2016 REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT 2015

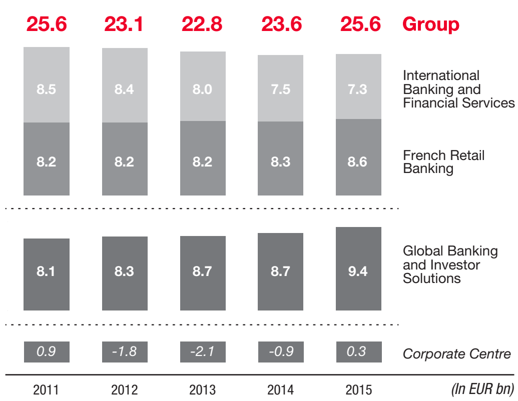
2015 KEY FIGURES

10.9%
Common Equity Tier 1 ratio

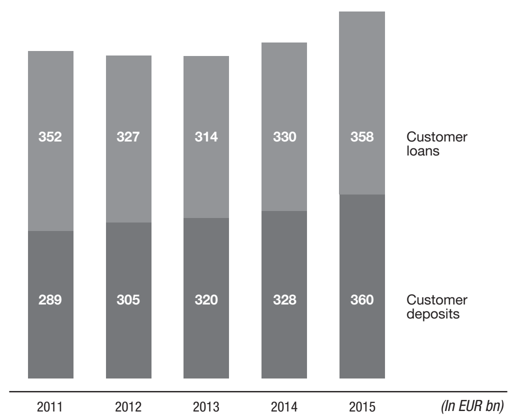
+25%
Increase in customer deposit outstandings since 2011

EUR 25.0bn
Net banking income excluding revaluation of own financial liabilities

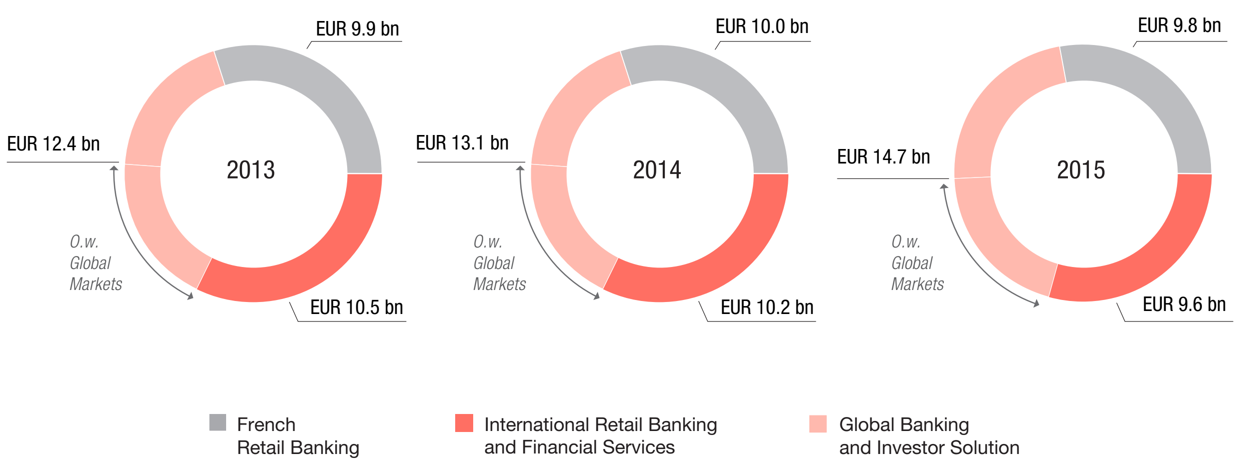
NET BANKING INCOME



LOANS AND DEPOSITS



CAPITAL ALLOCATED TO BUSINESSES (ANNUAL AVERAGE)



NB. Figures as published for the respective financial years, excluding B.I.S. Ratio in 2013.

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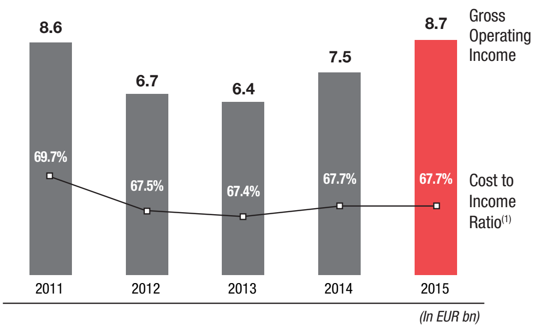
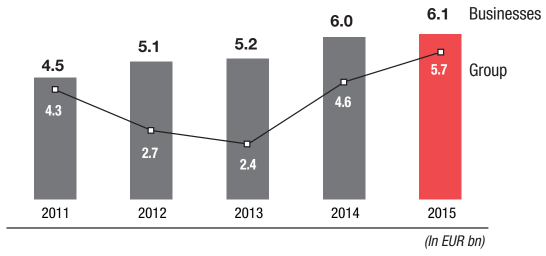
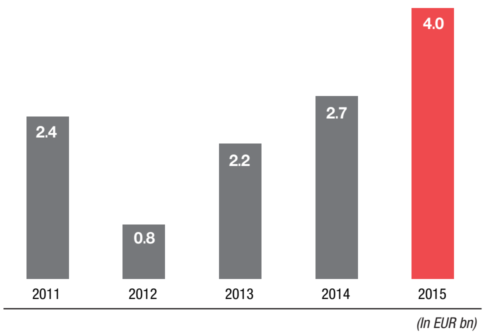
GROSS OPERATING INCOME AND COST TO INCOME RATIO



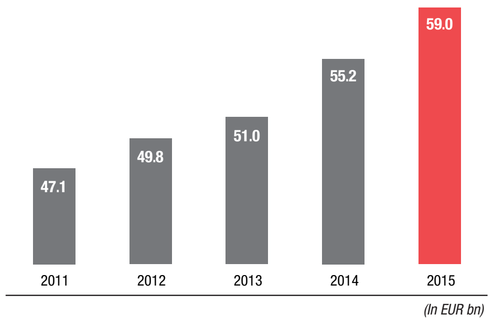
GROUP'S OPERATING INCOME AND OPERATING INCOME FROM BUSINESSES



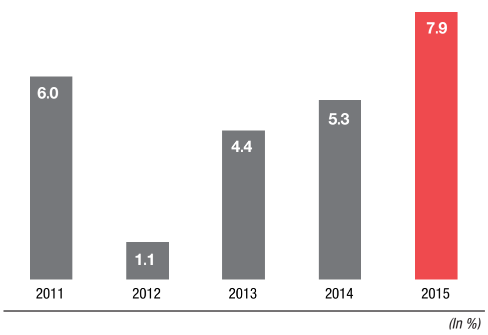
GROUP NET INCOME



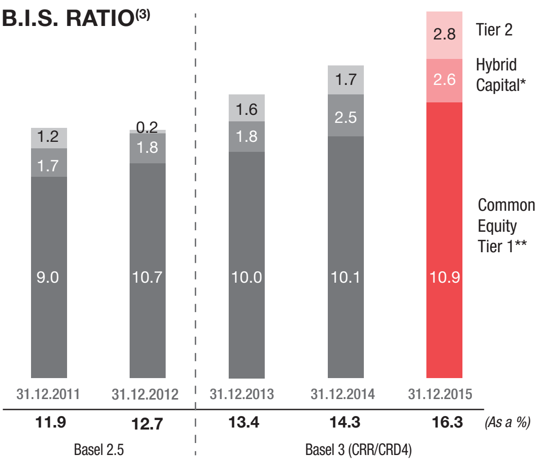
GROUP SHAREHOLDER'S EQUITY



ROE AFTER TAX(2)



B.I.S. RATIO(3)



* Common Equity Tier 1 Capital is defined as Basel 3 Tier 1 capital less Tier 1 eligible hybrid capital.

