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

TO THE

2016 PILLAR 3

2015 RISK REPORT

Contents

1 - Chapter 1 – Key figures

1.1 Update of the 2016 Pillar 3 page 3

	30th Jun. 2016	30th Jun. 2015
Indicators		
Total Group exposure (EAD[1]) in EUR bn	859	780
Percentage of Group EAD to industrialised countries[2]	88%	87%
Percentage of Corporate EAD to investment grade counterparties	61%	64%
Cost of Risk in basis points (bp)[3]	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 5.1	Cf. section 5.1
Group global sensitivity to structural interest rate risk[4] (in % of Group regulatory capital)	<1,5%	<1,5%
Regulatory ratios Basel 3[5]		
Solvency Ratio	16.7%	15.2%
One-month regulatory Ratio	148%	128%
One-month regulatory Ratio	11.1%	10.4%
CRR leverage ratio[5]	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) 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
(3) 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.
(4) This estimate is based on a scenario of a parallel rate rise of 100bp.
(5) 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.

2 - Chapter 2 – Governance and risk management organisation

2.1 Chapter 2.6 – Risk factors – update of the 2016 Pillar 3 page 13 to 21

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.

3.1 Chapter 3.2 – Scope of application – Prudential scope

3.1.1 Update of the 2016 Pillar 3 page 24 and 25

Table 2: Reconciliation of the consolidated balance sheet and the accounting balance sheet

ASSETS AT 30TH JUNE 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 differences	*4,291*	*-709*	*3,582*
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 the equity method	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**

LIABILITIES AT 30TH JUNE 2016 (in EUR m)	Consolidated balance sheet	Prudential restatements[1]	Accounting balance sheet 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

3.1.2 Update of the 2016 Pillar 3 page 26

Table 3: Subsidiaries outside the prudential reporting scope at 30th June 2016

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

3.2 Chapter 3.3 – Regulatory capital

3.2.1 Regulatory capital – update of the 2016 Pillar 3 page 28

During the first semester, Societe Generale issued an equivalent of EUR 1.1 Bn 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).

3.2.2 Solvency ratio – update of the 2016 Pillar 3 page 29

Table 6: Regulatory capital and CRR/CRD4 solvency ratios – Fully loaded

(In EUR m)	**30th Jun. 2016**	**31st Dec. 2015**
Shareholders' equity (IFRS) , Group share	**58,475**	**59,037**
Deeply subordinated notes	-8,944	-9,552
Perpetual subordinated notes	-373	-366
Consolidated shareholders' equity, Group share, net of deeply subordinated and perpetual subordinated notes	**49,158**	**49,119**
Non-controlling interests	2,538	2,487
Intangible assets	-1,469	-1,443
Goodwill	-4,821	-4,533
Proposed dividends (General Meeting of Shareholders) and interest expenses on deeply subordinated and perpetual subordinated notes	-1,295	-1,764
Deductions and regulatory adjustments	-4 638	-5,000
Common Equity Tier One Capital	**39,474**	**38,865**
Deeply subordinated notes and preferred shares	9,143	9,338
Other additional tier 1 capital	-96	46
Additional Tier 1 deductions	-137	-137
Tier One Capital	**48,384**	**48,112**
Tier 2 instruments	11,896	11,143
Other tier 2 capital	303	278
Tier 2 deductions	-1,400	-1,400
Total regulatory capital	**59,183**	**58,134**
Total risk-weighted assets	**355,090**	**356,725**
Credit risk-weighted assets	293,601	293,543
Market risk-weighted assets	17,372	19,328
Operational risk-weighted assets	44,117	43,854
Solvency ratios		
Common Equity Tier 1 Ratio	11.1%	10.9%
Tier 1 Ratio	13.6%	13.5%
Total capital adequacy ratio	16.7%	16.3%

