Rating Report

Société Générale S.A.

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Insight beyond the rating.

Ratings

Issuer	Debt	Rating	Rating Action	Trend
Société Générale S.A.	Issuer Rating	A (high)	June 2, 2017	Stable
Société Générale S.A.	Senior Unsecured Debt & Deposits	A (high)	June 2, 2017	Stable
Société Générale S.A.	Short-Term Debt & Deposits	R-1 (middle)	June 2, 2017	Stable

See page 11 for full list of ratings

Rating Considerations

Franchise Strength: Well-established as one of the three largest banking groups in France. Strong positions in retail banking, insurance as well as corporate and investment banking.

Earnings Power:	Risk Profile:	Funding and Liquidity:	Capitalisation:
Strong capacity to generate earnings in a low interest rate environment, supported by an internationally diversified business model.	Conservative risk profile with a well-diversified loan book. Higher risk elements in international banking and capital markets.	Strong funding and liquidity. Large and stable deposit base and diversified funding sources. Exposure to wholesale funding has been reduced in recent years.	Solid capital, comfortably above the regulatory minima. CET1 comfortably above SREP requirements but below some of the international peers. Good earnings generation.

Rating Drivers

Factors with Positive Rating Implications

- The rating could come under upward pressure in case of further derisking of operations, continued positive asset quality trends, and continued strengthening of capital and funding, while at the same time maintaining strong franchise and earnings generation capacity.

Factors with Negative Rating Implications

- The rating could come under downward pressure if SG were to significantly increase its risk profile, suffer from a deterioration of the franchise in some its key markets or experience a significant weakening of its capital buffer.

Financial Information

Société Générale SA

EUR Millions	31/12/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012
Total Assets	1,382,241	1,334,391	1,308,170	1,235,262	1,250,889
Equity	65,706	62,675	58,813	54,101	53,551
Pre-provision operating income (IBPT) as reported	8,481	8,746	7,524	6,387	6,692
Pre-provision operating income (IBPT) [1]	7,972	9,096	7,470	6,910	6,952
Net Income	3,874	4,001	2,692	2,175	790
Net Interest Income / Risk Weighted Assets (%)	2.66%	2.61%	2.83%	3.20%	3.49%
Risk-Weighted Earning Capacity (%) [2]	2.25%	2.52%	2.32%	2.19%	2.04%
Post-provision Risk-Weighted Earning Capacity (%) [3]	1.67%	1.83%	1.63%	1.08%	0.95%
Efficiency Ratio (%) [4]	66.48%	65.06%	67.02%	69.96%	70.37%
Impaired Loans % Gross Loans [5]	5.13%	5.80%	6.65%	7.29%	6.82%
CET1 / Core Tier 1 (As-reported)	11.52%	10.90%	10.10%	11.30%	10.70%

[1] Earnings before tax-impairment losses on goodw ill-cost of risk-net income/expense from other assets-impairment on assets-impairment losses on variable-income securities-long-terme equity investments+net qallocation to other provisions+provisions for dipsutes

[2] Pre-provision operating income%average total risk-w eighted assets; [3] Post-provision operating income%average total risk-w eighted assets

[4] Operating costs/Operating Income; [5] Impaired customer loans, gross of reserves%gross lending to customers

Source: Company Documents, SNL

Issuer Description

With EUR 1.4 trillion of assets at end-1Q17, Société Générale has broadly diversified activities in retail banking, in France and throughout Europe, including Eastern Europe, in corporate banking and investment banking, asset management, securities services, specialised financing and insurance.

Rating Rationale

DBRS Ratings Limited (DBRS) rates Société Générale, S.A. (SG or the Group)'s Issuer and Senior Unsecured Debt & Deposits ratings at A (high) with a Stable trend. The Short-Term Debt & Deposits rating is R-1 (middle) with a Stable trend.

The ratings reflect SG's strong and well diversified franchise, robust earnings generation capacity, conservative risk profile, strong funding and liquidity, and adequate and improving capitalisation. The ratings take into account SG's ability to adapt its business model to the difficult regulatory and operating environment, as demonstrated by the refocusing of its businesses and cost savings programmes. While the risk profile is supported by de-risking efforts, strong diversification and low risk in some portfolios such as the domestic home loans, certain emerging markets, such as Russia, are higher risk. SG has also a relatively large exposure to capital markets activities.

In DBRS's opinion, SG has a strong franchise, underpinned by a leading market position in France, its home market, and a significant international presence. Reflective of a well-diversified business model, SG services its customers through three business divisions: French Retail Banking, International Retail Banking & Financial Services and Global Banking and Investor Solutions. In recent years, French Retail has been adding to the stability of SG's earnings thanks to its strong positioning in the affluent retail segment in France and a low risk business model. International Retail Banking & Financial Services division combines the international retail and specialised financial services and offers SG exposure to growth markets. Global Banking and Investor Solutions (GBIS) contains the Group's capital markets businesses - Global Markets, Investor Services, Financing and Advisory, Asset and Wealth management as well as Securities Services and Brokerage. GBIS has a strong expertise in structured products, equity derivatives, and exchange traded funds. Under the current strategy, GBIS is focused on minimising consumption of capital and liquidity as well as a tight control of risks.

SG's earnings generation is robust, benefiting from a healthy underlying revenue capacity, supported by the Group's strong and well-diversified franchise. Despite a challenging operating environment in the domestic market, SG's earnings in 2016 remained relatively stable. Statutory net income group share was EUR 3,874 million, representing a decline of 3% YoY. When adjusted for non-economic and one-off items, the group net income in 2016 was broadly flat, based on DBRS's estimate. SG's resilient performance in 2016 was supported by healthy growth in insurance and corporate services while French Retail remained under pressure from low interest rates. In 2016 the Group's cost of risk declined by 32% YoY, reflecting an improvement asset quality especially in the international and domestic retail operations. In 1Q17 SG's reported group net income declined by 19% YoY to EUR 747 million due to a significant EUR 350 million (after-tax) provision to settle a civil dispute with the Libyan Investment Authority (LIA). However, adjusted for this and other exceptionals, net income was EUR 1,083 million, up by a strong 73% YoY. In DBRS's view, margin pressure in domestic retail operations is likely to continue in the near to medium term and the success of SG's cost programmes, focused on the reduction of retail branches in France and cost cuts in GBIS will remain important from the point of view of earnings generation and should bear fruits in the longer term.

DBRS views SG's risk profile as conservative, benefiting from strong diversification of SG's operations. Credit risk represented 73% of the Group RWAs at end-2016. SG is also exposed to operational risk stemming from the Group's diverse and complex operations, and market risk, mainly related to the capital markets activity under GBIS. French Retail Banking represented 39% of SG's gross outstandings at end-1Q17. Slightly more than half of the French Retail loan book are low-risk home loans, 6% are consumer loans and overdrafts, and 43% diverse business and institutional loans. International Banking & Financial Services outstandings (27% of gross outstandings), comprise predominantly loan books of SG's international network banks in emerging markets. The loan book is generally higher risk than the domestic one, combining low risk markets such as Czech Republic with more risky ones. Global Banking and Investor Solutions outstandings (32%) are largely represented by lending provided by SG's Financing & Advisory division, and related to specific areas of SG's expertise, including trade and project finance or acquisition finance. Several factors, including tightened origination standards, portfolio de-risking and very low interest rates contributed to a continuation of a positive asset quality trend over the past year. The Group non-performing loans ratio (excluding legacy assets) was 4.8% at end-1Q17, down from 5.0% at end-2016 and 5.3% at end-2015. The coverage ratio remained stable at 65% (excluding collateral).