(1) Excluding revaluation of own financial liabilities.

(2) Group ROE calculated on the basis of average Group shareholders' equity under IFRS (including IAS 32-39 and IFRS 4), excluding unrealised capital losses and gains except for translation reserves, deeply subordinated notes, undated subordinated notes and after deduction of interest payable to holders of these notes.

(3) 2014 and 2015 data under CRR/CRD4 rules; 2013 proforma Basel 3; 2011 and 2012.

2015 KEY FIGURES

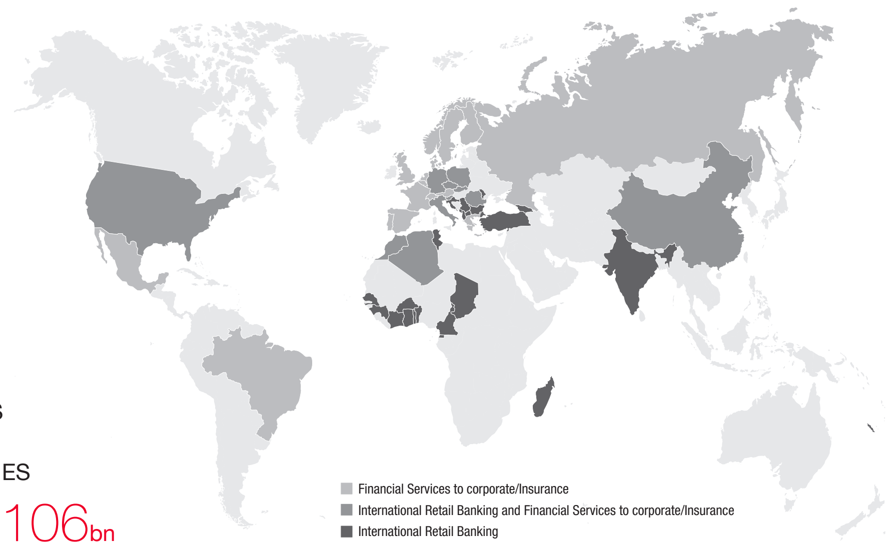
FRENCH RETAIL BANKING

SOCIETE GENERALE
Crédit du Nord
Boursorama Banque
GTPS | GLOBAL TRANSACTION & PAYMENT SERVICES

3,085 BRANCHES
12 MILLION CLIENTS
39,000 EMPLOYEES
LOAN OUTSTANDINGS: EUR 178bn

INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

SOCIETE GENERALE Insurance
ALD Automotive
SOCIETE GENERALE Equipment Finance



32 MILLION CLIENTS
73,000 EMPLOYEES
PRESENT IN 52 COUNTRIES
LOAN OUTSTANDINGS: EUR 106bn

GLOBAL BANKING AND INVESTOR SOLUTIONS

SOCIETE GENERALE Corporate & Investment Banking
SOCIETE GENERALE Private Banking
SOCIETE GENERALE Securities Services
LYXOR Asset Management by SOCIETE GENERALE GROUP

22,000 EMPLOYEES
ASSETS UNDER MANAGEMENT(1): EUR 217 bn
ASSETS UNDER CUSTODY: EUR 3,984 bn
LOAN OUTSTANDINGS: EUR 135bn

NB: See p. 10 and following.

(1) Lyxor Asset Management and Private Banking.

REGISTRATION DOCUMENT 2016

ANNUAL FINANCIAL REPORT 2015

AMF

This registration document was filed with the Autorité des Marchés Financiers (AMF) on March 7, 2016, pursuant to Article 212-13 of the AMF General Regulation. It may be used to support a financial transaction if completed by a transaction note approved by the AMF. This document was prepared by the issuer and is the responsibility of its signatories.

LABEL TRANSPARENCE

This label recognizes the most transparent Registration Documents according to the criteria of the Annual Transparency Ranking.

This Registration Document is available online at **www.societegenerale.com**

TABLE OF CONTENTS

Abbreviations used: Million of euros: EUR m
Billions of euros: EUR bn
FTE: Headcount in Full-Time Equivalents

Rankings: the sources for all references to rankings are given explicitly. Where they are not, rankings are based on internal sources.

1

HISTORY AND PROFILE OF SOCIETE GENERALE

OUR AMBITION

To be the relationship-focused bank, a reference in its markets, close to its clients and chosen for the quality and commitment of its teams.

31 MILLION CLIENTS: INDIVIDUALS, PROFESSIONALS, COMPANIES & FINANCIAL INSTITUTIONS[(1)]

146,000 EMPLOYEES*

IN 66 COUNTRIES

NET BANKING INCOME

EUR 25.6 bn

GROUP NET INCOME

EUR 4.0 bn

OUR VALUES

TEAM SPIRIT
INNOVATION
RESPONSIBILITY
COMMITMENT

A ROBUST UNIVERSAL BANKING MODEL

FRENCH RETAIL BANKING

3 complementary brands at the forefront of the digital transformation

39,000 employees*
and 3,085 branches at the end of 2015

12 **million** individual clients
including 810,000 professional, corporate and non-profit clients

EUR 178 **bn** in outstanding loans

INTERNATIONAL BANKING AND FINANCIAL SERVICES

Leading franchises with recognised expertise

73,000 employees*
in 52 countries

32 **million** individual, professional, and corporate clients (including 1.2 million businesses and 13.4 million insurance policyholders)

EUR 106 **bn** in outstanding loans

CORPORATE AND INVESTMENT BANKING, PRIVATE BANKING, ASSET MANAGEMENT AND SECURITIES SERVICES

At the hub of economic flows between issuers and investors

22,000 employees*
across 28 countries

More than 5,500 clients

EUR 135 **bn** in outstanding loans

* Rounded figure. Headcount at end-2015 excluding temporary staff.

(1) Excluding Insurance policyholders.

1. HISTORY

On 4th May 1864, Napoleon III signed Societe Generale's founding decree. Founded by a group of industrialists and financiers driven by the ideals of progress, the bank's mission has always been "fostering business and industrial growth".

Since its beginnings, Societe Generale has worked to modernise the economy, following the model of a universal bank at the cutting edge of financial innovation. Its branch network grew rapidly throughout French territory, increasing from 32 to 1,500 branches between 1870 and 1940. During the interwar period, it became the leading French credit institution in terms of deposits.

At the same time, Societe Generale began to build its international reach by financing infrastructure essential to the economic development of a number of countries in Latin America, Europe and North Africa. This expansion was accompanied by the establishment of an international retail network. In 1871, the bank opened its London branch. On the eve of World War I, Societe Generale already had a presence in 14 countries, either directly or through one of its subsidiaries, especially in Russia. This network was then expanded by opening branches in New York, Buenos Aires, Abidjan and Dakar, and by acquiring stakes in financial institutions in central Europe.

Societe Generale was nationalised by the act of 2nd December 1945 and played an active role in financing the reconstruction of French territory. It thrived during the prosperous post-war decades. Societe Generale contributed to the increased use of banking techniques by launching innovative products for companies, including medium-term discountable credit and lease financing agreements, for which it is a market leader.