3.3 Chapitre 3.4 – Regulatory requirements

3.3.1 Evolution of RWA at 30th June 2016 – update of the 2016 Pillar 3 page 32

Table 10 (at 30th June 2016) : RWA by pillar and risk type

(In EUR bn) at 30th June 2016	**Credit**	**Market**	**Operational**	**Total 30th Jun. 2016**	**Total 31st Dec. 2015**
French Retail Banking	93.0	0.1	4.8	97.8	96.6
International Retail Banking and Financial Services	101.0	0.1	7.6	108.6	105.5
Global Banking and Investor Solutions	88.2	16.7	28.4	133.3	138.2
Corporate Centre	11.5	0.5	3.3	15.4	16.4
Group	**293.6**	**17.4**	**44.1**	**355.1**	**356.7**

3.4 Chapitre 3.6 – Leverage ratio management

3.4.1 Leverage ratio at 30th June 2016 – update of the 2016 Pillar 3 pages 34-36

Table 14 (LRSUM) : Summary reconciliation of accounting assets and leverage ratio exposures (30th June 2016)

		Applicable Amounts
1	Total assets as per published financial statements	1,460,243
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-107,912
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	0
4	Adjustments for derivative financial instruments	-144,408
5	Adjustments for securities financing transactions "SFTs"	-34,474
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	92,951
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	0
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	0
7	Other adjustments	-10,257
8	**Total leverage ratio exposure**	**1,256,143**

Table 15 (LRCOM) : Leverage ratio common disclosure (30th June 2016)

		CRR leverage ratio exposures
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	856,552
2	(Asset amounts deducted in determining Tier 1 capital)	-10,257
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**846,295**
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	22,381
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	104,412
EU-5a	Exposure determined under Original Exposure Method	0
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-27,611
8	(Exempted CCP leg of client-cleared trade exposures)	-24,790
9	Adjusted effective notional amount of written credit derivatives	290,429
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-257,981
11	**Total derivative exposures (sum of lines 4 to 10)**	**106,840**
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	287,535
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-89,614
14	Counterparty credit risk exposure for SFT assets	12,136
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	0
15	Agent transaction exposures	0
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	0
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**210,057**
	Other off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	184,276
18	(Adjustments for conversion to credit equivalent amounts)	-91,325
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	**92,951**
	Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)	
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
	Capital and total exposures	
20	**Tier 1 capital**	**48,384**
21	**Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**1,256,143**
	Leverage ratio	
22	**Leverage ratio**	**3.9%**
	Choice on transitional arrangements and amount of derecognised fiduciary items	
EU-23	Choice on transitional arrangements for the definition of the capital measure	Fully phased in
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	0

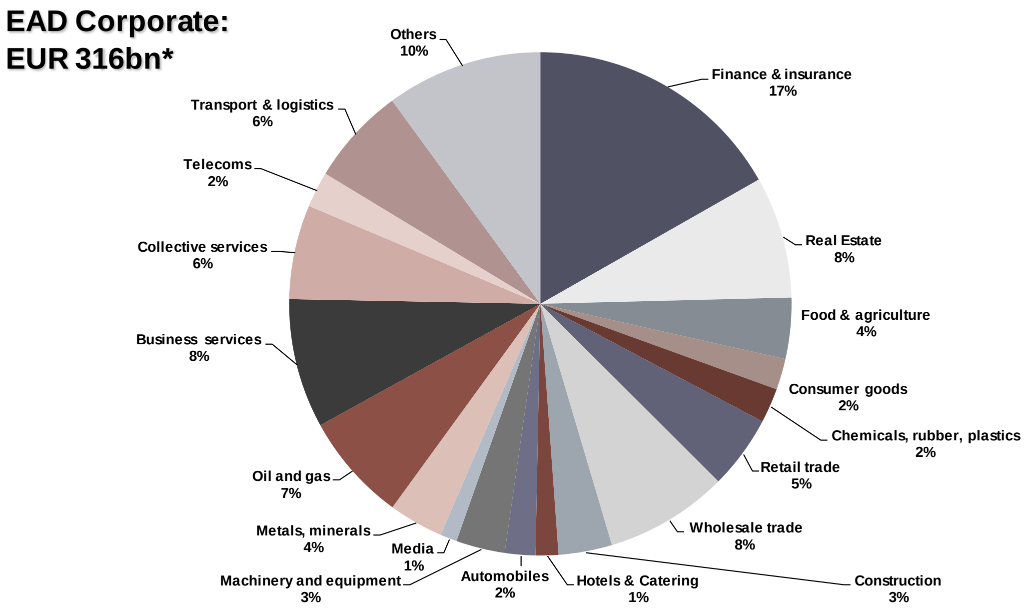
Table 16 (LRSPL) : Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (30th June 2016)