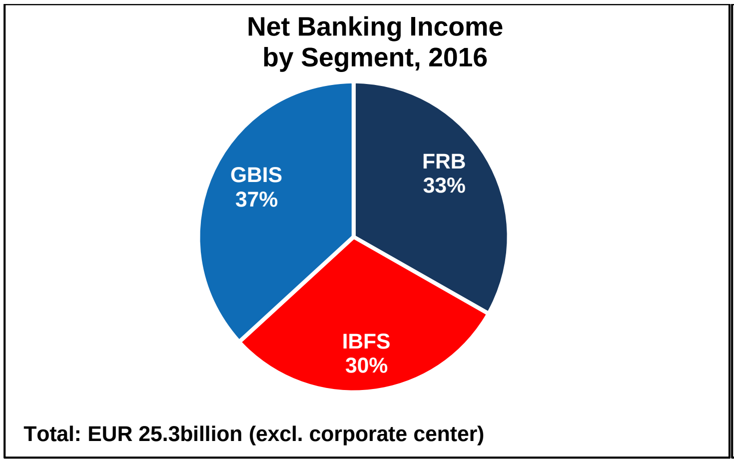
SG's funding profile is strong, benefiting from a sizeable and stable customer deposit base, which represented 61% of the Group's funded balance sheet at end-1Q17. The Group's loan-to-deposit (LtD) ratio was a healthy 91.3% at end-1Q17, according to DBRS's calculations. Wholesale funding, which has been significantly reduced in recent years, represented around 29% of the funded balance sheet, of which 7% was short-term. The exposure to wholesale funding is mitigated by well diversified funding sources and strong liquidity. The unencumbered liquid asset buffer was EUR 157 billion, covering the Short Term wholesale funding by around 2.5x. The average LCR ratio during 1Q17 was at a comfortable 138%.

DBRS considers SG's capital as solid. While capital ratios are below some of the Group's international peers, CET1 is conformable above SREP requirements. DBRS positively notes SG's good underlying earnings generation, which has been contributing to the positive trend in capital in recent years. The end-1Q17 CRDIV fully loaded Common Equity Tier 1 (CET1) stood at 11.6%, improving from 11.5% at end-2016 and 10.9% at end-2015 and was comfortably above the regulatory capital requirements. The current CET1 ratio levels are within the management's end-2018 target band of 11.5-12.0%. DBRS views positively that the Group intends to maintain a buffer of at least 100-150 bps above the CET1 regulatory minima. SG's end-1Q17 leverage ratio was 4.1% and the total capital ratio 17.8%. With the end-1Q17 TLAC at 21.5% of RWA, SG is already compliant with the 2019 FSB requirement of 19.5%. For 2017-2018 the Group envisages the issuance of TLAC-compliant senior non-preferred and subordinated debt without requiring senior preferred debt issuance.

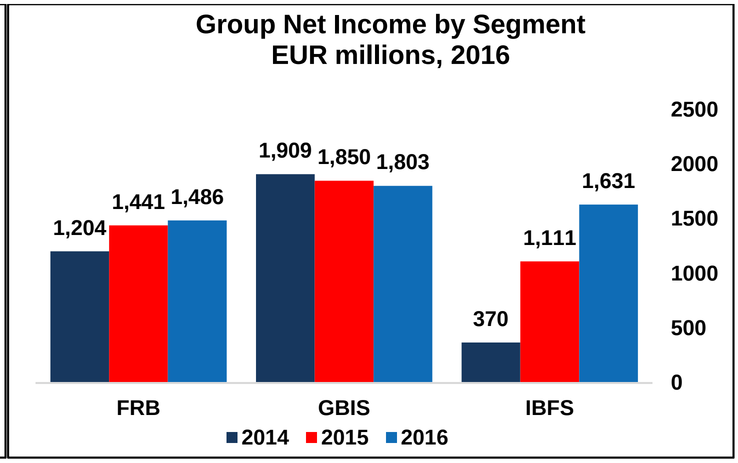
Franchise Strength

Société Générale is a well-established universal bank with a strong market position in France, a broad business mix and a significant international presence. The Group's shareholder structure is primarily free float (88.03%). Since the late 1990s, the Group has expanded considerably and developed its international presence through acquisitions and organic investments.

The Group operates through three business lines: French Retail Banking, International Retail Banking & Financial Services and Global Banking and Investor Solutions. DBRS views SG's franchise as well diversified, with roughly a third of revenues generated by each of the main business lines. The Group's 2014-2016 strategy concentrates on synergies between the core businesses.



Source: Company Reports



Source: Company Reports

<u>French Retail Banking (FRB, 33.2% of 2016 revenues)</u>

The Group has a well-established and growing position in French retail banking geared towards corporates and affluent customers**.** FRB consists of three complementary distribution networks: Société Générale with a nationwide presence, Crédit du Nord, a network of regional banks acquired in 1997 and Boursorama Banque, a leading online bank operating in France, Germany and Spain. These networks are a key component of SG's franchise with strong brand names, generally stable revenue generation, and solid operational capabilities that SG leverages in its international operations and other business lines. Additionally, FRB provides SG with an important retail deposit funding base.

SG enjoys a strong domestic presence underpinned by large, dense branch networks for the SG brand that are situated primarily in urban areas that account for a high proportion of the nation's wealth. Crédit du Nord's network is a valuable complement with its focus on corporates, SMEs and mass affluent customers in wealthy urban areas, where it has a historically strong local presence. SG has the 4th largest branch network in France by number of branches, although electronic devices are gradually becoming important to customers as well; and the third largest network in France by size of revenues. A third of the branches are under the Crédit du Nord Group network and its 8 regional banks, totalling 880 branches at end-2016.

At year-end 2016, FRB had a national market share of about 13.2% for non-financial business customer deposits, about 7.4% for loans and around 7.5% market share overall. More recently, leveraging the affluent profile of its clients, SG has strengthened its private banking operations.

FRB also includes the Group's subsidiary for consumer finance outside the networks, Franfinance as well as Global Transaction and Payment Services (GTPS), the Group's payment specialist, which operates in 50 countries providing among other things cash management, trade, factoring, and foreign exchange services.

International Retail Banking & Financial Services (IBFS, 29.9% of Group revenues)
IBFS includes the retail and consumer banking activities of the Group outside of France, as well as two specialized service lines - Financial Services to Corporates and Insurance.

The Group's retail and consumer banking operations outside of France add an important dimension to SG's franchise, extending the Bank's reach into new growing markets and leveraging the skills and technological capabilities developed domestically. SG maintains three main zones of activity: Europe, Russia, and the Africa, Asia, the Mediterranean Basin and Overseas region. The Group provides consumer finance services in Germany and Italy and is a leading bank in Central Eastern Europe (CEE). In Russia, SG is the second largest foreign owned retail bank, through its subsidiary Rosbank. The Group is also among the top banking groups in Africa. Within its international retail banking operations, the loan portfolio is predominantly funded by deposits, except for some specialized financial entities and subsidiaries that have recently become part of the Group.