Societe Generale demonstrated its ability to adapt to its new environment by taking advantage of the banking reforms that followed the Debré laws of 1966-1967. While continuing to support the businesses with which it was partnered, the Group wasted no time in focusing its business on individual customers. In this way, it supported the emergence of a consumer society by diversifying the credit and savings products it offered households.

In June 1987, Societe Generale was privatised. It had a successful IPO, and shares were offered to Group employees. In an economic environment undergoing profound transformation, Societe Generale reaffirmed its identity and demonstrated its strength. In France it expanded its networks by founding Fimatex (1995), which later became Boursorama, now a leading online bank, and by acquiring Crédit du Nord (1997). Internationally, it established itself in central and eastern Europe (Komerčni Banka in the Czech Republic and BRD in Romania) and in Russia (Rosbank). The Group has 145,700 employees* active in 66 countries and supports more than 31 million clients[1]. It is continuing its transformation by adopting a sustainable growth strategy driven by its core values of team spirit, innovation, responsibility and commitment. Armed with more than 150 years of expertise and a commitment to developing the real economy, the Group continues to place client satisfaction at the heart of its business.

* Headcount at end-2015 excluding temporary staff.

(1) Excluding Insurance policyholders.

2. PROFILE OF SOCIETE GENERALE

Societe Generale is one of the leading financial services groups in Europe. Based on a diversified universal banking model, the Group combines financial strength with a strategy of sustainable growth, putting its resources to work to finance the economy and its clients' plans.

With a solid position in Europe and a presence in countries with strong potential, the Group's 145,700 employees* in 66 countries support 31 million individual clients, large corporates and institutional investors[1] worldwide by offering a wide range of advisory services and tailored financial solutions. The Group relies on three complementary core businesses:

- French Retail Banking, which encompasses the Societe Generale, Crédit du Nord and Boursorama brands. Each offers a full range of financial services with multi-channel products on the cutting edge of digital innovation;
- International Retail Banking, Insurance, and Financial Services to Corporates, with networks in developing regions and specialised businesses that are leaders in their markets;
- Corporate and Investment Banking, Private Banking, Asset Management and Securities Services, which offer recognised expertise, key international locations and integrated solutions.

On 7th March 2016, Societe Generale's long-term rating was A (FitchRatings, Standard & Poor's), A (High) (DBRS) and A2 (Moody's).

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (Europe, Eurozone and France), ESI Excellence (Europe) from Ethibel and four of the STOXX ESG Leaders indices.

KEY FIGURES

	2015	2014	2013	2012	2011
Result *(in millions of euros)*					
Net banking income	25,639	23,561	22,831	23,110	25,636
o.w. French Retail Banking	8,550	8,275	8,235	8,161	8,165
o.w. International Retail Banking and Financial Services	7,329	7,456	8,012	8,432	8,460
o.w. Global Banking and Investor Solutions	9,442	8,726	8,710	8,349	8,149
o.w. Corporate Centre	318	(896)	(2,126)	(1,832)	862
Gross operating income	8,746	7,545	6,432	6,672	8,600
Cost/income ratio (excluding the revaluation of own financial liabilities and DVA)	*67.7%*	*67.7%*	*67.4%*	*67.5%*	*69.7%*
Operating income	5,681	4,578	2,380	2,737	4,270
Group net income	4,001	2,692	2,175	774	2,385
Equity (in billions of euros)					
Group shareholders' equity	59.0	55.2	51.0	49.8	47.1
Total consolidated equity	62.7	58.8	54.1	54.1	51.1
ROE after tax	7.9%	5.3%	4.4%	1.1%	6.0%
Total Capital Ratio[1]	**16.3%**	**14.3%**	**13.4%**	**12.7%**	**11.9%**
Loans and deposits (in billions of euros)					
Customer loans	386	330	314	327	352
Customer deposits	360	328	320	305	289

(1) 2015 and 2014 figures based on CRR/CRD4 rules; 2013: proforma figures under Basel 3; 2011 and 2012 under Basel 2.5.

Note: Figures as published for the respective financial years. Definitions and potential adjustments presented in methodological notes on pages 39 - 41.

* Headcount at end-2015 excluding temporary staff.

(1) Excluding Insurance policyholders.

3. A STRATEGY OF PROFITABLE GROWTH, BASED ON A ROBUST UNIVERSAL BANKING MODEL

In 2015, the macroeconomic environment was marked by the fall in commodity prices and the slowdown in growth in emerging countries, thereby increasing uncertainty regarding global growth recovery. This decrease was only partially offset by slightly more dynamic business activity in developed countries. Growth accelerated in the Eurozone, supported by falling oil prices and the depreciation of the euro. Given the low levels of inflation, the ECB strengthened its negative interest rate policy and implemented Quantitative Easing. In the United States, consistently high job creation enabled the Fed to raise its key interest rate in December 2015.

Overall, divergences in monetary policies could strengthen the volatility of equity markets and represent a risk for the recovery in global growth in 2016. However, low commodity prices should boost exports and stimulate domestic demand. Interest rates should remain at a record low, but the deflationary risk should be kept under control by the intervention of the ECB.

From a regulatory standpoint, 2015 saw the further development of the Banking Union. The European Central Bank, the central supervisor of the Eurozone since November 2014, set the Pillar 2 requirements applicable in 2015 within the Societe Generale Group and some of its subsidiaries. Furthermore, the Single Resolution Mechanism (SRM) came into force. In the event that banks are faced with serious difficulties, under the SRM their resolution could be managed efficiently without drawing on public funds.

The Societe Generale Group has built a solid universal banking model designed to meet the needs of its 31 million customers (businesses, institutions and individuals), focused on three complementary pillars (thereby diversifying risk), each of which has built up robust market positions:

- French Retail Banking;
- International Retail Banking & Financial Services;
- Global Banking and Investor Solutions.

The Group plans to expand while maintaining its model's current balance in terms of geographic presence (about 80% of revenues generated in mature markets and 20% in fast-growing emerging markets) and business portfolio (about 60% of revenues and risk-weighted assets in Retail Banking activities, about 20% in Financing and Advisory, Private Banking and Asset Management activities, and limited to 20% in Global Markets activities). In Retail Banking, the Group focuses its development in Europe and Africa, where it enjoys a historic presence, extensive knowledge of the markets and prominent positions. In Global Banking and Investor Solutions, its development reaches beyond the borders of the EMEA region (Europe, Middle East and Africa) by capitalising in the United States and Asia on its leading product expertise and international network.

The Group's top strategic priority is to sustain its sales momentum through increased efforts in customer satisfaction, quality of service, added value and innovation. Striving for excellence is a goal shared throughout the Group and adapted specifically to each business, customer segment and geographic area. In particular, the Group is continuing its digital transition by speeding up the transformation of its information systems and the digitalisation of its processes.

In addition to growth-driving businesses, organic growth will also be stimulated through growing internal revenue synergies thanks to cross-selling within and between each of the core businesses (greater cooperation between Private Banking and the Retail Banking networks, and cooperation along the entire Investor Services chain, thanks in large part to the integration of Prime brokerage, Insurance, Global Transaction Banking, etc.).

In an environment sure to remain challenging from both an economic and regulatory standpoint, the Group is committed to maintaining strict, disciplined management of costs (through its ongoing cost-cutting programme, close supervision of discretionary costs and increased operating efficiency), risks (keeping up the quality of the loan book, continuing efforts on operational risk, compliance and risk culture, strengthening the balance sheet), and capital allocation.