		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**856,552**
EU-2	Trading book exposures	96,527
EU-3	Banking book exposures, of which:	760,025
EU-4	Covered bonds	0
EU-5	Exposures treated as sovereigns	212,050
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	14,084
EU-7	Institutions	48,980
EU-8	Secured by mortgages of immovable properties	17,995
EU-9	Retail exposures	162,016
EU-10	Corporate	181,354
EU-11	Exposures in default	10,560
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	112,986

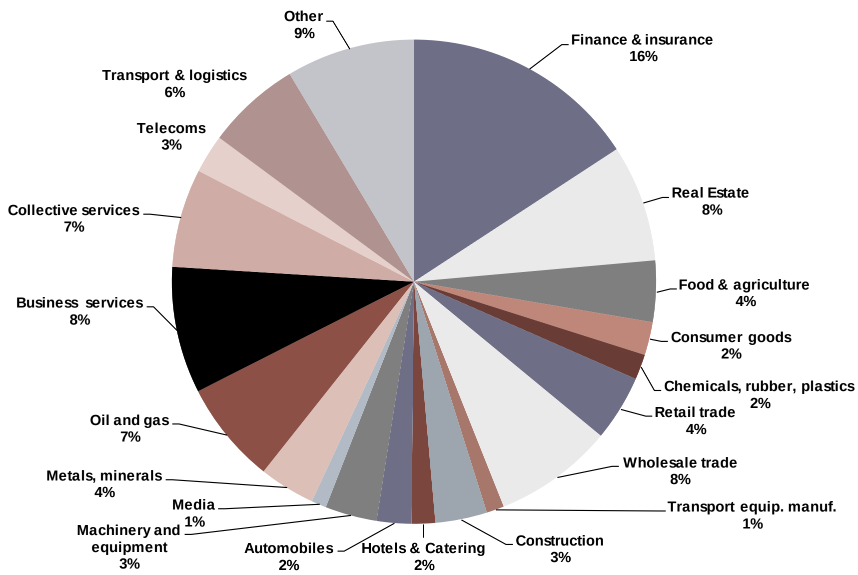
4.1 Chapter 4.8 – Credit risk: quantitative information

