	-	(9)	44	25	(2)	-	311
Other forward financial instruments	47	-	-	-	174	(8)	(4)	-	209
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Available-for-sale financial assets	**2,269**	**288**	**(694)**	**(7)**	**-**	**91**	**(22)**	**(11)**	**1,914**
Debt securities	110	116	(19)	(7)	-	-	(3)	-	197
Equity securities	111	12	(12)	-	-	1	(8)	-	104
Long-term equity investments	2,048	160	(663)	-	-	90	(11)	(11)	1,613
Total financial assets at fair value	**9,111**	**668**	**(2,693)**	**(509)**	**501**	**428**	**17**	**(11)**	**7,512**

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

(In millions of euros)	Balance at 1 January 2016	Issues	Acquisitions / 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 2016
Trading non-derivative financial liabilities	**5,964**	**5,122**	**56**	**(4,148)**	**(212)**	**224**	**(236)**	**(42)**	**6,728**
Debt securities issued	5,796	5,122	-	(4,123)	(211)	64	(279)	(38)	6,331
Amounts payable on borrowed securities	-	-	-	-	-	-	-	-	-
Bonds and other debt instruments sold short	1	-	-	-	(1)	-	-	-	-
Shares and other equity instruments sold short	-	-	-	-	-	-	-	-	-
Other non-derivative financial liabilities	167	-	56	(25)	-	160	43	(4)	397
Financial liabilities measured using fair value option through P&L	**21,174**	**6,996**	**-**	**(3,404)**	**(1,895)**	**857**	**(1,489)**	**348**	**22,587**
Trading derivatives	**4,065**	**504**	**(202)**	**(309)**	**(452)**	**125**	**643**	**(9)**	**4,365**
Interest rate instruments	2,555	17	-	-	(340)	94	704	2	3,032
Foreign exchange instruments	34	3	6	-	(7)	1	12	2	51
Equity and index instruments	736	435	(138)	(263)	(42)	5	(19)	(9)	705
Commodity instruments	254	49	(70)	(46)	-	-	(85)	(1)	101
Credit derivatives	485	-	-	-	(63)	25	31	(3)	475
Other forward financial instruments	1	-	-	-	-	-	-	-	1
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities at fair value	**31,203**	**12,622**	**(146)**	**(7,861)**	**(2,559)**	**1,206**	**(1,082)**	**297**	**33,680**

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.

Cash instruments and derivatives [1]	Value in balance sheet (in millions of euros) Assets	Liabilities	Main products	Valuation techniques used	Significant unobservable inputs	Range of unobservable inputs min & max
Equities/funds	2,097	20,277	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	9.8% ; 153.6%
					Equity dividends	0% ; 12.6%
					Correlations	-100% ; 100%
					Hedge fund volatilities	7.5% ; 10.0%
					Mutual fund volatilities	2.1% ; 47.7%
Interest Rates and Forex	3,186	12,877	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid instrument pricing models	Correlations	34.4% ; 85%
			Forex derivatives	Forex option pricing models	Forex volatilities	14.8% ; 30.8%
			Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayment modeling	Constant prepayment rates	0% ; 0%
			Inflation instruments and derivatives	Inflation pricing models	Inflation/inflation correlations	64.4% ; 90%
Credit	559	475	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%
					Credit spreads	0 bps ; 1 000 bps
Commodities	57	101	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	8.5% ; 96.3%

(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 2016 on instruments for which valuation requires 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 which is nevertheless considered 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

	30.06.2016	
(In millions of euros)	**Negative impact**	**Positive impact**
Shares and other equity instruments and derivatives	**(23)**	**102**
Equity volatilities	-	16
Dividends	(1)	4
Correlations	(22)	68
Hedge Fund volatility	-	9
Mutual Fund volatility	-	5
Rates and Forex instruments and derivatives	**(6)**	**44**
Correlations between exchange rates and / or interest rates	(4)	36
Forex volatilities	(1)	4
Constant prepayment rates	-	-
Inflation / inflation correlations	(1)	4
Credit instruments and derivatives	**(46)**	**59**
Time to default correlations	(2)	2
Recovery rate variance for single name underlyings	(44)	44
Quanto correlations	-	13
Credit spreads	-	-
Commodity derivatives	**-**	**2**
Commodities correlations	-	2

It should be noted that, given the already conservative valuation levels, the level of sensitivity is higher in the case of favourable impact on results than for unfavourable impact. Moreover, the amounts shown above illustrate the uncertainty of the valuation as of the computation date, based on reasonable variations.

Future variations in fair value or consequences of extreme market conditions cannot be deduced or forecast from these estimates.