- **French Retail Banking is the first pillar of the Group's universal banking strategy.**

In 2016, French Retail Banking will continue its multi-brand strategy by relying on its three brands:

- the Societe Generale multi-channel relationship-banking network, which supports a diversified customer base of individuals, professionals, businesses, local authorities and associations;
- Crédit du Nord, which develops an original local banking model through its network of community-oriented regional banks;
- Boursorama, the leader in online banking in France, which boasts an innovative business model and attractive price positioning.

Furthermore, the Group announced the accelerated implementation of its new relationship banking model, tailored to its customers' new behaviour patterns in this time of digital revolution by relying on its three brands. To this end, the Group will:

- ramp up the development of Boursorama, which should have more than 2 million customers by 2020, thanks to its positioning as a leader in online banking in France. In 2015, the Societe Generale Group purchased the entire stake of the Caixa Group in Boursorama, i.e. approximately 20.5% of the capital and voting rights. Following this transaction, the Societe Generale Group became the sole shareholder of Boursorama, thereby reaffirming its determination to continue its development in the online banking market;
- ramp up the transformation of the Societe Generale Network and Crédit du Nord around three areas: reinventing the relationship banking model, launching new digital initiatives and supporting the employees in the transformation process.

The implementation of this plan will enable the Group to improve the customer experience by relying on an omnichannel relationship while being more efficient.

- **The International Retail Banking & Financial Services division is the second pillar in the Group's universal banking strategy**

The Group will continue to develop the international banking network's activities through high-potential geographic regions within which it has established leading franchises with renowned expertise:

- In Central and Eastern Europe, where the Group has established solid positions. The No. 3 banking group in the Czech Republic, the Group aims to maintain its profitability by developing in particular the digital offer and synergies. In Romania, the Group intends to rely on its position as the No. 2 banking group in the country to benefit from the improved economic conditions.
- In the Africa and overseas region, the Group intends to take advantage of the continent's strong economic growth and banking potential by consolidating its position as the No. 3 international bank in Africa and by stepping up its development:
  - organically, as demonstrated by the opening of a new subsidiary in Togo in the second quarter of 2015;
  - through targeted acquisitions, as recently demonstrated with the announcement of the acquisition of a 65% stake in the capital of Mauritius Commercial Bank in Mozambique.
- In Russia, with its three brands (Rosbank, DeltaCredit and Rusfinance), which together form the No. 2 private banking group financed with foreign capital, the Societe Generale Group will continue in particular to implement the transformation plan for individual customer activities and to develop activities geared towards businesses.

In accordance with the Group's strategy to focus its Retail Banking activities on the Europe and Africa regions, the Societe Generale Group decided to focus in Brazil on its business and institutional customers and announced that it was withdrawing from consumer finance activities.

The Societe Generale Group continues to operate in Brazil and will continue to serve its business and institutional customers through its local entities, namely Banco Societe Generale Brasil, Societe Generale Equipment Finance, ALD Automotive Brasil, and through its international network.

In Insurance, the Group will expedite the roll-out of the bank insurance model across all retail banking markets and in all segments (life insurance, personal protection, and property and casualty insurance). In particular, in February 2015 the Group announced its decision to exercise its option to purchase Aviva France's 50% stake in Antarius, an insurance company dedicated to Crédit du Nord and currently held jointly by Aviva France and Crédit du Nord. This acquisition, which should be finalised in 2017( ), will strengthen synergies with the banking networks and the positions of the Societe Generale Insurance business line.

In Operational Vehicle Leasing and Fleet Management, the Group's ambition is to enhance its position as a global leader by targeting the No. 1 spot in Europe - and No. 2 in the world - in fleet funding and management services. On 8th January 2016, ALD Automotive announced that a final agreement had been reached to purchase 100% of the shares of the Hungarian company MKB-Euroleasing Autópark, specialised in fleet management, together with its Bulgarian subsidiary, MKB-Autopark eood. This transaction strengthens the leading position of ALD Automotive in these two countries. On 17th February 2016, the Group announced that it had entered into exclusive negotiations with Wendel regarding the acquisition by ALD Automotive of the Parcours Group, the 7th-largest French player in vehicle leasing. The acquisition contract was signed by the parties on 24th February 2016. Completion of the transaction is subject to approval by the French competition authority.

Lastly, in Equipment Finance, the Group is determined to capitalise on its leading position in Europe and among global leaders to increase its income and improve its profitability. The Group aims to set the global standard for vendors and customers by drawing on a consistent customer-focused orientation, innovation and expertise.

International Retail Banking and Financial Services will be one of the Group's growth drivers, thanks to the high potential of its markets and strong synergies. Accordingly, the Group will continue to encourage synergies between the division's business lines and with the rest of the Group: with the Private Banking activities, with the regional Corporate and Investment Banking platforms, and by developing its commercial banking services (trade finance, cash management, factoring).

(1) The transaction (which is subject to the right regulatory approvals) should be finalised in 2017, according to the agreements.

- **The Global Banking and Investor Solutions division is the third pillar of the Group's universal banking strategy.**

The Group is well positioned to strengthen its market share in a competitive environment where some players are revising their strategy and reducing their business activities. Accordingly, it is able to take advantage of increasing disintermediation in Europe and the development of new post-trade services.

In 2016, the Group will continue to offer support and improve services to its broad and diversified customer base (businesses, financial institutions, asset managers, public-sector entities, high net worth individuals) by seeking to tailor its solutions to each segment and to consistently offer high added value. To this end, it will:

- consolidate its leading positions in capital market activities and invest in finance activities, in particular by developing originate-to-distribute solutions in support of the disintermediation of credit in Europe;
- be at the cutting edge of post-trade services by developing the custody and fund administration platform, together with Prime Services activities;
- develop Lyxor in Europe and Private Banking by expanding its HNWI customer base, in particular in Switzerland. On 27th November 2015, the Group confirmed that it had negotiated a binding offer with Oddo & Cie to acquire Kleinwort Benson Wealth Management (KB Bank Limited and KB Channel Islands Holdings Limited), BHF KB's Private Banking activity in the United Kingdom and the Channel Islands(1). This transaction is part of Societe Generale Private Banking's strategy to ramp up its development in its core markets in Europe, in particular in Great Britain.

At the same time, in keeping with its strategy to best meet its customers' needs, and in compliance with the new and more challenging regulatory environment, the optimised consumption of scare resources (capital and liquidity) will remain a priority, just like cost control and rigorous risk management.

In an unstable economic and geopolitical environment, the Group's business lines once again proved their ability to deliver strong operational performance, with controlled operating expenses and cost of risk. Bolstered by the quality of its assets, its customer-oriented universal banking model, and long-standing transformation efforts, the Group is ready to seize growth opportunities.

(1) This transaction is conditional on the usual conditions precedent, in particular the negotiation of a share sales agreement with BHF Kleinwort Benson.

4. THE GROUP'S CORE BUSINESSES

KEY FIGURES FOR THE CORE BUSINESSES

	French Retail Banking			International Retail Banking and Financial Services			Global Banking and Investor Solutions		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Number of employees *(in thousands)*	39.3	39.9	39.3	73.3	78.4	79.9	21.7	19.8	19.6
Number of branches	3,085	3,128	3,161	3,735	3,934	4,163	NM	NM	NM
Net banking income *(in EUR m)*	8,550	8,275	8,437	7,329	7,456	7,762	9,442	8,726	8,382
Group net income *(in EUR m)*	1,417	1,205	1,196	1,077	381	983	1,808	1,918	1,206
Gross book outstandings(1) *(in EUR bn)*	188.2	178.1	176.0	123.8	121.0	128.4	138.0	124.2	109.2
Net book outstandings *(in EUR bn)*	182.6	172.4	171.2	104.5	102.9	110.1	134.9	120.6	104.9
Segment assets *(in EUR bn)*	219.4	201.8	200.3	260.9	255.0	245.5	733.9	744.1	651.9
Average allocated capital (regulatory)(2) *(in EUR m)*	9,750	9,963	9,625	9,572	10,190	10,512	14,660	13,060	14,742

(1) Customer loans, deposits and loans due from banks, lease financing and similar agreements. Excluding repurchase agreements. Excluding entities that are reclassified under IFRS 5.