The Group's insurance business provides the Group's French and international retail networks with non-life insurance, health insurance or personal protection solutions as well as life insurance investments and retirement savings solutions for individual, professional and business customers. Financial Services to Corporates rely on two complementary businesses: Société Générale Equipment Finance (leasing solutions and services to professionals) and ALD (vehicle leasing), which are leaders in Europe and worldwide.

Global Banking and Investor Solutions (GBIS, 36.8% of 2016 Group revenues)
GBIS comprises Global Markets and Investor Services, Financing and Advisory, Asset and Wealth management as well as Securities Services and Brokerage. The segment has a significant presence in countries across Europe (contributing around 65% of GBIS revenues), the Americas (around 20%) and Asia (around 15%).

Global Markets and Investor Services is the main contributor to the segment and comprises the Equity and FICC businesses as well as the Prime Services and Securities Services. SG benefits from a strong franchise in structured, flow and listed equity derivatives. In FICC, SG is strong in derivatives but has smaller operations in flow fixed income compared to peers. In Securities Services, with EUR 3,955 billion of assets under custody (end-1Q17), Société Générale is the 2nd largest European custodian and one of top ten globally. The Group's presence in derivatives is further strengthened by the recent buy-out of CA Group's ownership in the jointly owned subsidiary Newedge.

In Financing and Advisory, SG has a good franchise in structured financing in particular in the energy and natural resources sectors for project and export finance. In DCM/ECM, SG is well positioned in Europe but is less active than peers in M&A apart from France and geographies, where it can benefit from its international retail network such as CEE and Africa.

The Asset and Wealth Management business comprises the Group's Private Banking and assets management activities. In asset management, SG operates through Lyxor a multi-product asset manager with EUR 107 billion of assets under management (AuM) and is active in ETFs, Active Quantitative as well as alternative investment funds. In Private Banking, SG operates in 15 countries, has a strong presence in France and the UK and has EUR 119 billion in AuM. SG divested from its private banking activities in Asia and the Bahamas. In June 2016, the Bank acquired Kleinwort Benson's private banking business in the United Kingdom. The merger of the newly acquired unit with Société Générale Private Banking Hambros led to the creation of Kleinwort Hambros.

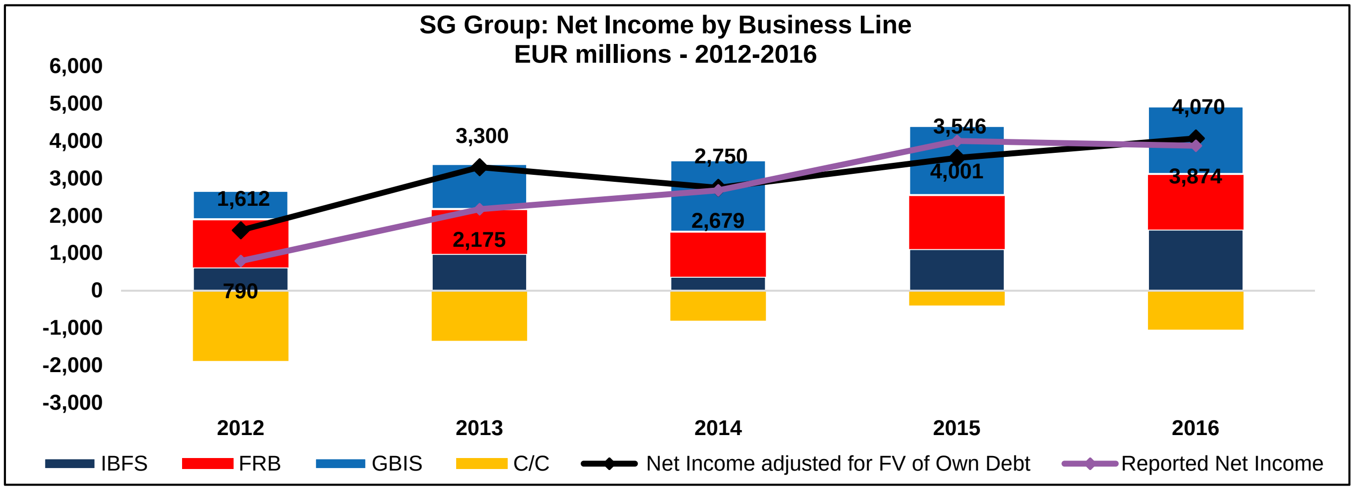
Corporate Center (C/C, 0.1% of 2016 revenues)
C/C acts mainly as the Group's central funding unit in order to finance the activities the Group. It recognises the carrying cost of equity investments in subsidiaries and related dividend payments as well as income and expenses stemming from the Group's Asset and Liability Management (ALM) and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income or expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

Earnings Power

SG's earnings generation is robust, benefiting from a healthy underlying revenue capacity, underpinned by the Group's strong and well-diversified franchise. The past years have tested the resiliency of this earnings power, as SG has had to cope with write-downs, elevated credit costs outside France and other impacts such as higher funding costs and liquidity needs. The Group has nonetheless maintained a satisfactory level of earnings while continuing to transform its operations.

In 2016 the Group generated net income of EUR 3,874 million in 2016 slightly down from EUR 4,001 million in 2015. Adjusted for non-economic and one-off items (of which the notable ones were Visa shares disposal, review of deferred tax assets and sale of a Croatian subsidiary), group net income was EUR 4,069 million, up 1% YoY, based on DBRS's estimate. In 1Q17 SG's reported group net income declined by 19% YoY to EUR 747 million due to a significant EUR 350 million (after-tax) provision to settle a civil dispute with the Libyan Investment Authority (LIA). However, adjusted for this and other exceptionals, net income was EUR 1,083 million, up by a strong 73% YoY.

Despite a difficult environment, in 2016 FRB experienced only a moderate YoY decline in revenues as, in response to strong margin pressure from low rates, the Group stepped up its commercial activities, focused on synergies and fee–generating services. This combined with a strong decrease in the cost of risk, contributed to a 3% improvement to EUR 1,486 million in FRB's net income in 2016.



Source: DBRS, Company Reports

IBFS's 2016 revenues were 7,572 million, increasing 3% YoY thanks to good commercial momentum across all regions and businesses. Good control over operating expenses combined with a significant decline in the cost of risk (down 38% YoY) translated into a 47% rebound in the division's net income to EUR 1,111 million. After a difficult 2015 (EUR 156 million net loss), SG Russia's adjusted (at constant scope and exchange rates) net income was EUR 8 million in 2016. Bottom line performance improved also in other markets, including Western Europe, Romania, Other Europe. Financial Services to Corporates and Insurance also performed well on the back of strong commercial dynamics.