6. DEFERRED MARGIN RELATED TO MAIN UNOBSERVABLE INPUTS

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

(In millions of euros)	1st half of 2016	2015	1st half of 2015
Remaining amount to be recorded in the income statement at 1 January	1,029	1,031	1,031
Amount generated by new transactions during the period	427	634	356
Amount recorded in the income statement during the period	(299)	(636)	(319)
o/w amortisation	*(124)*	*(251)*	*(121)*
o/w switch to observable inputs	*(31)*	*(79)*	*(12)*
o/w disposed, expired or terminated	*(143)*	*(307)*	*(187)*
o/w translation differences	*(1)*	*1*	*1*
Remaining amount to be recorded in the income statement at the end of the period	**1,157**	**1,029**	**1,068**

NOTE 3.4 - LOANS AND RECEIVABLES

1. DUE FROM BANKS

(In millions of euros)	30.06.2016	31.12.2015
Current accounts	42,687	26,113
Deposits and loans (1)	21,592	21,291
Subordinated and participating loans	145	458
Securities purchased under resale agreements	15,158	23,699
Related receivables	121	122
Due from banks before impairment	**79,703**	**71,683**
Impairment of individually impaired loans	(36)	(37)
Revaluation of hedged items	56	36
Net due from banks	**79,723**	**71,682**

(1) At 30 June 2016, the amount of receivables with incurred credit risk was EUR 97 million compared to EUR 82 million at 31 December 2015.

2. CUSTOMER LOANS

(In millions of euros)	30.06.2016	31.12.2015
Overdrafts	26,162	22,653
Other customer loans(1)	351,704	348,619
Lease financing agreements(1)	28,426	27,972
Related receivables	1,507	1,661
Securities purchased under resale agreements	27,240	19,131
Customer loans before impairment	**435,039**	**420,036**
Impairment of individually impaired loans	(13,966)	(13,978)
Impairment of groups of homogenous receivables	(1,517)	(1,388)
Revaluation of hedged items	527	582
Net customer loans	**420,083**	**405,252**

(1) At 30 June 2016, the amount of receivables with incurred credit risk was EUR 24,497 million compared to EUR 24,411 million at 31 December 2015.

NOTE 3.5 - DEBTS

1. DUE TO BANKS

(In millions of euros)	30.06.2016	31.12.2015
Demand deposits and current accounts	26,183	14,920
Overnight deposits and borrowings and others	4,756	4,807
Term deposits	61,521	63,418
Related payables	88	101
Revaluation of hedged items	368	158
Securities sold under repurchase agreements	11,153	12,048
Total	**104,069**	**95,452**

2. CUSTOMER DEPOSITS

(In millions of euros)	30.06.2016	31.12.2015
Regulated savings accounts	86,308	83,745
Demand	*61,862*	*59,923*
Term	*24,446*	*23,822*
Other demand deposits(1)	204,436	184,853
Other term deposits(1)	86,899	90,591
Related payables	911	528
Revaluation of hedged items	389	370
Total customer deposits	**378,943**	**360,087**
Borrowings secured by notes and securities	15	91
Securities sold to customers under repurchase agreements	21,532	19,453
Total	**400,490**	**379,631**

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

3. DEBT SECURITIES ISSUED

(In millions of euros)	30.06.2016	31.12.2015
Term savings certificates	634	850
Bond borrowings	22,017	23,350
Interbank certificates and negotiable debt instruments	79,776	79,256
Related payables	580	897
Sub-total	**103,007**	**104,353**
Revaluation of hedged items	2,142	2,059
Total	**105,149**	**106,412**
o/w floating-rate securities	*29,018*	*30,235*

NOTE 3.6 - INTEREST INCOME AND EXPENSE

	1st half of 2016			2015			1st half of 2015		
(In millions of euros)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Transactions with banks	**831**	**(596)**	**235**	**1,349**	**(1,678)**	**(329)**	**715**	**(862)**	**(147)**
Demand deposits and interbank loans	605	(521)	84	1,102	(1,600)	(498)	589	(785)	(196)
Securities purchased/sold under resale agreements and loans/borrowings secured by notes and securities	226	(75)	151	247	(78)	169	126	(77)	49
Transactions with customers	**6,000**	**(2,370)**	**3,630**	**12,860**	**(5,721)**	**7,139**	**6,561**	**(2,983)**	**3,578**
Trade notes	264	-	264	583	-	583	302	-	302
Other customer loans	5,360	(1)	5,359	11,562	(2)	11,560	5,916	-	5,916
Overdrafts	355	-	355	678	-	678	316	-	316
Regulated savings accounts	-	(473)	(473)	-	(1,061)	(1,061)	-	(603)	(603)
Other customer deposit	4	(1,840)	(1,836)	-	(4,629)	(4,629)	-	(2,365)	(2,365)
Securities purchased/sold under resale agreements and loans/borrowings secured by notes and securities	17	(56)	(39)	37	(29)	8	27	(15)	12
Transactions in financial instruments	**5,029**	**(4,551)**	**478**	**10,020**	**(8,726)**	**1,294**	**4,641**	**(4,134)**	**507**
Available-for-sale financial assets	1,240	(25)	1,215	2,811	-	2,811	1,414	-	1,414
Held-to-maturity financial assets	93	-	93	188	-	188	83	-	83
Debt securities issued	-	(1,058)	(1,058)	-	(1,992)	(1,992)	-	(1,023)	(1,023)
Subordinated and convertible debt	-	(259)	(259)	-	(487)	(487)	-	(218)	(218)
Securities lending/borrowing	4	(17)	(13)	15	(21)	(6)	9	(12)	(3)
Hedging derivatives	3,692	(3,192)	500	7,006	(6,226)	780	3,135	(2,881)	254
Financial leases	**582**	**-**	**582**	**1,202**	**-**	**1,202**	**606**	**-**	**606**
Real estate lease financing agreements	115	-	115	236	-	236	116	-	116
Non-real estate lease financing agreements	467	-	467	966	-	966	490	-	490
Total Interest income and expense	**12,442**	**(7,517)**	**4,925**	**25,431**	**(16,125)**	**9,306**	**12,523**	**(7,979)**	**4,544**
Including interest income from impaired financial assets	*183*			*436*			*218*	-	-

These interest expenses include the refinancing cost of financial instruments at fair value through profit and loss, the results of which 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 and loss must be assessed as a whole.