(2) Capital calculated on the basis of CRR/CRD4 rules.

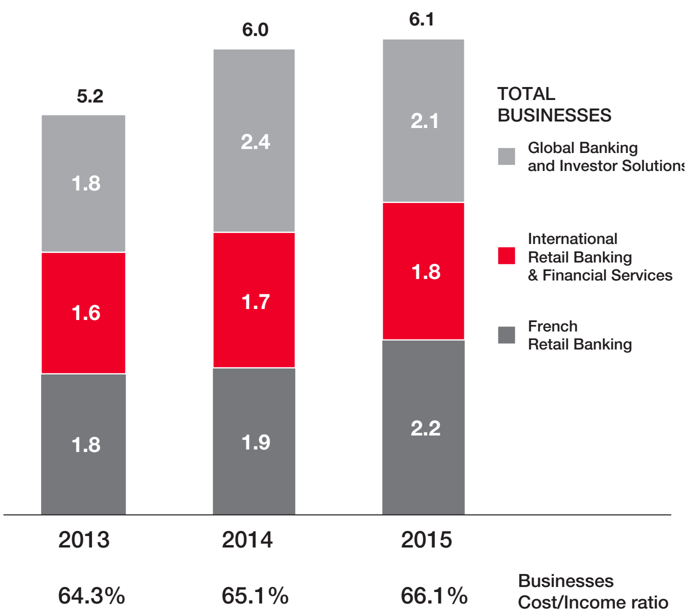
Note: The figures for 2014 are those published at 31st December 2014.

Strong sales momentum
1.5% increase in the net banking income of businesses on an annual basis for the 2013-2015 period

Decrease in the cost of risk for all businesses between 2013 and 2015
Group's cost of risk
81 basis points in 2013
52 basis points in 2015

Businesses' operating income up 19% from 2013 to 2015

OPERATING INCOME FROM BUSINESSES *(IN EUR BN)*



FRENCH RETAIL BANKING

French Retail Banking offers a wide range of products and services suited to the needs of a diversified base of 11 million individual customers and nearly 810,000 professional and business customers and associations.

Drawing on the expertise of a team of nearly 34,000 professionals(1), an efficient multi-channel distribution system, including 3,085 branches, the pooling of best practices and simplification of processes, French Retail Banking combines the strengths of three complementary brands: Societe Generale, the renowned national bank; Crédit du Nord, a group of regional banks; and Boursorama Banque, a major online bank. These networks are backed by Global Transaction and Payment Services (GTPS) for the management of flows and payments.

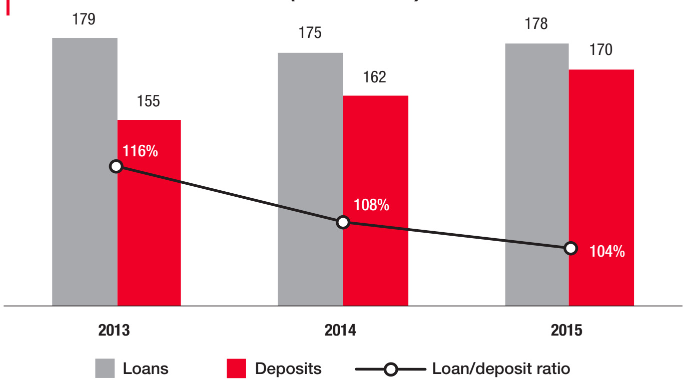
The Retail Banking networks are innovating to build the relationship-focused banking group of tomorrow. French Retail Banking excels in its:

- recognised, award-winning customer service;
- leading position in online and mobile banking in France;
- sales momentum;
- continual adaptation to its customers' needs and expectations.

French Retail Banking not only strives to improve customer satisfaction across all segments, but also to further develop value-added services and support the international expansion of businesses. To do so, it capitalises on the synergies with the specialised business lines, particularly with Insurance, Private Banking and Corporate and Investment Banking. For example, French Retail Banking distributes insurance products from Sogecap and Sogessur, subsidiaries operating within the International Retail Banking & Financial Services division. Net life insurance inflows amounted to EUR 2.8 billion in 2015. Life insurance assets under management totalled EUR 88.3 billion at end-2015, compared with EUR 85.1 billion at end-2014.

Through its three brands, Societe Generale Group has built up solid positions in the French individual customer deposit and loan market (with market share of more than 7% and 7.5% respectively(2)), and in non-financial business customer deposits (about 12.5 %) and loans (about 7.8%).

LOANS AND DEPOSITS *(IN EUR BN)**



* Average annual outstandings.

The networks continue to support the economy and help their customers finance their projects, with growth in average outstanding loans from EUR 175 billion in 2014 to EUR 178 billion in 2015. At the same time and amid rife competition for savings inflows, French Retail Banking successfully maintained its on-balance sheet deposit inflow policy. Dynamic deposit inflows helped improve the loan-to-deposit ratio to meet regulatory constraints.

Societe Generale Network

The Societe Generale Network offers solutions suited to the needs of its 8 million individual customers and nearly 490,000 professional customers, associations and business customers trusting it with their business, drawing on three major strengths:

- nearly 23,500 employees(1) and 2,186 branches located mainly in urban areas where a large portion of national wealth is concentrated;
- a full and diversified range of products and services, from savings vehicles to asset management solutions, including corporate finance and payment instruments;
- a comprehensive and innovative multi-channel distribution system: internet, mobile, telephone and Agence Directe (online branch).

TRANSFORMATION OF THE DISTRIBUTION PROGRAMME

At the end of 2015, Societe Generale announced a multi-year transformation plan for its distribution programme, to meet the fundamental changes in customer needs and to be the bank which best combines human with digital.

Customers are looking for more immediacy and service quality on a daily basis, and access to expertise during important times of their life. In this context, Societe Generale is to pursue the extension of its range of digital services, particularly via its mobile application which is much appreciated by customers. Customers can already carry out the majority of their everyday transactions by calling the Customer relations centres which are open six days a week, until 10 p.m. on weekdays and 8 p.m. on Saturdays.

Furthermore, the bank has planned to equip some 550 additional branches with self-service areas by the year 2020, accessible seven days a week with extended opening hours. Lastly, the branch is going to become a place for more personalised interactions, where customers can benefit from expert advice. In 2020, Societe Generale aims to draw on a network of nearly 1,800 branches (2,221 at end-2014, i.e. a 20% reduction) across the country, offering a higher level of expertise to support its customers during key stages of their life.

By centring its entire system on its customers, Societe Generale earned the title of "Customer Service of the Year 2016" for the fourth consecutive year by Viseo Conseil, October 2015. This prize rewards

(1) Headcount in Full-Time Equivalents. The total number of staff at French Retail Banking is around 40,000 (headcount at end of period excluding temporary staff).

(2) At end-2015, Group market share, sources Societe Generale, Banque de France.

the commitment of the employees, who are always attentive to their customers, in order to assist them on a daily basis to make the bank more simple, more close and more efficient.