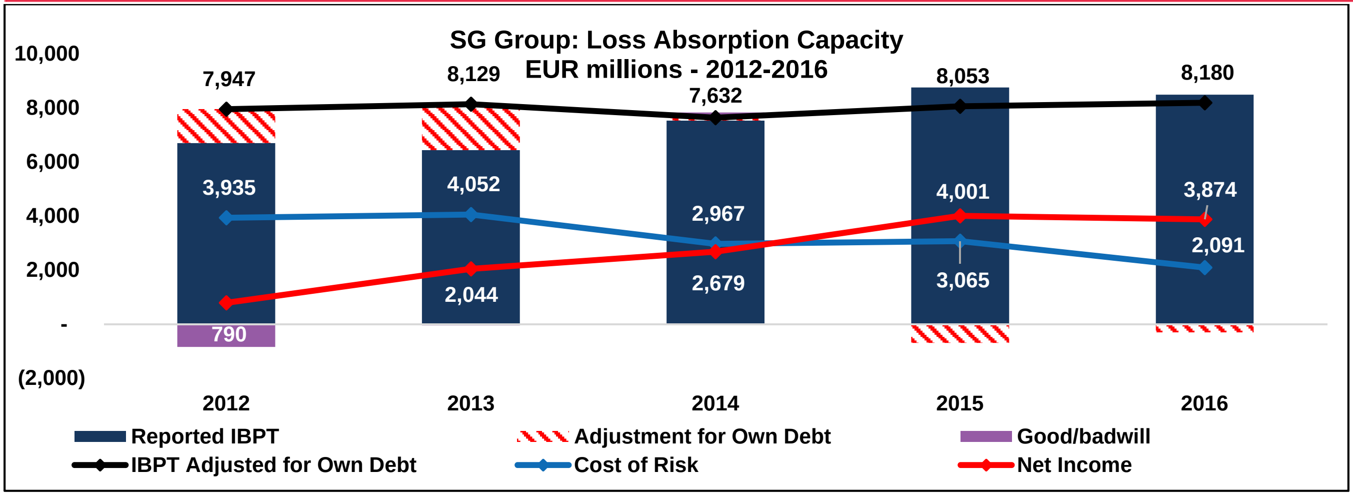
Despite challenging conditions in some markets, revenues in GBIS were broadly stable in 2016, benefiting from fairly good diversification. Net income was down by a moderate 3% YoY to EUR 1, 850 million from EUR 1,803 million in 2015.

Operating expenses were generally stable as a decline in baseline costs was largely offset by expenses related to the implementation of cost savings plans. SG's 2016 cost efficiency ratio was 66.5%, broadly in line with most domestic peers, however relatively high in an international context. In DBRS's view, margin pressure in domestic retail operations is likely to continue in the near to medium term and the success of SG's cost programmes, focused on the reduction of retail branches in France and cost cuts in GBIS, will remain important from the point of view of earnings generation. DBRS views positively that SG remains committed to reducing operating costs, as illustrated by the additional cost-cutting plan of EUR 250 million focusing on investments in the French Retail network, on top of EUR 220 million reduction by end-2017 in GBIS and the announced EUR 850 million plan for the 2015-2017 period.

Cost-to-Income Ratio by Division	2016	2015	2014	2013	2012
French Retail Banking	66%	64%	65%	64%	65%
IBFS	56%	59%	57%	56%	58%
GBIS	74%	74%	72%	72%	73%
Group	66%	66%	68%	67%	67%

Source: Company Reports, Note: C/I ratio is excluding revaluation of Group's own debt.
Note: Revenues not adjusted for own credit adjustments and DVA.

In 2016, provisions absorbed only 25% of interest before provisions and taxes (IBPT), compared to 35% in 2015. The decline was mainly driven by a 32% decline in the Group's cost of risk. In 1Q17, due to the EUR 350 million LIA dispute provision, the reported cost of risk increased by 20% YoY to EUR 627 million, absorbing 34% of IBPT. However, adjusted for this one-off, the cost of risk was down 47% YoY and at 15% of IBPT, reflecting write-backs in several markets. At 37 bps in 2016 and 24 bps in 1Q17, SG's cost of risk was below the 2015 quarterly run rate of 52 bps and in line with the Group's internal target of 30-35 bps for 2017.



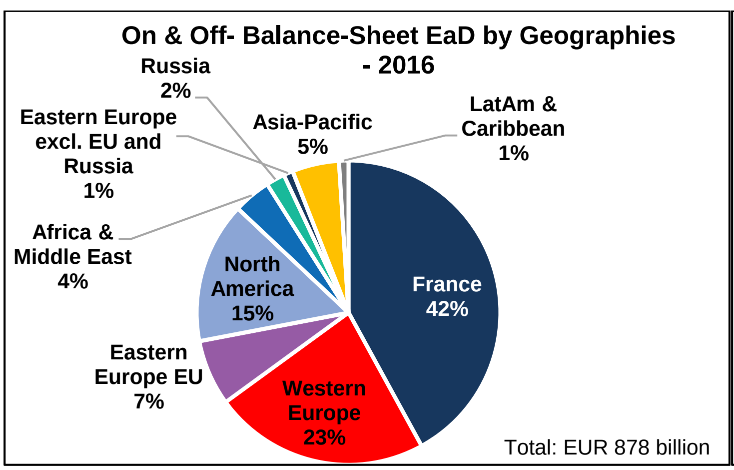
Source: DBRS, Company Reports

Risk Profile

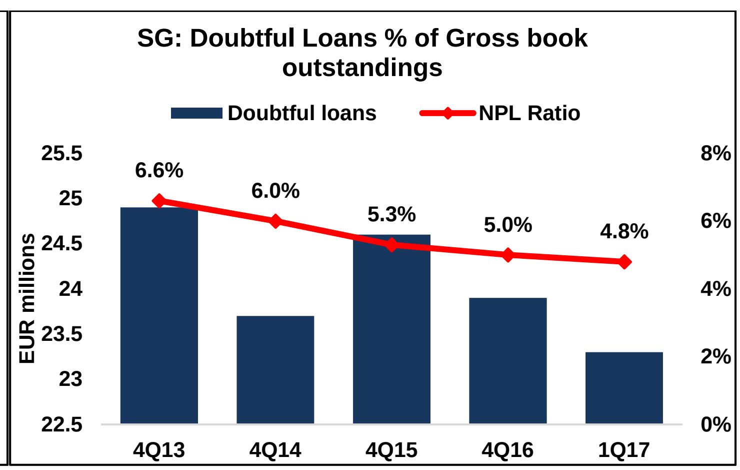
DBRS views SG's risk profile as conservative, benefiting from strong diversification of SG's operations. Credit risk represented 73% of the Group RWAs at end-2016. SG is also exposed to operational risk stemming from the Group's diverse and complex operations, and market risk, mainly related to the capital markets activity under GBIS.

The Group's credit risk is dominated by low risk exposures albeit it also comprises some higher risk portfolios. FRB represented 39% of SG's gross outstandings at end-1Q17. Slightly more than half of the FRB loan book are low-risk home loans, 6% are consumer loans and overdrafts, and 43% diverse business and institutional loans. IBFS outstandings (27% of gross outstandings), comprise predominantly loan books of SG's international network banks in emerging markets. The IBFS book is generally higher risk than the domestic one, combining low risk markets such as Czech Republic with more risky ones. While Russia is a high risk country, especially in the current geopolitical context, DBRS notes that the exposure is limited to 2% of the Group total. GBIS outstandings (32%) are largely represented by lending provided by SG's Financing & Advisory division, and related to specific areas of SG's expertise, including trade and project finance or acquisition finance. SG strictly monitors the risk of its GBIS activities to make sure that the capital allocated to pure capital markets activities does not exceed 20% of the Group total.