NOTE 3.7 - IMPAIRMENT AND PROVISIONS

1. IMPAIRMENT OF FINANCIAL ASSETS

(In millions of euros)	Asset impairments at 31.12.2015	Allocations	Write-backs available	Net impairment losses	Reversals used	Currency and scope effects	Asset impairments at 30.06.2016
Banks	37	-	(1)	**(1)**	-	-	**36**
Customer loans	13,158	2,686	(1,972)	**714**	(746)	65	**13,191**
Lease financing and similar agreements	820	308	(287)	**21**	(63)	(3)	**775**
Groups of homogeneous assets	1,388	335	(208)	**127**	-	2	**1,517**
Available-for-sale assets[(1)(2)]	1,139	203	(56)	**147**	(5)	4	**1,285**
Others[(1)]	540	109	(65)	**44**	(23)	17	**578**
Total	**17,082**	**3,641**	**(2,589)**	**1,052**	**(837)**	**85**	**17,382**

(1) Including a EUR 30 million net allowance for counterparty risks.

(2) O/w write-down on variable-income securities, excluding insurance activities, of EUR 11 million, which can be broken down as follows:

- *EUR 2 million: impairment loss on securities not written down at 31 December 2015;*
- *EUR 9 million: additional impairment loss on securities already written down at 31 December 2015.*

2. PROVISIONS

(In millions of euros)	Provisions at 31.12.2015	Allocations	Write-backs available	Net allocation	Write-backs used	Currency and scope effects	Provisions at 30.06.2016
Provisions for off-balance sheet commitments to banks	15	25	(6)	**19**	-	-	**34**
Provisions for off-balance sheet commitments to customers	353	273	(232)	**41**	(1)	26	**419**
Provision for disputes	1,869	213	(16)	**197**	(36)	(5)	**2,025**
Other provisions[(1)]	911	68	(75)	**(7)**	(47)	14	**871**
Provisions on financial instruments and disputes	**3,148**	**579**	**(329)**	**250**	**(84)**	**35**	**3,349**

(1) Including a EUR 13 million net allocation for PEL/CEL provisions at 30 June 2016.

3. COST OF RISK

(In millions of euros)	1st half of 2016	2015	1st half of 2015
Counterparty risk			
Net allocation to impairment losses	(950)	(2,232)	(1,047)
Losses not covered	(96)	(293)	(123)
on bad loans	*(74)*	*(245)*	*(94)*
on other risks	*(22)*	*(48)*	*(29)*
Amounts recovered	66	164	71
on bad loans	*66*	*161*	*70*
on other risks	*-*	*3*	*1*
Other risks			
Net allocation to other provisions[(1)]	(208)	(704)	(238)
Total	**(1,188)**	**(3,065)**	**(1,337)**

(1) To take into account the developments in a number of legal risks, including in particular the ongoing judicial investigations and proceedings with the US and European authorities, as well as the French “Conseil d’État” ruling on the “précompte”, the Group has recognised a provision for disputes among its liabilities, adjusted at 30 June 2016 by an additional allowance of EUR 200 million to raise it to EUR 1,900 million (including an estimate of the related legal costs).

NOTE 3.8 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

1. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	30.06.2016	
(In millions of euros)	**Carrying amount**	**Fair value**
Due from banks	79,723	81,104
Customer loans	420,083	424,607
Held-to-maturity financial assets	4,107	4,353
Total financial assets measured at amortised cost	**503,913**	**510,064**

	31.12.2015	
(In millions of euros)	**Carrying amount**	**Fair value**
Due from banks	71,682	72,357
Customer loans	405,252	406,975
Held-to-maturity financial assets	4,044	4,268
Total financial assets measured at amortised cost	**480,978**	**483,600**

2. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	30.06.2016	
(In millions of euros)	**Carrying amount**	**Fair value**
Due to banks	104,069	104,133
Customer deposits	400,490	401,429
Debt securities issued	105,149	107,451
Subordinated debt	13,764	14,392
Total financial liabilities measured at amortised cost	**623,472**	**627,405**

	31.12.2015	
(In millions of euros)	**Carrying amount**	**Fair value**
Due to banks	95,452	95,739
Customer deposits	379,631	380,263
Debt securities issued	106,412	109,227
Subordinated debt	13,046	14,040
Total financial liabilities measured at amortised cost	**594,541**	**599,269**