Societe Generale offers products and services that are tailored to new customer needs. The brand has made innovation a key focus of its development: the Societe Generale Network boasts approximately 4 million mobile customers and over 67 million connections to digital services per month. It opened the first banking relations account on Twitter that guarantees customers a response in less than 30 minutes.

With nearly 5.8 million current accounts, the individual customer base is a key component of the Societe Generale Network portfolio.

Individual customer deposits amounted to EUR 79 billion in 2015 versus EUR 76 billion in 2014. Outstanding loans granted to individual customers came to EUR 75 billion in 2015 compared to EUR 73 billion in 2014. Home loans accounted for 88% of this total.

The professional market has posted its strongest performance since 2009 in terms of client acquisition. The number of current accounts has risen by 2.8% with nearly a third of new relations established with customers of over three years. Demand for banking products and services for professionals (basic services and electronic banking) was particularly dynamic.

Since 2014, Societe Generale has strengthened its Private Banking programme and has developed a sales programme targeting high net worth individual customers through a joint venture with Societe Generale Private Banking, which now has 80 locations in France. Net inflows from the new Private Banking programme are up sharply (+75%) compared with 2014, with assets under management totalling EUR 52 billion.

In the business customer market, 2015 was also marked by very strong growth in new customers: +69% for small companies and +58% for SMEs with more than EUR 7.5 million in revenue. The bank thereby served more than 96,000 corporate clients at end-2015.

The Societe Generale network continues to support the economy and help its customers finance their investment projects. Business customer deposits (professionals, corporates, associations and public sector) in 2015 came out at EUR 43.1 billion and loans at EUR 58 billion, compared with EUR 43.4 billion and EUR 60.2 billion respectively in 2014.

In the interest of developing even closer relations with entrepreneurs, it can rely on the Mid Cap Investment Banking (MCIB) platform. MCIB, in partnership with Global Banking and Investor Solutions, aids listed and unlisted mid cap companies in their development (both internal and external) and transfers (disposals, capital restructuring). It offers them a broad range of integrated Corporate and Investment Banking services (advisory, bank or market financing, private equity). The MCIB team is made up of some 110 professionals based in Paris and in the six regional divisions of the Societe Generale network: Lille, Rennes, Strasbourg, Marseille, Lyon and Bordeaux. This platform complements the Private Banking offer specifically targeting entrepreneurs and business customers and rooted in personal attention and responsiveness.

Crédit du Nord Network

NUMÉRO 1
DE LA
SATISFACTION CLIENT

PRIVATE INDIVIDUAL MARKET

The Crédit du Nord Group consists of eight regional banks (Courtois, Kolb, Laydernier, Nuger, Rhône-Alpes, Société Marseillaise de Crédit, Tarneaud and Crédit du Nord) and an investment services provider, brokerage firm Gilbert Dupont, specialised in the Mid Caps segment. It develops a close relationship with its customers based on expertise, innovation and satisfaction. Its customers enjoy the advantage of both a regional bank and a nationwide group.

With in-depth knowledge of the local economic market, the Group's banks are structured as veritable SMEs with considerable autonomy in managing their business. As such, they are able to make quick decisions and expediently respond to customer requests.

Nearly 9,000 Crédit du Nord Group employees and its network of 899 branches are on hand to serve over 2 million individual customers, 274,000 professional customers and associations, and 52,000 business and institutional customers.

On average in 2015, Crédit du Nord's outstanding deposits totalled EUR 36.4 billion (vs. EUR 33.7 billion in 2014) and outstanding loans amounted to EUR 36.3 billion (vs. EUR 35.1 billion in 2014).

Professional customers are one of the priorities. The Crédit du Nord network has therefore established a system to meet their specific business requirements in order to assist them on a daily basis and advise them on their plans, with in particular an offer and advisors dedicated to the self-employed. All customers' banking needs, both private and professional, are handled by the same branch and under the authority of the same person.

The excellent quality of the relationships built every day by the banks in this network, which are based on personal attention and advisory services, is reflected in the competition surveys[1] conducted by CSA with the customers of major French banking groups. These surveys, conducted in the first quarter of 2015, once again ranked Crédit du Nord as a leader in terms of overall satisfaction, with the individual customer market taking first place again in 2015.

Gilbert Dupont and MCIB (Mid Cap Investment Banking) regularly work together in the field of capital markets for Societe Generale's SME customers. This cooperation includes initial public offerings, capital increases and secondary placements of securities - either equities or bonds. Gilbert Dupont provides its specialised expertise and strengthens the Societe Generale Group's distribution capacity in terms of Mid Cap market transactions.

* CSA 2015 competitive barometer conducted with the customers of 11 major French banking groups.

Boursorama

A wholly-owned subsidiary of Societe Generale since June 2015, Boursorama, created in 1995, is a pioneer and leader in its three main activities in France: online banking (57% of net banking income), online brokerage (34% of net banking income) and online financial information (9% of net banking income) with boursorama.com, the leading portal for economic and stock market news in France.

After exceeding 750,000 customers in December 2015, the target for 2020 is to reach more than 2,000,000 customers in France. To this end, Boursorama will pursue the growth of its customer base and consolidate its model to further improve its operational efficiency.

Boursorama, the No. 1 fully mobile bank, offers its customers access – through the mobile device of their choice – to a comprehensive, innovative, inexpensive and efficient range of banking solutions (debit card, savings accounts, mortgage loans, personal loans) and investment products such as UCITS and life insurance vehicles, and the full range of products for investing in the markets (equities, trackers, warrants, certificates, turbos, SRD (deferred settlement service), CFDs, Forex).

Boursorama offers a full range of banking products and services based on four key pillars:

- low and transparent fees (Boursorama Banque was once again named "Least Expensive Bank in France" in the January 2015 survey by RTL Le Monde/Choisir-ma-banque.com);
- quality of service (advisors available until 10 p.m. and secure transactions);
- simplicity;
- and innovation: customers can open an account online in just a few clicks, with exclusive money management tools available in their personal banking space, which also offers a free account consolidation and management service (including accounts held with other banks).

The Boursorama Group is also present in Spain (online brokerage and banking) and in Germany (financial information portal and online brokerage):

- in Germany and Spain, the Boursorama Group offers private banking investors the opportunity to manage their online savings independently thanks to a full range of investment products and services and access to the main international financial markets. This offer is available in Germany at www.onvista-bank.de and in Spain at www.selftrade.es;
- in Spain (SelfBank), the revival of the banking activity continued successfully in 2015. SelfBank's capital has been wholly-owned by Boursorama since June;
- in Germany (OnVista), the portal www.onvista.de positions itself as a leader in online financial information. OnVista recorded good sales performance over the year, reaching its 2015 customer acquisition target in the third quarter.

Global Transaction & Payment Services

Part of the Group's French Retail Banking division, Global Transaction and Payment Services (GTPS) is Societe Generale's payment and flow banking specialist, serving all the Group's distribution networks and their customers.

Operating commercially in 55 countries, GTPS targets all types of customers including individuals, professionals, associations, businesses and financial institutions.

With over 1,800 employees, GTPS is divided into two activities:

- Global Transaction Banking (GTB) offers a range of services to business customers seeking assistance in managing flows (sales and banking) and payments. This range encompasses:
  - cash management,
  - financing services for international trade (trace),
  - correspondent banking,
  - factoring,
  - foreign exchange services associated with these activities.