4.1.1 Sector breakdown – Update of the 2016 Pillar 3 page 62

Breakdown of SG Group commitments by sector at 30th June 2016



Breakdown of SG Group commitments by sector at 31th December 2015

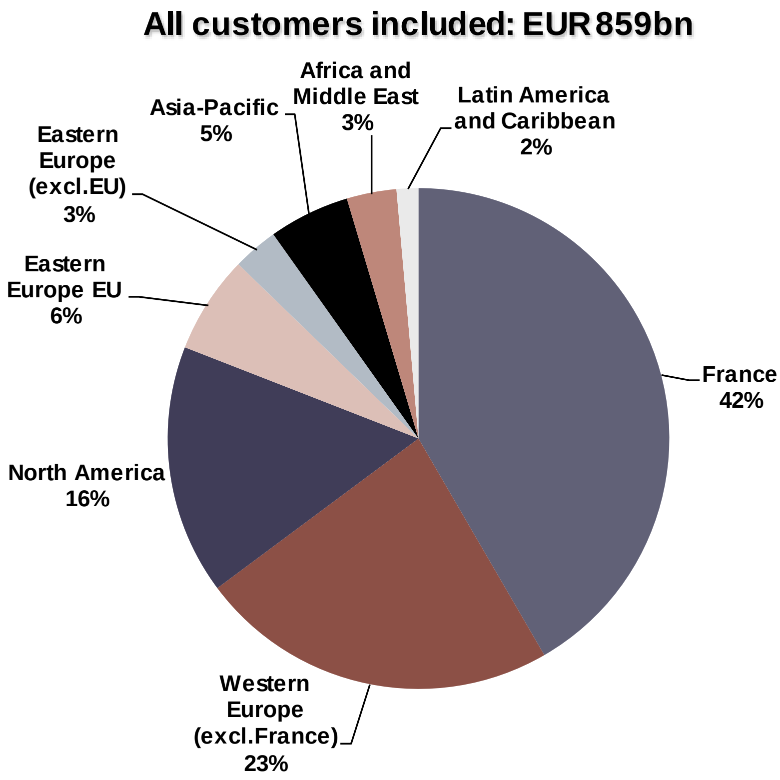


* On and off-balance sheet EAD for the Corporate portfolio as defined by the Basel regulations (Large Corporates including Insurance companies, Funds and Hedge funds, SMEs and specialised financing)

Total credit risk (debtor, issuer and replacement risk, excluding fixed assets, equities and accruals)

4.1.2 Geographic breakdown – Update of the 2016 Pillar 3 page 63

Geographic breakdown of SG Group commitments (on- and off-balance sheet EAD*) at 30th June 2016



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

4.1.3 Doubtful loans coverage ratio – Update of the 2016 Pillar 3 page 65

(In EUR bn)	30th Jun. 2015	31st Mar. 2016	30th Jun. 2016
Gross book outstandings *	458.4	464.7	484
Doubtful loans *	24.1	23.4	23.4
Gross doubtful loans ratio *	**5.0%**	**5.0%**	**5.0%**
Specific provisions *	13.4	13.3	13,2
Portfolio-based provisions	1.3	1.4	1,5
Gross doubtful loans coverage ratio (Overall provisions/doubtful loans)	**61%**	**63%**	**63%**
Legacy assets gross book outstandings	3.9	2.7	2.5
Doubtful loans	2.3	1.3	1.3
Gross non performing loans ratio	**59%**	**48%**	**53%**
Specific provisions	2.1	1.1	1.2
Gross doubtful loans coverage ratio	**89%**	**87%**	**87%**
Group gross non performing loans ratio	**6.0%**	**5.0%**	**5.0%**
Group gross doubtful loans coverage ratio	**63%**	**64%**	**64%**

4.2 Chapter 4.9 – Credit risk: additional quantitative information

4.2.1 Geographic breakdown – Additional information

The top ten countries concentrated 80% of total EAD to 30th June 2016 (against 81% to 31st December 2015).

Credit and counterparty risk exposure at default (EAD) on top 10 countries (30th June 2016)

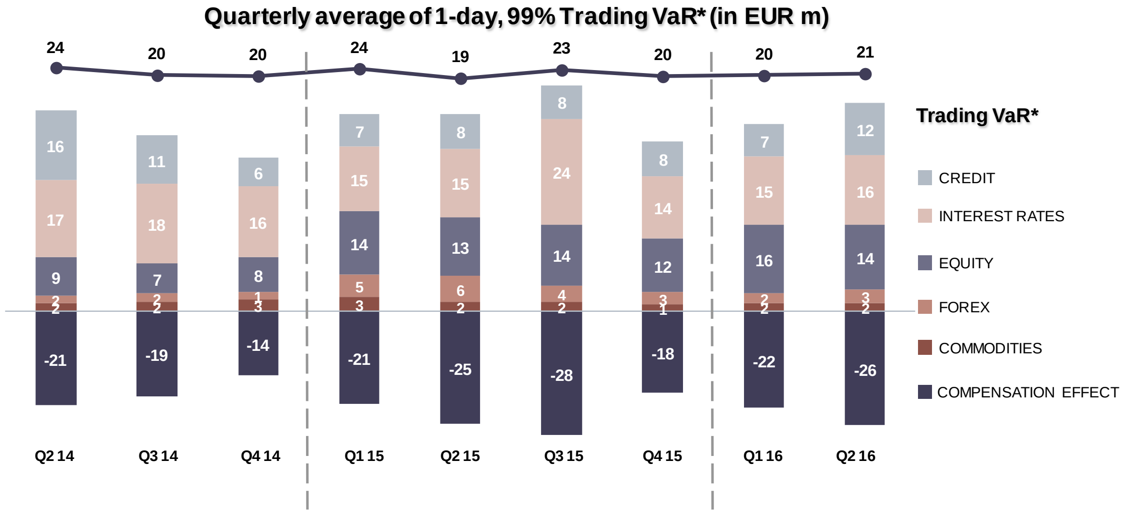
(En MEUR)	**30th Jun. 2016**
France	346,164
United States of America	132,522
United Kingdom	55,877
Germany	40,142
Czech Republic	30,781
Luxembourg	18,276
Switzerland	17,748
Russia	15,167
Italy	14,971
Japan	14,773
TOTAL TOP 10	**686,421**