NOTE 4 - OTHER ACTIVITIES

NOTE 4.1 - FEE INCOME AND EXPENSE

	1st half of 2016			2015			1st half of 2015		
(In millions of euros)	Income	Expense	Net	Income	Expense	Net	Income	Expense	Net
Transactions with banks	**67**	**(57)**	**10**	**138**	**(128)**	**10**	**66**	**(61)**	**5**
Transactions with customers	**1,294**	**-**	**1,294**	**2,611**	**-**	**2,611**	**1,275**	**-**	**1,275**
Financial instruments operations	**1,298**	**(1,128)**	**170**	**2,364**	**(2,148)**	**216**	**1,169**	**(963)**	**206**
Securities transactions	315	(426)	(111)	680	(1,006)	(326)	315	(414)	(99)
Primary market transactions	143	-	143	280	-	280	175	-	175
Foreign exchange transactions and financial derivatives	840	(702)	138	1,404	(1,142)	262	679	(549)	130
Loan and guarantee commitments	**372**	**(35)**	**337**	**768**	**(91)**	**677**	**369**	**(37)**	**332**
Services	**1,921**	**-**	**1,921**	**3,963**	**-**	**3,963**	**1,956**	**-**	**1,956**
Others	**162**	**(544)**	**(382)**	**300**	**(1,099)**	**(799)**	**147**	**(480)**	**(333)**
Total	**5,114**	**(1,764)**	**3,350**	**10,144**	**(3,466)**	**6,678**	**4,982**	**(1,541)**	**3,441**

NOTE 4.2 - OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

(In millions of euros)	30.06.2016	31.12.2015
Guarantee deposits paid(1)	46,176	39,099
Settlement accounts on securities transactions	10,881	6,557
Prepaid expenses	751	569
Miscellaneous receivables(2)	28,074	23,407
Gross amount	**85,882**	**69,632**
Impairment	(247)	(234)
Net amount	**85,635**	**69,398**

(1) Mainly relates to guarantee deposits paid on financial instruments.
(2) Miscellaneous receivables include premiums to be received on instalment options, as well as receivables related to insurance activities.

2. OTHER LIABILITIES

(In millions of euros)	30.06.2016	31.12.2015
Guarantee deposits received(1)	50,656	44,488
Settlement accounts on securities transactions	11,381	6,938
Other securities transactions	2	21
Expenses payable on employee benefits	2,142	2,818
Deferred income	1,690	1,605
Miscellaneous payables(2)	34,989	27,213
Total	**100,860**	**83,083**

(1) Mainly relates to guarantee deposits received on financial instruments.
(2) Miscellaneous payables include premiums to be paid on instalment options, as well as payables related to insurance activities.

NOTE 5 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

1. PERSONNEL EXPENSES

(In millions of euros)	1st half of 2016	2015	1st half of 2015
Employee compensation	(3,371)	(6,817)	(3,461)
Social security charges and payroll taxes	(794)	(1,604)	(832)
Net pension expenses - defined contribution plans	(334)	(679)	(332)
Net pension expenses - defined benefit plans	(59)	(128)	(74)
Employee profit-sharing and incentives	(130)	(248)	(120)
Total	**(4,688)**	**(9,476)**	**(4,819)**
Including net expenses from share based payments	*(65)*	*(234)*	*(85)*

2. DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In millions of euros)	Provisions at 31.12.2015	Allocations	Write-backs available	Net allocations	Write-backs used	Actuarial gains and losses	Currency and scope effects	Provisions at 30.06.2016
Provisions for employee benefits	**1,784**	176	(176)	-	-	320	(14)	**2,090**

3. DESCRIPTION OF THE 2016 SOCIETE GENERALE FREE SHARES PLAN

Shareholders' agreement	18.05.2016
Board of Directors' decision	18.05.2016
Number of free shares granted and outstanding at 30 June 2016 (3)	1,213,258 (1)
Vesting period	18.05.2016 - 29.03.2019
Performance conditions	yes (2)
Fair value (% of the share price at grant date)	87%
Valuation method used to determine the fair value	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 Directive CRD4 in effect since 1 January 2014 (i.e. regulated staff).
(2) All free share grants are subject to a performance condition based on Societe Generale Group's net income.
(3) No share forfeited at 30 June 2016.

NOTE 6 - INCOME TAX

1. INCOME TAX

(In millions of euros)	1st half of 2016	2015	1st half of 2015
Current taxes	(725)	(1,064)	(853)
Deferred taxes	(286)	(650)	(114)
Total	**(1,011)**	**(1,714)**	**(967)**

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

(In millions of euros)	1st half of 2016	2015	1st half of 2015
Income before tax, excluding net income from companies accounted for using the equity method and impairment losses on goodwill (in millions of euros)	**3,556**	**5,878**	**3,278**
Normal tax rate applicable to French companies (including 3.3% national contribution)	34.43%	34.43%	34.43%
Permanent differences	6.07%	5.15%	2.34%
Differential on securities with tax exemption or taxed at reduced rate	(5.22)%	(1.05)%	(0.41)%
Tax rate differential on profits taxed outside France	(5.87)%	(6.65)%	(6.14)%
Impact of non-deductible losses and use of tax losses carried forward	(0.98)%	(2.71)%	(0.71)%
Group effective tax rate	**28.43%**	**29.17%**	**29.51%**

In France, the standard Corporate Income Tax rate is 33.33%. A national contribution payment based on pre-tax earnings *(contribution sociale)* was introduced in 2000 and is equal to 3.3% (after a deduction of EUR 0.76 million from basic taxable income). The Group was also subjected to an additional contribution of 10.7% in 2015. This contribution is no longer applicable for companies whose financial year ends 31 December 2016.