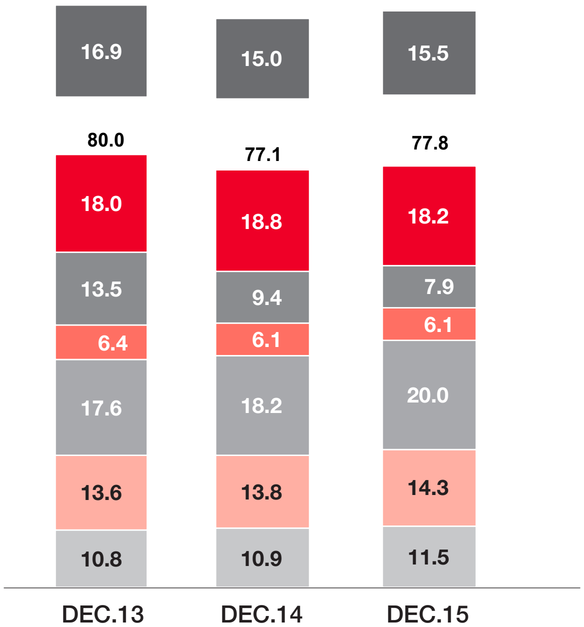
The expertise of the GTB teams is regularly rewarded: GTB was named "Best cash management service" (EMEA Finance, 2015), "Best trade finance provider in France" (Global Finance, 2016), "Best factoring institution" (TFR, 2015) and "Distinguished Provider of Transaction Banking Services" (Fimetrix, 2015).

- Global Payment Services (GPS) also provides internal services, which cover the development of payment and cash management products, banking solution engineering (management of projects and developments in the processing system), flow management and transaction processing.

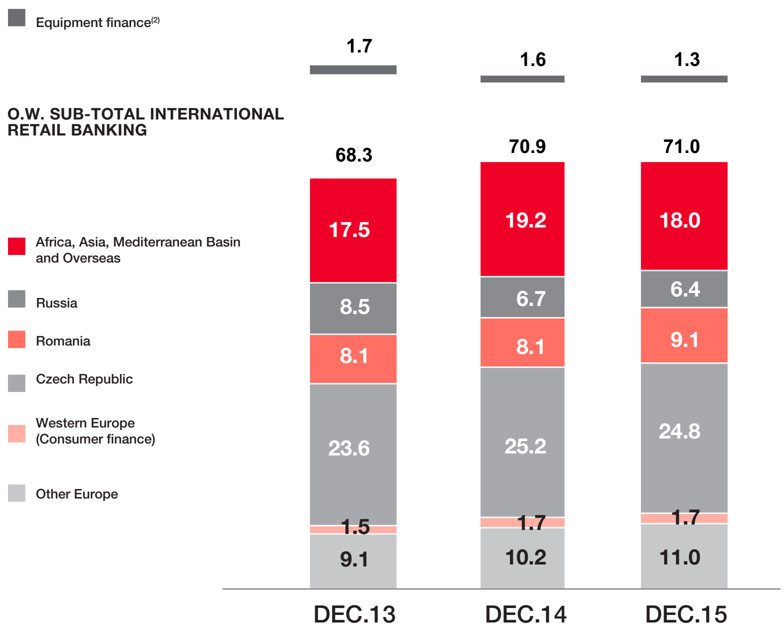
(1) The competitive barometer measuring customer satisfaction was conducted in the first quarter of 2015 on representative samples of customers across all markets on several themes: overall customer satisfaction, image, branch, products and services.

INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

BREAKDOWN OF LOAN OUTSTANDINGS[(1)] *(in EUR BN)*



BREAKDOWN OF DEPOSIT OUTSTANDINGS[(1)] *(in EUR BN)*



(1) Excluding NSGB, Geniki, AVD and Belorosbank, sold in 2012 and 2013, and Franfinance (placed under the authority of the French Retail Banking pillar on 1st January 2014). Excluding factoring.

The International Retail Banking & Financial Services (IBFS) division combines:

- International Retail Banking activities, divided into three regions: Europe, Russia, and Africa & Overseas;
- and three specialised businesses (insurance; operational vehicle leasing and fleet management; and vendor and equipment finance).

Through this division, the Group's ambition is to better serve all of its individual and corporate customers, by adapting to changes in the economic and social environments and supporting the international growth of the Group's customers by drawing on the strength of its network in fast-growing regions. IBFS bases its strategy on the relationship-focused universal banking model, the enhancement of its customer base through an extended range of products, and the sharing and combination of expertise aimed at improving revenues while continually seeking to optimise risk management and the allocation of scarce resources.

With more than 73,000 employees* located in 52 countries and commercial operations in 67 countries, IBFS is dedicated to offering a wide array of products and services to more than 32 million individual, professional and corporate customers (including 1.2 million corporates and 13.4 million insurance policyholders).

Boasting a complementary range of expertise, IBFS enjoys solid and recognised positions in its different markets.

* Headcount at end of period, excluding temporary staff.

International Retail Banking

International Retail Banking combines the services of the International Banking networks and consumer finance activities. These networks are forging ahead with their growth policy and currently hold leading positions in their various regions of operation, such as Europe, Russia, the Mediterranean Basin and Sub-Saharan Africa. They help finance the economies in their different regions of development. In this way, the Group will continue to support the development of its activities through these high-potential geographic regions.

EUROPE

In **Western Europe**, where the Group is established in France, Germany and Italy, predominantly in consumer finance activities, outstanding loans grew by 5.6% in 2015 to EUR 14.3 billion as a result of the economic slowdown. French subsidiary CGI entered into a partnership with car manufacturer Lotus on wholesale financing as well as retail financing at brand dealerships. The subsidiary also launched its website, Vivacar.fr, to simplify the consumer experience by allowing users to securely purchase used cars on the website, financing costs included, in just eight clicks.

In the **Czech Republic**, Komerční Banka (KB) is ranked third in terms of balance sheet size, with outstanding loans of EUR 20 billion, nearly 396 branches and 8,149 employees (FTE) as of December 2015. KB, which was created in 1990 and became a subsidiary of Societe Generale in 2001, has developed its universal banking activities for individual customers (including in particular the complete overhaul of its everyday banking offer) and expanded its traditionally significant presence with corporate customers and municipalities. The KB Group also offers a range of consumer loans with ESSOX as well as financing and investment services in partnership with Global Banking and Investor Solutions, including a range developed in collaboration with Private Banking.

In **Romania**, BRD is still the leading private banking network in the country, with 829 branches, and the No. 2 bank in terms of balance sheet size, with market share of approximately 15% in deposits and 13.5% in loans as of September 2015. The Societe Generale Group became BRD's main shareholder in 1999. The BRD Group's activity is divided into 3 major business lines: Retail Banking with BRD (individual and professional customers, SMEs), Corporate and Investment Banking, and Consumer Finance with BRD Finance. The bank was named "Banker of the Year" by Piata Financiara magazine (8th December 2015).

Elsewhere in Europe, Societe Generale operates in nine countries, mainly in the Balkans and in Poland where it is a major regional player. In 2015, the Group gained more than 97,000 new customers, with outstanding loans of EUR 11.5 billion and deposits amounting to EUR 11 billion as of end-December 2015, i.e. an increase of 5.9% and 8.5% respectively. In Slovenia and Montenegro, SKB Banka and Societe Generale Montenegro were named "Bank of the Year 2015" by The Banker magazine.

RUSSIA

The Group is developing its universal banking model and has established itself as the No. 2 banking group financed with foreign capital in Russia (based on the total balance sheet). Societe Generale is present in Russia through several entities covering the different individual and corporate customer markets: within International Banking, the Group operates through the Rosbank, Rusfinance and DeltaCredit entities.