Overall, at the Group level, retail credit risk represented 20% of total exposure as opposed to 35% for corporates, with the reminder composed of sovereigns, bank, public sector and other portfolios. Within the retail exposures, slightly more than half were residential mortgages. DBRS positively views a strong diversification of SG's corporate portfolio and views some of the corporate lending types, such as trade finance, as low risk. Corporate loan book is well diversified by industry.



Source: DBRS, Company Reports



Source: Company Reports

Several factors, including tightened origination standards, portfolio de-risking and very low interest rates contributed to a continuation of a positive asset quality trend over the past year. The Group non-performing loans ratio (excluding legacy assets) was 4.8% at end-1Q17, down from 5.0% at end-2016 and 5.3% at end-2015. The coverage ratio remained stable at 65% (excluding collateral). The cost of risk in 1Q17 was 31 bps in FRB, 35 bps in IBFS and 5 bps in GBIS.

Market risk contributes about 5% of regulatory RWAs, stable compared to last year and down from 6.8% in 2014 and 8.3% in 2013, as SG has scaled back its activities that incur market risk with its focus on flow business and less retention of risk. With experience gained from the market turmoil, DBRS views SG's control of these risks across the Group as having been reinforced.

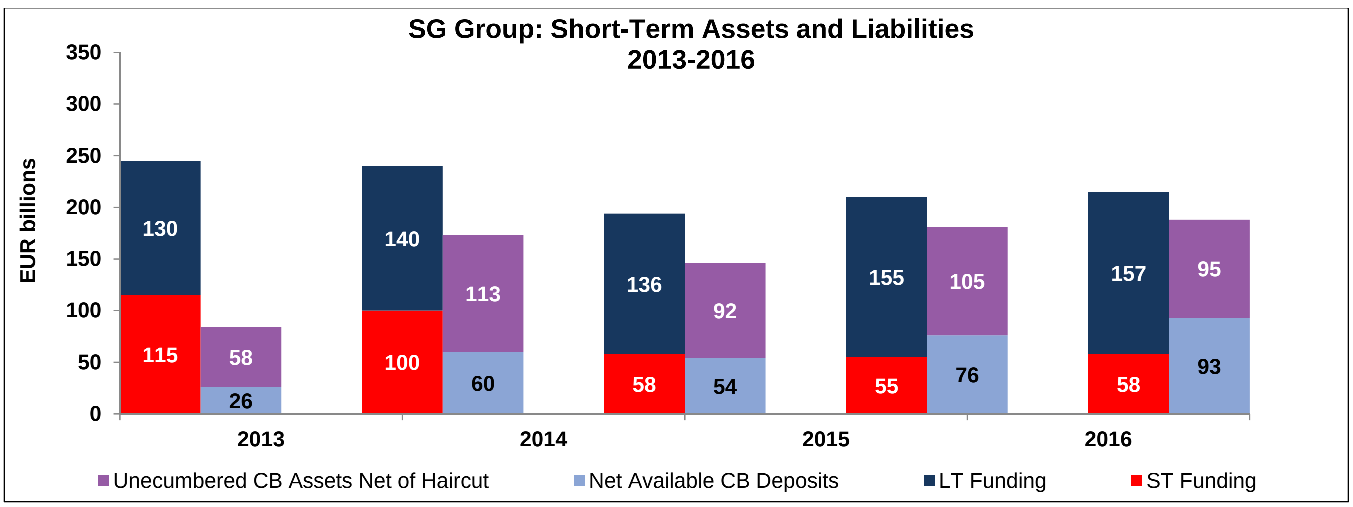
Operational risk has become more significant in recent years through financial and reputational cost of regulatory investigations, litigation and conduct charges. At the same time, DBRS recognizes that SG is at on the lower end of the peer group in terms of conduct charges. At end-2016, the Group had EUR 2.1 billion in provisions for litigation, up from EUR 1.9 billion at end-2015. They were up to EUR 2.4 billion in 1Q17. In 1Q17, SG was negatively impacted by a EUR 350 million after-tax provision to settle a civil dispute with the Libyan Investment Authority (LIA).

Funding and Liquidity

SG's funding profile combines a sizeable, diversified deposit base with significant usage of wholesale funding that is typical of universal banks that combine retail banking with significant corporate and investment banking businesses. SG, like other universal banks, has taken measures to reduce its usage of wholesale funding, particularly USD funding when this source came under pressure in 2011, and improved the alignment between its wholesale funding and the characteristics of its funding needs. The gap between customer loans and deposits has been managed down through deposit growth. DBRS views positively that the Group's funding is more balanced towards long-term debt and deposits.

The strength of SG's funding benefits from sizeable and stable customer deposits, which at end-1Q17 were EUR 460 billion, equivalent to 61% of the funded balance sheet (the funded balance-sheet gives a representation of the Group's balance-sheet excluding the contribution of insurance subsidiaries and after netting derivatives, repurchase agreements and accruals). The Group's loan-to-deposit (LtD) ratio was 91.3% at end-1Q17 (end-2015: 95.3%), comparing well to many peers. Wholesale funding represented around 29% of the funded balance sheet at end-1Q17, of which 7% was short-term. Customer loans stood at 56% of funded assets at end-1Q17. An additional 29% of the funded balance sheet comprises client-related trading assets and securities, which together with central bank and interbank deposits (18%) represent an additional funding requirement. SG uses secured funding sources, such as repos and securities lending, which are typically ST in tenor, to fund relatively liquid assets in its trading businesses.

The exposure to wholesale funding is mitigated by well diversified funding sources and strong liquidity. The unencumbered liquid asset buffer was EUR 157 billion, covering the Short Term wholesale funding by around 2.5x. The average LCR ratio during 1Q17 was at a comfortable 138%.