Long-term capital gains on equity investments are exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate. In accordance with the 2013 Finance Law, this portion of fees and expenses is 12% of gross capital gains.

Dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate.

The standard tax rate applicable to French companies to determine their deferred tax is 34.43%. The reduced rate is 4.13%, given the nature of the taxed transactions.

2. PROVISIONS FOR TAX ADJUSTEMENTS

(In millions of euros)	Provisions at 31.12.2015	Depreciation	Available Write-backs	Net	Used Write-backs	Changes in translation and consolidation scope	Provisions at 30.06.2016
Tax adjustments	**286**	89	(14)	75	(39)	-	**322**

NOTE 7 - SHAREHOLDERS' EQUITY

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

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

(Number of shares)	**2016**	**2015**
Ordinary shares	807,504,009	806,239,713
Including treasury stock with voting rights[(1)]	*8,287,004*	*9,513,568*
Including shares held by employees	*61,042,566*	*57,400,407*

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

At 30 June 2016, Societe Generale S.A.'s capital amounted to EUR 1,009,380,011 and was made up of 807,504,009 shares with a nominal value of EUR 1.25.

During the first half of 2016 and in accordance with the conditional free share allocation plan, Societe Generale S.A. carried out a capital increase of EUR 1 million through the incorporation of reserves.

2. TREASURY STOCK

At 30 June 2016, the Group held 12,185,760 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity; this represents 1.51% of the capital of Societe Generale S.A.

The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 399 million, including EUR 103 million in shares held for trading purposes.

At 30 June 2016, no Societe Generale shares were held under the liquidity contract, which contained EUR 51 million for the purpose of carrying out transactions in Societe Generale shares.

CHANGE IN TREASURY STOCK OVER 2016

(In millions of euros)	Liquidity contract	Trading activities	Treasury stock and active management of shareholders' equity	**Total**
Disposals net of purchases	-	23	27	**50**
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	-	5	(34)	**(29)**

NOTE 7.2 - EARNINGS PER SHARE AND DIVIDENDS

1. EARNINGS PER SHARE

(In millions of euros)	1st half of 2016	2015	1st half of 2015
Net income, Group share	2,385	4,001	2,219
Net income attributable to deeply subordinated notes	(224)	(443)	(219)
Net income attributable to perpetual subordinated notes	4	8	4
Issuance fees relating to subordinated notes	-	(7)	-
Net result related to the redemption of the perpetual subordinated notes	-	-	-
Net income attributable to ordinary shareholders	**2,165**	**3,559**	**2,004**
Weighted average number of ordinary shares outstanding(1)	798,386,732	792,503,322	789,747,628
Earnings per ordinary share (in euros)	**2,71**	**4,49**	**2,54**
Average number of ordinary shares used in the dilution calculation(2)	31,766	100,457	106,929
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	798,418,498	792,603,779	789,854,557
Diluted earnings per ordinary share (in euros)	**2,71**	**4,49**	**2,54**

(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 2016 was EUR 33.88. Accordingly, at 30 June 2016, only free shares without performance conditions under the 2009 stock option plan were considered as dilutive.

2. DIVIDENDS PAID

Dividends paid by the Group in the first half of 2016 amounted to EUR 2,197 million and are detailed in the following table:

(In millions of euros)	Group Share	Non-controlling interests	Total
Ordinary shares	(1,596)	(243)	**(1,839)**
o/w paid in shares	-	-	**-**
o/w paid in cash	*(1,596)*	*(243)*	***(1,839)***
Other equity instruments	(325)	(33)	**(358)**
Total	**(1,921)**	**(276)**	**(2,197)**

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1 - SEGMENT REPORTING

1. SEGMENT REPORTING BY DIVISION AND SUB-DIVISION

	Societe Generale Group			French Retail Banking			Corporate Centre (2)		
(In millions of euros)	1st half of 2016	2015*	1st half of 2015*	1st half of 2016	2015*	1st half of 2015*	1st half of 2016	2015*	1st half of 2015*
Net banking income	13,159	25,639	13,222	4,184	8,588	4,227	467	167	38
Operating Expenses (1)	(8,403)	(16,893)	(8,566)	(2,765)	(5,486)	(2,695)	3	(160)	(33)
Gross operating income	**4,756**	**8,746**	**4,656**	**1,419**	**3,102**	**1,532**	**470**	**7**	**5**
Cost of risk	(1,188)	(3,065)	(1,337)	(348)	(824)	(413)	(191)	(591)	(198)
Operating income	**3,568**	**5,681**	**3,319**	**1,071**	**2,278**	**1,119**	**279**	**(584)**	**(193)**
Net income from companies accounted for by the equity method	68	231	110	24	42	22	5	23	11
Net income / expense from other assets	(12)	197	(41)	(3)	(26)	(19)	(11)	163	(3)
Earnings before tax	**3,624**	**6,109**	**3,388**	**1,092**	**2,294**	**1,122**	**273**	**(398)**	**(185)**
Income tax	(1,011)	(1,714)	(967)	(361)	(853)	(418)	(169)	123	58
Net income before non-controlling interests	**2,613**	**4,395**	**2,421**	**731**	**1,441**	**704**	**104**	**(275)**	**(127)**
Non-controlling interests	228	394	202	-	-	-	88	126	61
Net income, Group share	**2,385**	**4,001**	**2,219**	**731**	**1,441**	**704**	**16**	**(401)**	**(188)**