Credit and counterparty risk exposure at default (EAD) on top 10 countries (31st December 2015)

(En MEUR)	**31st Dec. 2015**
France	335,902
United States of America	98,388
United Kingdom	46,629
Germany	40,294
Czech Republic	29,372
Italy	18,537
Switzerland	17,844
Luxembourg	15,514
Russia	14,881
Japan	14,700
TOTAL	**632,061**

5.1 Chapter 6.4 – 99% Value at Risk (VaR)

5.1.1 Breakdown by risk factor of trading VaR – change in quarterly average – update of the 2016 Pillar 3 page 106



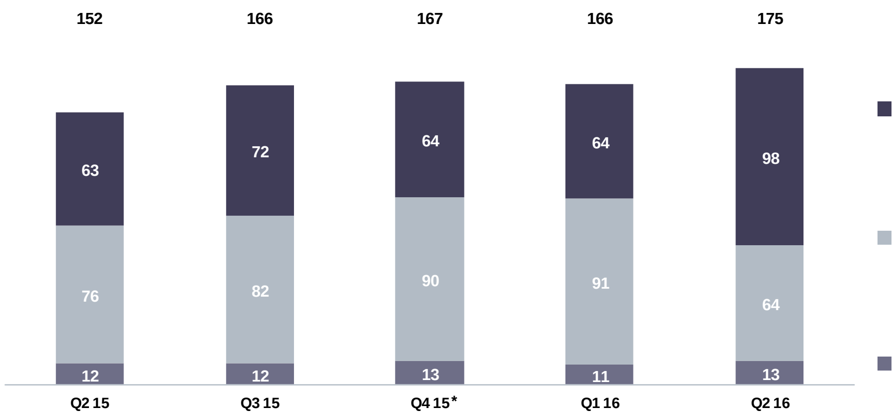
Stressed VAR** (1 day, 99%, in EUR m)	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16
Minimum	34	27	36	44	30
Maximum	56	59	62	60	52
Average	48	43	45	52	43

* 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

6.1 Chapter 9.5 – Liquidity reserve

6.1.1 Liquidity reserve — update of the 2016 Pillar 3 page 132

Liquid asset buffer **(in EUR bn)**



- 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

6.2 Chapter 9.7 – Balance sheet schedule

6.2.1 Balance sheet schedule – update of the 2016 Pillar 3 page 134

FINANCIAL LIABILITIES

	30th June 2016					
(In EUR m)	**Note to the consolidated financial statements**	**0-3 M**	**3M-1YR**	**1-5 YRS**	**> 5 YRS**	**Total**
Due to central banks		8,108	47	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	301,880
Due to banks	Note 3.6	72,567	8,177	21,861	1,463	104,069
Customer deposits	Note 3.6	255,390	36,420	61,020	47,660	400,490
Securitised debt payables	Note 3.6	32,554	21,060	37,784	13,751	105,149
Subordinated debt	Note 3.9	940	709	2,374	9,741	13,764

FINANCIAL ASSETS

	30th June 2016					
(In EUR m)	**Note to the consolidated financial statements**	**0-3 M**	**3M-1YR**	**1-5 YRS**	**> 5 YRS**	**Total**
Cash, due from central banks		103,178	635	1,330	744	105,887
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	341,178	1 675			342,853
Available-for-sale financial assets	Note 3.4	134,721	8,694		1,922	145,336
Due from banks	Note 3.5	63,592	6,203	8,863	1,065	79,723
Customer loans	Note 3.5	102,005	53,277	142,949	93,425	391,657
Lease financing and similar agreements	Note 3.5	2,664	5,781	14,974	5,007	28,426