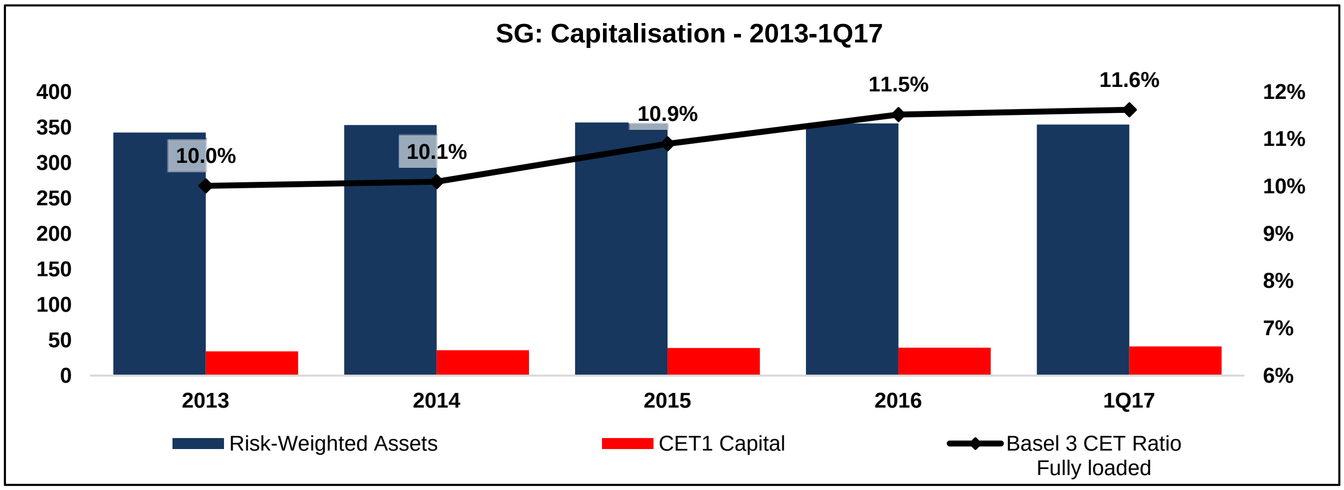
Source: DBRS, Company Reports

Capitalisation

DBRS considers SG's capital as solid. While capital ratios are below some of the Group's international peers, CET1 remains comfortably above the SREP requirements. DBRS positively notes SG's strong underlying earnings generation, which has been contributing to the growth trend in capital in recent years, especially given the ongoing developments in regulatory capital requirements.

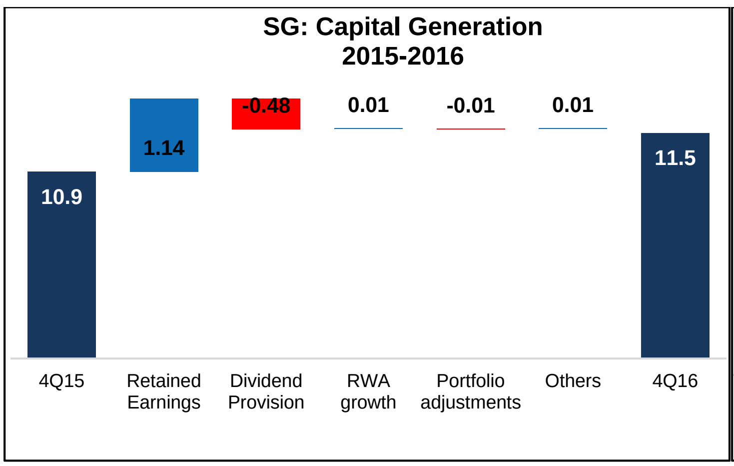
The Group's Basel III fully loaded Common Equity Tier 1 (CET 1) ratio improved to 11.5% at end-2016, up 60 bps from 10.9% at end-2015, mainly through internal capital generation (114 bps). At end-1Q17, the fully loaded CET1 stood at 11.6%, comfortably above the 7.77% Supervisory Review and Evaluation Process (SREP) 2017 requirement, consisting of the minimum Pillar 1 requirement (4.50%), the Pillar 2 requirement (1.50%), the capital conservation buffer (1.25%), the systemic buffer (0.50%) and the countercyclical buffer

0.02%). DBRS views positively that the Group intends to maintain a buffer of at least 100-150 bps above the CET1 regulatory minima. The current CET1 ratio levels are within the management's end-2018 target band of 11.5-12.0%.

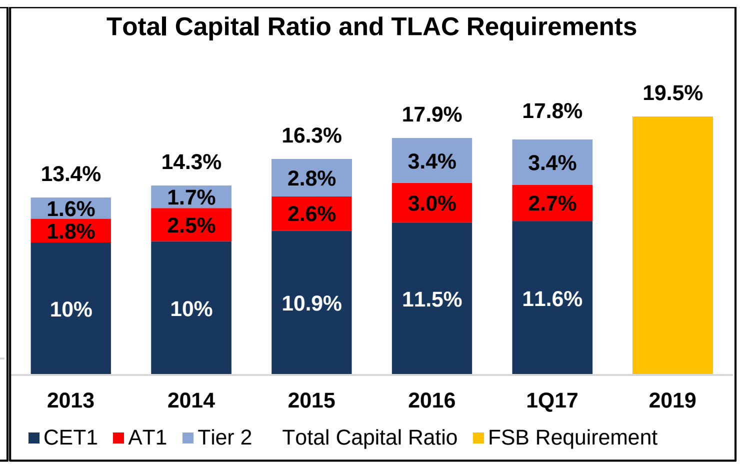


Source: DBRS, Company Reports

SG's end-1Q17 leverage ratio was 4.1% and the total capital ratio 17.8%. With the end-1Q17 TLAC at 21.5% of RWA, SG is already compliant with the 2019 FSB requirement of 19.5%. For 2017-2018 the Group envisages the issuance of TLAC-compliant senior non-preferred and subordinated debt without requiring senior preferred debt issuance.