	International retail Banking & Financial Services								
	International Retail Banking			Financial Services to Corporates			Insurance		
(In millions of euros)	1st half of 2016	2015*	1st half of 2015*	1st half of 2016	2015*	1st half of 2015*	1st half of 2016	2015*	1st half of 2015*
Net banking income	2,472	5,042	2,502	803	1,515	750	441	825	410
Operating Expenses (1)	(1,579)	(3,206)	(1,645)	(409)	(774)	(383)	(183)	(327)	(176)
Gross operating income	**893**	**1,836**	**857**	**394**	**741**	**367**	**258**	**498**	**234**
Cost of risk	(378)	(1,127)	(573)	(25)	(119)	(47)	-	-	-
Operating income	**515**	**709**	**284**	**369**	**622**	**320**	**258**	**498**	**234**
Net income from companies accounted for by the equity method	7	16	8	17	55	13	-	-	-
Net income / expense from other assets	13	(36)	(26)	-	-	-	-	(1)	-
Earnings before tax	**535**	**689**	**266**	**386**	**677**	**333**	**258**	**497**	**234**
Income tax	(122)	(148)	(56)	(108)	(195)	(101)	(82)	(159)	(75)
Net income before non-controlling interests	**413**	**541**	**210**	**278**	**482**	**232**	**176**	**338**	**159**
Non-controlling interests	128	247	129	2	2	2	1	1	1
Net income, Group share	**285**	**294**	**81**	**276**	**480**	**230**	**175**	**337**	**158**

(In millions of euros)	Global Banking and Investor Solutions								
	Global Markets and Investors Services			Financing and Advisory			Asset and Wealth Management		
	1st half of 2016	2015*	1st half of 2015*	1st half of 2016	2015*	1st half of 2015*	1st half of 2016	2015*	1st half of 2015*
Net banking income	3,093	6,003	3,519	1,209	2,415	1,218	490	1,084	558
Operating Expenses (1)	(2,230)	(4,566)	(2,484)	(779)	(1,533)	(742)	(461)	(841)	(408)
Gross operating income	**863**	**1,437**	**1,035**	**430**	**882**	**476**	**29**	**243**	**150**
Cost of risk	(8)	(66)	(31)	(236)	(312)	(58)	(2)	(26)	(17)
Operating income	**855**	**1,371**	**1,004**	**194**	**570**	**418**	**27**	**217**	**133**
Net income from companies accounted for by the equity method	2	6	3	-	(6)	(5)	13	95	58
Net income / expense from other assets	-	-	(1)	(12)	98	9	1	(1)	(1)
Earnings before tax	**857**	**1,377**	**1,006**	**182**	**662**	**422**	**41**	**311**	**190**
Income tax	(154)	(361)	(270)	(8)	(58)	(65)	(7)	(63)	(40)
Net income before non-controlling interests	**703**	**1,016**	**736**	**174**	**604**	**357**	**34**	**248**	**150**
Non-controlling interests	7	14	6	1	3	2	1	1	1
Net income, Group share	**696**	**1,002**	**730**	**173**	**601**	**355**	**33**	**247**	**149**

** Amounts restated relative to the financial statements published at 31 December 2015 to take into account the new capital allocation rule based on 11% of risk-weighted assets*

(1) Including depreciation and amortisation.

(2) Income and expenses not directly related to the business line activities are recorded in the Corporate Centre's income. Thus the debt revaluation differences linked to own credit risk (EUR -67 million at 30 June 2016) are allocated to the Corporate Centre. The NBI of the Corporate Centre for the first half of 2016 includes the capital gain on sale of Visa Europe shares for EUR 725 million.

(In millions of euros)	Societe Generale Group		French Retail Banking		Corporate Centre (4)	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Segment assets	1,460,243	1,334,391	222,637	219,420	147,187	120,221
Segment liabilities(3)	1,398,230	1,271,716	218,114	210,926	101,075	93,692

(In millions of euros)	International Retail Banking & Financial Services					
	International Retail Banking		Financial Services to Corporates		Insurance	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Segment assets	112,717	109,039	33,825	31,481	123,553	120,371
Segment liabilities(3)	85,217	83,912	10,477	10,125	116,236	113,483

(In millions of euros)	Global Banking and Investor Solutions					
	Global Markets and Investors Services		Financing and Advisory		Asset and Wealth Management	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Segment assets	684,138	603,471	96,653	96,157	39,533	34,231
Segment liabilities(3)	803,726	702,901	31,892	28,393	31,493	28,284

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

(4) Assets and liabilities not directly related to the business lines 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.