OTHER LIABILITIES

30th June 2016

(In EUR m)	Note to the consolidated financial statements	0-3 M	3M-1YR	1-5 YRS	> 5 YRS	Total	Total
Revaluation difference on portfolios hedged against interest rate risk		11,152					11,152
Tax liabilities	Note 6			1,108		463	1,571
Other liabilities	Note 4.4		100,860				100,860
Non-current liabilities held for sale			191				191
Underwriting reserves of insurance companies	Note 4.3		13,942	7,598	29,283	60,529	111,353
Provisions	Note 8.5	5,761					5,761
Shareholders' equity		58,475					58,475

OTHER ASSETS

30th June 2016

(In EUR m)	Note to the consolidated financial statements	0-3 M	3M-1YR	1-5 YRS	> 5 YRS	Total	Total
Revaluation difference on portfolios hedged against interest rate risk		3,242					3,242
Held-to-maturity financial assets	Note 3.9					4,107	4,107
Tax assets	Note 6	6,339					6,339
Other assets	Note 4.4		85,635				85,635
Non-current assets held for sale			61	27			88
Investments in subsidiaries and affiliates accounted for by the equity method						1,132	1,132
Tangible and intangible fixed assets	Note 8.2					20,909	20,909
Goodwill	Note 2.2					4,646	4,646

7 - Chapter 10 – Compliance, reputational and legal risks

7.1 Chapitre 10.2 – Risks and litigations

- 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.

8 - Chapter 12 - Appendix

8.1 Cross reference table of risk and Pillar 3 report

CRD1/ CRR article	Theme	Risk and Pillar 3 report reference (except reference to the Registration Document)	Page in Risk and Pillar 3 report	1st update	2nd update	Page in the Registration Document
90 (CRD4)	Return on assets	Key risks indicators	2		3	
435 (CRR)	0. Risk management objectives and policies	3.1 Corporate governance structure and main bodies +				64
		2 Governance and risk management organisation	5			
436 (a)(b)	1. Scope of application	3 Capital management and adequacy Tables 1 and 2	24-25		18-19	
		+ Note 8.4 to the consolidated financial statement				367
436 (c)(d)(e) (CRR)	1. Scope of application	Information not published for confidentiality reasons				
437 (CRR)	2. Own funds	3 Capital management and adequacy (and SG website - Capital instruments)	23			
438 (CRR)	3. Capital requirements	3 Capital management and adequacy	31			
439 (CRR)	4. Exposure to counterparty credit risk	4 Credit risks	45			
440 (CRR)	5. Capital buffers	3 Capital management and adequacy	23			
441 (CRR)	6. Indicators of global systemic importance	SG website - Informations and publications section/				
442 (CRR)	7. Credit risk adjustments	4 Credit risks	45	6	28	
443 (CRR)	8. Unencumbered assets	9 Liquidity risk	130			
444 (CRR)	9. Use of ECAIs	5 Securitisation	89			
445 (CRR)	10. Exposure to market risk	6 Market risks	103			
446 (CRR)	11. Operational risk	7 Operational risks	113			
447 (CRR)	12. Exposures in equities not included in the trading book	11 Equity risk	147			
448 (CRR)	13. Exposure to interest rate risk on positions not included in the trading book	8 Structural interest rate and exchange rate risks	121			
449 (CRR)	14. Exposure to securitisation positions	5 Securitisation	89	8		
450 (CRR)	15. Remuneration policy	First update of the Risk report		12		
451 (CRR)	16. Leverage	3 Capital management and adequacy	39		23-25	
452 (CRR)	17. Use of the IRB Approach to credit risk	4 Credit risks	54			
453 (CRR)	18. Use of credit risk mitigation techniques	4 Credit risks	50			
454 (CRR)	19. Use of the Advanced Measurement Approaches to operational risk	7 Operational risks	113			
455 (CRR)	20. Use of Internal Market Risk Models	6 Market risks	103			

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