Source: DBRS, Company Reports



Source: DBRS, Company Reports

Société Générale SA	31/12/2016		31/12/2015		31/12/2014		31/12/2013		31/12/2012	
	EUR		EUR		EUR		EUR		EUR	
EUR Millions	IFRS		IFRS		IFRS		IFRS		IFRS	
Balance Sheet										
Cash and deposits with central banks	96,186	6.96%	78,565	5.89%	57,065	4.36%	66,598	5.48%	67,591	5.40%
Lending to/deposits with credit institutions	59,502	4.30%	71,682	5.37%	80,709	6.17%	75,420	6.21%	77,204	6.17%
Financial Securities*	455,923	32.98%	452,476	33.91%	468,847	35.84%	448,261	36.92%	394,802	31.56%
- Trading portfolio	268,089	19.40%	274,713	20.59%	279,120	21.34%	280,882	23.13%	226,717	18.12%
- At fair value	44,518	3.22%	39,532	2.96%	41,637	3.18%	36,158	2.98%	39,185	3.13%
- Available for sale	139,404	10.09%	134,187	10.06%	143,722	10.99%	130,232	10.73%	127,714	10.21%
- Held-to-maturity	3,912	0.28%	4,044	0.30%	4,368	0.33%	989	0.08%	1,186	0.09%
- Other	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Financial derivatives instruments	201,682	14.59%	207,590	15.56%	232,587	17.78%	176,593	14.54%	238,460	19.06%
- Fair Value Hedging Derivatives	19,178	1.39%	19,261	1.44%	22,808	1.74%	14,521	1.20%	20,336	1.63%
- Mark to Market Derivatives	182,504	13.20%	188,329	14.11%	209,779	16.04%	162,072	13.35%	218,124	17.44%
Gross lending to customers	460,920	33.35%	437,644	32.80%	386,381	29.54%	377,104	31.06%	394,832	31.56%
- Loan loss provisions	14,815	1.07%	15,366	1.15%	16,014	1.22%	16,712	1.38%	15,846	1.27%
Insurance assets	NA	-	NA	-	NA	-	NA	-	NA	-
Investments in associates/subsidiaries	1,096	0.08%	1,352	0.10%	2,796	0.21%	2,829	0.23%	2,119	0.17%
Fixed assets	20,066	1.45%	17,799	1.33%	16,326	1.25%	15,977	1.32%	15,539	1.24%
Goodwill and other intangible assets	6,252	0.45%	5,980	0.45%	5,922	0.45%	6,582	0.54%	6,971	0.56%
Other assets	95,429	6.90%	76,669	5.75%	73,551	5.62%	61,541	5.07%	69,217	5.53%
Total assets	**1,382,241**	**100.00%**	**1,334,391**	**100.00%**	**1,308,170**	**100.00%**	**1,214,193**	**100.00%**	**1,250,889**	**100.00%**
Total assets (USD)	1,457,753		1,449,322		1,583,549		1,672,903		1,649,596	
Loans and deposits from credit institutions	87,822	6.35%	102,403	7.67%	95,897	7.33%	90,355	7.44%	124,447	9.95%
Repo Agreements in Deposits from Customers	23,645	1.71%	19,453	1.46%	21,971	1.68%	20,024	1.65%	32,077	2.56%
Deposits from customers	397,357	28.75%	360,178	26.99%	327,764	25.06%	314,148	25.87%	305,153	24.39%
- Demand	211,228	15.28%	184,853	13.85%	157,343	12.03%	142,734	11.76%	144,048	11.52%
- Time and savings	185,355	13.41%	174,336	13.06%	169,010	12.92%	169,881	13.99%	158,762	12.69%
Issued debt securities	354,429	25.64%	354,423	26.56%	225,813	17.26%	293,630	24.18%	242,991	19.43%
Financial derivatives instruments	206,692	14.95%	207,816	15.57%	236,300	18.06%	179,049	14.75%	236,583	18.91%
- Fair Value Hedging Derivatives	18,054	1.31%	17,588	1.32%	21,068	1.61%	13,521	1.11%	20,483	1.64%
- Other	188,638	13.65%	190,228	14.26%	215,232	16.45%	165,528	13.63%	216,100	17.28%
Insurance liabilities	112,777	8.16%	107,257	8.04%	103,298	7.90%	91,538	7.54%	90,831	7.26%
Other liabilities	119,710	8.66%	107,140	8.03%	229,480	17.54%	163,972	13.50%	158,204	12.65%
- Financial liabilities at fair value through P/L	66,112	4.78%	54,050	4.05%	44,280	3.38%	30,719	2.53%	20,458	1.64%
Subordinated debt	14,103	1.02%	13,046	0.98%	8,834	0.68%	7,507	0.62%	7,052	0.56%
Hybrid Capital	NA	-	NA	-	NA	-	NA	-	NA	-
Equity	65,706	4.75%	62,675	4.70%	58,813	4.50%	53,970	4.44%	53,551	4.28%
Total liabilities and equity funds	**1,382,241**	**100.00%**	**1,334,391**	**100.00%**	**1,308,170**	**100.00%**	**1,214,193**	**100.00%**	**1,250,889**	**100.00%**
Income Statement										
Interest income	24,660		25,431		24,532		27,024		29,904	
Interest expenses	15,193		16,125		14,533		16,996		18,592	
Net interest income and credit commissions	9,467	37.42%	9,306	35.75%	9,999	42.05%	10,028	44.56%	11,312	48.48%
Net fees and commissions	6,699	26.48%	6,678	25.65%	6,475	27.23%	6,240	27.73%	6,977	29.90%
Trading / FX Income	5,656	22.36%	4,834	18.57%	6,200	26.07%	3,091	13.73%	2,697	11.56%
Net realised results on investment securities (available for sale)	484	1.91%	353	1.36%	339	1.43%	302	1.34%	834	3.57%
Net results from other financial instruments at fair value	16	0.06%	1,879	7.22%	-2,415	-10.16%	911	4.05%	-740	-3.17%
Net income from insurance operations	294	1.16%	212	0.81%	428	1.80%	NA	-	166	0.71%
Results from associates/subsidiaries accounted by the equity method	129	0.51%	231	0.89%	213	0.90%	61	0.27%	154	0.66%
Other operating income (incl. dividends)	2,551	10.08%	2,539	9.75%	2,542	10.69%	1,872	8.32%	1,934	8.29%
Total operating income	25,296	100.00%	26,032	100.00%	23,781	100.00%	22,505	100.00%	23,334	100.00%
Staff costs	9,455	54.58%	9,476	54.04%	9,049	55.39%	9,019	55.79%	9,493	57.50%
Other operating costs	6,968	40.22%	7,181	40.95%	6,432	39.37%	6,242	38.61%	6,092	36.90%
Depreciation/amortisation	901	5.20%	879	5.01%	856	5.24%	906	5.60%	926	5.61%
Total operating expenses	17,324	100.00%	17,536	100.00%	16,337	100.00%	16,167	100.00%	16,511	100.00%
Pre-provision operating income	**7,972**		**8,496**		**7,444**		**6,338**		**6,823**	
Loan loss provisions**	2,049		2,487		2,628		3,503		3,720	
Post-provision operating income	5,923		6,009		4,816		2,835		3,103	
Impairment on tangible assets	30		61		51		NA		-5	
Impairment on intangible assets	8		0		525		50		846	
Other non-operating items***	422		161		135		137		0	
Pre-tax income	6,307		6,109		4,375		2,922		1,565	
(-)Taxes	1,969		1,714		1,384		528		341	
(-)Other After-tax Items (Reported)	0		0		0		0		0	
(+)Discontinued Operations (Reported)	0		0		0		0		0	
(-)Minority interest	464		394		299		350		434	
Net income	**3,874**		**4,001**		**2,692**		**2,044**		**790**	
Net income (USD)	4,286		4,441		3,576		2,715		1,016	

*Includes derivatives when breakdown unavailable, **LLP includes Impairments on financial assets, ***Incl. Other Provisions