2. SEGMENT REPORTING BY GEOGRAPHICAL REGION

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME

	France			Europe			Americas		
(In millions of euros)	1st half of 2016	2015	1st half of 2015	1st half of 2016	2015	1st half of 2015	1st half of 2016	2015	1st half of 2015
Net interest and similar income(5)	2,367	4,403	2,080	1,795	3,894	1,921	214	(115)	(26)
Net fee income	1,948	3,918	2,067	894	1,634	831	240	555	283
Net income / expense from financial transactions(5)	1,743	3,844	2,470	973	1,739	701	546	1,472	753
Other net operating income	335	17	(31)	773	1,401	653	-	20	11
Net banking income	**6,393**	**12,182**	**6,586**	**4,435**	**8,668**	**4,106**	**1,000**	**1,932**	**1,021**

	Asia/Oceania			Africa			Total		
(In millions of euros)	1st half of 2016	2015	1st half of 2015	1st half of 2016	2015	1st half of 2015	1st half of 2016	2015	1st half of 2015
Net interest and similar income(5)	126	320	153	423	804	415	4,925	9,306	4,543
Net fee income	91	218	91	177	353	169	3,350	6,678	3,441
Net income / expense from financial transactions(5)	490	1,100	646	26	69	37	3,778	8,224	4,607
Other net operating income	9	7	6	(11)	(14)	(8)	1,106	1,431	631
Net banking income	**716**	**1,645**	**896**	**615**	**1,212**	**613**	**13,159**	**25,639**	**13,222**

(5) Dividend income was transferred from Net interest and similar income to Net income / expense from financial transactions.

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS

	France		Europe		Americas	
(In millions of euros)	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Segment assets	1,048,966	955,096	247,403	227,120	106,136	96,289
Segment liabilities (6)	992,485	898,441	243,612	222,822	107,188	97,489

	Asia/Oceania		Africa		Total	
(In millions of euros)	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Segment assets	37,854	35,795	19,884	20,091	1,460,243	1,334,391
Segment liabilities (6)	36,593	34,386	18,352	18,578	1,398,230	1,271,716

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

NOTE 8.2 - PROVISIONS

1. BREAKDOWN OF PROVISIONS

(In millions of euros)	30.06.2016	31.12.2015
Provisions for financial instruments and disputes (see Note 3.7)	3,349	3,148
Provisions for employee benefits (see Note 5)	2,090	1,784
Provisions for tax adjustements (see Note 6)	322	286
Total	**5,761**	**5,218**

2. UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In millions of euros)	30.06.2016	31.12.2015
Life insurance underwriting reserves for unit-linked policies	20,339	20,043
Life insurance underwriting reserves	79,434	78,316
Non-life insurance underwriting reserves	1,182	1,175
Deferred profit-sharing booked in liabilities	10,398	7,723
Total	**111,353**	**107,257**
Attributable to reinsurers	(231)	(293)
Underwriting reserves of insurance companies (including deferred profit-sharing) net of the share attributable to reinsurers	**111,122**	**106,964**

4.2 Statuory Auditor's Review Report on the Half-yearly Financial Information for 2016

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1

DELOITTE & ASSOCIÉS
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

SOCIETE GENERALE

Société Anonyme

17, cours Valmy
92972 Paris-La Défense

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2016

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Société Générale, for the period from January 1 to June 30, 2016,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I- Conclusion on financial statements

We conducted our review in accordance with professional standards applicable in France. 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 professional standards applicable in France 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II- Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, August 4, 2016

The statutory auditors

French original signed by

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS
Isabelle SANTENAC	José-Luis GARCIA

5 - Chapter 7: Share, share capital and legal information

5.1 Breakdown of capital and voting rights[1]

	At 30 June 2016 [2]				
	Number of shares	% of capital	Number of voting rights[3]	% of voting rights[3]	% of voting rights exercisable at GM
Group Employee Share Ownership Plan	58 161 133	7,20%	104 480 928	11,80%	11,91%
Major shareholders with more than 1.5% of the capital or voting rights	32 061 497	3,97%	48 826 529	5,51%	5,57%
CDC	20 992 185	2,60%	26 687 905	3,01%	3,04%
Meiji Yasuda Life Insurance Cy	11 069 312	1,37%	22 138 624	2,50%	2,52%
Free float	709 141 193	87,80%	723 771 049	81,75%	82,52%
Share buybacks	8 287 004	1,03%	8 287 004	0,94%	0,00%
Treasury stock	0	0,00%	0	0,00%	0,00%
Total		**100,00%**		**100,00%**	**100,00%**
Number of outstanding shares		807 650 827		885 365 510	877 078 506

(1) Including double voting rights (article 14 of Societe Generale's by-laws).
(2) At 30 June 2016, the share of European institutional shareholders in the capital is estimated at 44.75%
(3) In accordance with article 223-11 of the AMF's General Regulations, the calculation of the total voting rights includes voting rights associated with share buybacks and treasury shares, these shares do not give the right to vote at annual General Meetings

NB: Societe Generale's by-laws stipulate that shareholders are obliged to notify the company whenever their holding of capital or voting rights exeeds an additional 0.5% and as soon as the threshold of holding 1.5% of capital or voting rights is exceed

On 29 June 2016, BlackRock, Inc stated that it exceeded the threshold of 5% of voting rights of Societe Generale and held at this date 44,850,605 shares representing the same number of voting rights, i.e. 5.55% of the share capital and 5.06% of voting rights. This notification has been published by the AMF (*French Financial Markets Authority*) on 1st July 2016.

5.2 List of regulated information published in the last 6 months

PRESS RELEASES PUBLISHED UNDER REGULATED INFORMATION

- 05/04/2016 – Pro forma 2015 quarterly series
- 08/04/2016 – Review by the european commission of the fine paid by Societe Generale in the Euribor case
- 14/04/2016 – 2015 remuneration policies and practices report
- 18/05/2016 – Annual general meeting and board of directors dated 18 may 2016

REGISTRATIONS DOCUMENTS AND UPDATES - ANNUAL FINANCIAL REPORT

- 08/03/2016 – Availability of the 2016 Registration Document
- 08/03/2016 – Availability of the annual financial report
- 08/03/2016 – Registration Document (financial year 2015) filed under number D. 16-0115
- 04/05/2016 – Availability of the first update of the 2016 Registration Document
- 04/05/2016 – First update to the 2016 registration document

FINANCIAL INFORMATION

- 04/05/2016 – 1st quarter 2016 Results
- 03/08/2016 – 2nd quarter 2016 Results

MONTHLY DECLARATIONS ON THE TOTAL NUMBER OF VOTING RIGHTS AND SHARES

- 4 declaration forms

DESCRIPTION OF THE BUYBACK PROGRAMMES AND STATEMENT ON THE LIQUIDITY AGREEMENT

- 10/05/2016 – Description of share buyback program
- 04/07/2016 – Half-Year statement on the liquidity agreement of Societe Generale

STATUTORY AUDITORS' FEES

- 08/03/2016 – Statutory Auditor's fees

COMMUNIQUES FOR ACCESS TO OR CONSULTATION OF THE INFORMATION RELATIVE TO SHAREHOLDERS GENERAL MEETINGS

- 15/04/2016 – Availability or consultation of the information relating to the combined general meeting of shareholders dated 18 may 2016

6 - Chapter 8: Person responsible for updating the Registration Document

6.1 Person responsible for the update of the Registration Document

Mr. Frédéric OUDEA, Chief Executive Officer of Societe Generale.

6.2 Statement of the person responsible

I hereby certify that, after taking all reasonable measures for this purpose, the information contained in this update of the 2016 Registration Document is, to the best of my knowledge, in accordance with the facts and that it contains no omission likely to affect its meaning.

I certify that, to the best of my knowledge, the condensed consolidated accounts for the first half year have been prepared in accordance with applicable accounting standards and are a fair reflection of the assets, liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation scope, and that the interim management report comprising the sections listed in the cross-reference table in section 7.2 of this update presents a fair review of the important events which have occurred during the first six months of the financial year, their impact on the accounts, the major related parties transactions and a description of the main risks and uncertainties for the remaining six months of the financial year.

I have received a completion letter from the Statutory Auditors stating that they have audited the information contained in this update about the financial position and accounts contained herewith, and that they have read the 2016 Registration Document and its update A-02 in their entirety.

The historical financial data presented in the 2016 Registration Document has been discussed in the Statutory Auditors' reports found on pages 386 to 387 and 450 to 451 of the 2016 Registration Document and those enclosed by reference for the financial years 2013 and 2014, found respectively on pages 376 to 377 and 434 to 435 of the 2014 Registration Document and on pages 460 to 461 and 518 to 519 of the 2015 Registration Document. The Statutory Auditors' reports on the 2015, 2014 and 2013 consolidated accounts contain observations.

Paris, on 4 August 2016

Mr. Frédéric OUDEA

Chief Executive Officer of Societe Generale

6.3 Persons responsible for the audit of the accounts

STATUTORY AUDITORS

Name: Société Ernst & Young et Autres
represented by Mrs. Isabelle Santenac

Address: 1-2, place des Saisons
92400 Courbevoie – Paris-La Défense 1 (France)

Date of appointment: 22 May 2012

Duration of current term of office: six financial years

End of current term of office: at the close of the Ordinary General Meeting called to approve the accounts for the year ended 31 December 2017

Name: Société Deloitte & Associés
represented by Mr. José-Luis Garcia

Address: 185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex (France)

Date of first appointment: 18 April 2003

Date of renewal: 22 May 2012

Duration of current term of office: six financial years

End of current term of office: at the close of the Ordinary General Meeting called to approve the accounts for the year ended 31 December 2017

SUBSTITUTE STATUTORY AUDITORS

Name: Société Picarle et Associés

Address: 1-2, place des Saisons
92400 Courbevoie – Paris-La Défense 1 (France)

Date of appointment: 22 May 2012

Duration of current term of office: six financial years

Name: Société BEAS

Address: 195, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex (France)

Date of appointment: 22 May 2012

Duration of current term of office: six financial years

Ernst & Young et Autres and Deloitte & Associés are registered as Statutory auditors with the Compagnie régionale des Commissaires aux comptes de Versailles.

7 - Chapitre 9 : Cross-reference table

7.1 Cross-reference table of the second update to the 2016 Registration document

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7.2 Interim financial report cross-reference table

Pursuant to Article 212-13 of the French Financial Markets Authority's General Regulation, this update comprises the information of the interim financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-4 of the French Financial Markets Authority's General Regulation.

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