Société Générale SA EUR Millions	31/12/2016 EUR IFRS	31/12/2015 EUR IFRS	31/12/2014 EUR IFRS	31/12/2013 EUR IFRS	31/12/2012 EUR IFRS
Off-balance sheet and other items					
Asset under management	222,000	217,000	192,000	164,000	161,000
Derivatives (notional amount)	18,161,519	19,667,607	20,835,014	19,906,705	19,230,915
BIS Risk-weighted assets (RWA)	355,478	356,725	353,600	NA	324,093
No. of employees (end-period)	130,727	131,715	136,223	147,682	154,009
Earnings and Expenses					
Earnings					
Net interest margin [1]	0.77%	0.80%	0.87%	0.90%	1.02%
Yield on average earning assets	1.96%	2.07%	2.09%	2.37%	2.64%
Cost of interest bearing liabilities	1.78%	1.97%	2.24%	2.43%	2.76%
Pre-provision earning capacity (total assets basis) [2]	0.57%	0.62%	0.58%	0.51%	0.55%
Pre-provision earning capacity (risk-weighted basis) [3]	2.25%	2.36%	NA	NA	2.00%
Net Interest Income / Risk Weighted Assets	2.66%	2.61%	2.83%	NA	3.49%
Non-Interest Income / Total Revenues	62.58%	64.25%	57.95%	55.44%	51.52%
Post-provision earning capacity (risk-weighted basis)	1.67%	1.67%	NA	NA	0.91%
Expenses					
Efficiency ratio (operating expenses / operating income)	68.49%	67.36%	68.70%	71.84%	70.76%
All inclusive costs to revenues [4]	68.12%	67.18%	68.78%	71.96%	70.74%
Operating expenses by employee	132,520	133,136	119,928	109,472	107,208
Loan loss provision / pre-provision operating income	25.70%	29.27%	35.30%	55.27%	54.52%
Provision coverage by net interest income	462.03%	374.19%	380.48%	286.27%	304.09%
Profitability Returns					
Pre-tax return on Tier 1 (excl. hybrids)	13.97%	14.09%	10.58%	NA	3.27%
Return on equity	6.25%	6.78%	4.88%	4.02%	1.60%
Return on average total assets	0.28%	0.29%	0.21%	0.16%	0.06%
Return on average risk-weighted assets	1.09%	1.11%	NA	NA	0.23%
Dividend payout ratio [5]	41.27%	23.90%	29.17%	17.09%	0.00%
Internal capital generation [6]	3.63%	5.18%	3.53%	3.16%	1.55%
Growth					
Loans	5.64%	14.02%	2.77%	-4.91%	-4.50%
Deposits	10.90%	8.55%	4.66%	-0.91%	-0.86%
Net interest income	1.73%	-6.93%	-0.29%	-11.35%	-7.33%
Fees and commissions	0.31%	3.14%	3.77%	-10.56%	-2.81%
Expenses	-1.21%	7.34%	1.05%	-2.08%	-3.55%
Pre-provision earning capacity	-6.17%	14.13%	17.45%	-7.11%	-23.61%
Loan-loss provisions	-17.61%	-5.37%	-24.98%	-5.83%	1.20%
Net income	-3.17%	48.63%	31.70%	158.73%	-66.88%
Risks					
RWA% total assets	25.72%	26.73%	27.03%	NA	25.91%
Credit Risks					
Impaired loans % gross loans	5.13%	5.58%	6.65%	7.31%	6.82%
Loss loan provisions % impaired loans	62.67%	62.95%	62.34%	60.65%	58.84%
Impaired loans (net of LLPs) % pre-provision operating income [7]	129.93%	122.80%	146.84%	190.20%	179.07%
Impaired loans (net of LLPs) % equity	15.76%	16.65%	18.59%	22.34%	22.82%
Liquidity and Funding					
Customer deposits % total funding	46.54%	43.39%	49.79%	44.52%	44.90%
Total wholesale funding % total funding [8]	53.46%	56.61%	50.21%	55.48%	55.10%
- Interbank % total funding	10.29%	12.34%	14.57%	12.80%	18.31%
- Debt securities % total funding	41.52%	42.70%	34.30%	41.61%	35.75%
- Subordinated debt % total funding	1.65%	1.57%	1.34%	1.06%	1.04%
Short-term wholesale funding % total wholesale funding	30.74%	32.80%	47.08%	23.08%	55.75%
Liquid assets % total assets	44.25%	45.17%	46.37%	48.61%	43.14%
Net short-term wholesale funding reliance [9]	-61.16%	-61.32%	-64.29%	-80.13%	-46.51%
Adjusted net short-term wholesale funding reliance [10]	-82.55%	-80.41%	-84.60%	-80.13%	-46.51%
Customer deposits % gross loans	86.21%	82.30%	84.83%	83.31%	77.29%
Capital [11]					
Tier 1	14.80%	14.00%	13.40%	NA	12.50%
Tier 1 excl. All Hybrids	11.76%	11.37%	10.90%	NA	10.68%
Core Tier 1 (As-reported)	11.80%	11.42%	10.91%	NA	10.70%
Tangible Common Equity / Tangible Assets	3.34%	3.33%	3.09%	3.08%	2.86%
Total Capital	18.17%	16.80%	15.04%	NA	12.75%
Retained earnings % Tier 1	94.98%	96.37%	95.60%	NA	104.00%

[1] (Net interest income + dividends)% average interest earning assets.
[2] Pre-provision operating income % average total assets.
[3] Pre-provision operating income % average total risk-weighted assets.
[4] (Operating & non-op. costs) % (op. & non-op. revenues)
[5] Paid dividend % net income.
[6] (Net income - dividends) % shareholders' equity at t-1.
[7] We take into account the stock of LLPs in this ratio.
[8] Whole funding excludes corporate deposits.
[9] (Short-term wholesale funding - liquid assets) % illiquid assets
[10] (Short-term wholesale funding - liquid assets- loans maturing within 1 year) % illiquid assets
[11] Capital ratios of Interim results exclude profits for the year
* Interim information is annualised where needed.

Methodologies

Methodology and criteria: The principal applicable methodology is the Global Methodology for Rating Banks and Banking Organisations (May 2017). Other applicable methodologies include the DBRS Criteria: Guarantees and Other Forms of Support (February 2017).

Ratings

Issuer	Debt	Rating Action	Rating	Trend
Société Générale, S.A.	Issuer Rating	Confirmed	A (high)	Stable
Société Générale, S.A.	Senior Unsecured Debt & Deposits	Confirmed	A (high)	Stable
Société Générale, S.A.	Short-Term Debt & Deposits	Confirmed	R-1 (middle)	Stable
Société Générale, S.A.	Long Term Critical Obligations Rating	Confirmed	AA	Stable
Société Générale, S.A.	Short Term Critical Obligations Rating	Confirmed	R-1 (high)	Stable

Rating History

Debt	Current	2016	2015	2014	2013
Société Générale, S.A. Issuer Rating	A (high)	-	-	-	-
Société Générale, S.A. Senior Unsecured Debt & Deposits	A (high)	A (high)	A (high)	AA (low)	AA (low)
Société Générale, S.A. Short-Term Debt & Deposits	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)
Société Générale, S.A. Long Term Critical Obligations Rating	AA	AA	-	-	-
Société Générale, S.A. Short Term Critical Obligations Rating	R-1 (high)	R-1 (high)	-	-	-

Previous Action

- March 7, 2017: DBRS Assigns Issuer Ratings to 43 European Banking Groups
- May 27, 2016: DBRS Confirms Société Générale, S.A. Senior Debt at A (high); Stable Trend

Related Research

- May 10, 2017: DBRS Publishes Commentary on European Capital Markets Participants
- May 8, 2017: DBRS: SG 1Q17 Profit Dented by the Settlement with Libyan Investment Authority; Solid Revenue Growth
- March 8, 2017: DBRS Publishes Commentary on Major French Banks 2016 Results
- March 7, 2017: DBRS Publishes Commentary on European Capital Markets Participants
- February 13, 2017: DBRS: Société Générale Steady 2016 Performance; 4Q16 Results Affected by One-off Charges
- November 22, 2016: DBRS: Rating the New French Senior Non-preferred Debt Instruments
- November 7, 2016: DBRS: SocGen Strong Underlying Net Profit Growth in 3Q16 on Recovery Across Several Divisions
- August 16, 2016: DBRS Comments: 3Q16 Expected to Remain Challenged for European Capital Markets Participants
- August 8, 2016: DBRS: SG Solid 2Q16 on One-Offs; Cost Control and Lower Provisions Offset Pressure on Revenues
- July 29, 2016: DBRS Releases Commentary: Developments in European Resolution Frameworks and their Impact on Bank Creditors

Previous Report

- Société Générale, Rating Report, June 30, 2016

Notes:
All figures are in Euros unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on www.dbrs.com.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.