The transformation of the Group's Russian operations is an ongoing process, with each entity enhancing its specific area of expertise: DeltaCredit Bank specialises in home loans, Rusfinance Bank in car loans, and Rosbank is continuing to roll out a more "everyday banking"-oriented range of products and services. The focus for corporate customers is on financing and investment activities (in partnership with SG CIB), targeting Russian and multi-national large corporates in particular. At the same time, in today's persistently challenging conditions, operational efficiency and risk reduction are also a primary focus.

AFRICA AND OVERSEAS

In April 2015, Societe Generale reaffirmed its strategy in Africa, aimed at ramping up growth across the continent, as announced in the Group's 2016 strategic plan. After generating net banking income of more than EUR 1 billion in the region in 2015, Societe Generale aims to increase its revenues. The Group plans to draw on the region's strong potential for economic growth (approximately 5% per year) and population needs for banking facilities (today's access rates being less than 20% in many African countries) to speed up its development across the continent.

In the **Mediterranean Basin**, the Group has mainly been present in Morocco since 1913, Algeria since 1999, and Tunisia since 2002. Overall, this set-up covers 742 branches with a customer base of over 2.4 million clients. At 31st December 2015, outstanding deposits came to EUR 8.7 billion and outstanding loans to EUR 9.9 billion.

In **Sub-Saharan Africa**, the Group has a historic presence in 14 major countries, with solid local positions, particularly in Côte d'Ivoire (leader in loans and deposits), Senegal (No. 2 in loans and deposits) and Cameroon (No. 1 in outstanding loans). The bank expanded its operations in 2015 with the creation of Societe Generale Togo and Societe Generale Mozambique, after buying a majority stake in MCB Mozambique. In 2015, the region experienced a considerable increase in outstanding loans to EUR 4.4 billion (+23%) and deposits to EUR 5.7 billion (+13%). Societe Generale was named "Best Bank" in Ivory Coast and Cameroon, and the "Best Investment Bank" in Cameroon (by the EMEA Finance magazine in December 2015).

Overseas, the Group is well established in Reunion and Mayotte, the West Indies (Martinique, Guadeloupe, and Guiana), French Polynesia and New Caledonia, where it has been present for more than 40 years.

In these regions, Societe Generale offers the same services available in mainland France for individual and corporate customers.

Insurance (Societe Generale Insurance)

The Societe Generale Group's Insurance business covers the needs of individual, professional and corporate customers for life insurance investment solutions, retirement savings schemes, health insurance, personal protection and non-life insurance.

It employs over 2,100 people*.

In accordance with an integrated bank insurance model, the life and non-life insurance companies of Societe Generale Insurance offer the Group's French and international retail networks a full range of insurance products and services in six product categories: life insurance investment solutions, retirement savings schemes, personal protection (including health insurance), payment protection insurance and collective protection, non-life and various risks insurance.

In 2015, Societe Generale Insurance further developed its offer in all activities while expanding benefits provided to policyholders in France and abroad.

In life insurance investment solutions, Societe Generale Insurance saw a 5% increase in its outstandings to EUR 95 billion, with unit-linked percentage contracts going up from 20% in 2014 to 21% in 2015. Societe Generale Insurance also expanded its partnership with Private Banking by launching a new dedicated offer in Croatia.

By ramping up digital integration throughout its activities in 2015, Societe Generale Insurance proved its capacity for innovation and determination to play an active role in the digital transition.

In Personal Protection Insurance, a new web feature lets customers access their personal accident policies on Societe Generale's website, in order to manage their accounts online: the car insurance offer was also improved with new policyholder benefits in the claims management process (which are tracked using extranet tools, video appraisal, information via text message, and even "e-claims").

As it was the case for all European insurers, 2015 also marked the end of the phase-in of the new Solvency 2 regulatory requirements, which became effective on 1st January 2016. This year, Societe

* Headcount at end of period excluding temporary staff.

Generale also continued to carry out the necessary preparations in order to incorporate Antarius following the acquisition through call option of Aviva France's 50% stake in Antarius on 25th February 2015.

Furthermore, KOMERCNI POJISTOVNA received two different awards in 2015: "Best Life Insurance Company" and "Most Client-Friendly Life Insurance Company" in the Czech market.

Sogécap was rated A- by Standards & Poor's.

Financial services to corporates

OPERATIONAL VEHICLE LEASING AND FLEET MANAGEMENT (ALD)

With nearly 4,200 employees*, ALD Automotive offers operational vehicle leasing and fleet management solutions for businesses of all sizes in both local and international markets. This business line combines the financial benefits of operational leasing with a complete range of high-quality services, including in particular maintenance, tyre management, fuel consumption, insurance and vehicle replacement.

ALD Automotive has a broad geographic coverage and is active in 40 countries on four continents. It has unique knowledge of the BRIC markets (Brazil, Russia, India and China) and is partnered with Wheels, Inc. in North America, FleetPartners in Australia and New Zealand, Absa in South Africa and Johnson & Perrot in Ireland. The business holds the No. 1 position in Europe in operational vehicle leasing and fleet management. As a pioneer in mobility solutions, ALD Automotive is constantly innovating in order to provide the best support to its customers, fleet managers and drivers, with an offer tailored to their needs.

The success of this customer-oriented strategy is largely acknowledged. For the eighth year in a row, ALD Automotive France won the "2015 Customer Service" award on the operational vehicle leasing market (Inference Operations-Viséo Conseil survey conducted from May to July 2015).

VENDOR AND EQUIPMENT FINANCE (SGEF)

Societe Generale Equipment Finance is specialised in vendor and professional equipment finance. This business is conducted through partnership agreements with vendors (professional equipment manufacturers and distributors), banking networks and also directly. Societe Generale Equipment Finance develops its expertise in three major sectors: transport, industrial equipment and high-tech.

As the leading company in Europe and No. 3 worldwide, SGEF operates in 35 countries, employs over 2,200 people* and manages a portfolio of EUR 16.3 billion in outstandings. It has a broadly diverse customer base, ranging from large international companies to SMEs, to which it offers a varied range of products (financial leasing, loans, leasing, purchase of receivables, etc.) and services (insurance, truck leasing with services).

Often recognised by the leasing industry, Societe Generale Equipment Finance won three major awards: "European Lessor of the Year", "Vendor Finance Provider of the Year" and "SME Champion Europe", at the Leasing Life Awards held on 3rd December 2015 in Budapest.

* Headcount at end of period excluding temporary staff.

GLOBAL BANKING AND INVESTOR SOLUTIONS

The purpose of Global Banking and Investor Solutions (GBIS) is to provide corporate and investment banking, asset management, private banking and securities services around the world to a select customer base of businesses, financial institutions, investors, wealth managers and family offices, and private clients.

At the hub of economic flows between issuers and investors, the GBIS division supports its clients over the long term, offering them a variety of services and integrated solutions tailored to their specific needs.

GBIS employs nearly 22,000 people* in 28 different countries.

Corporate and Investment Banking

SG CIB is Societe Generale's Corporate and Investment Banking arm. With nearly 18,000 employees* in 25 countries, SG CIB is present in the main financial markets in the Group's regions of operation, with extensive European coverage and representative offices in Central and Eastern Europe, the Middle East, Africa, the Americas and the Asia-Pacific region. SG CIB offers its customers bespoke financial solutions combining innovation, advisory services and high execution quality in four areas of expertise: investment banking, financing, market activities and investor services.

- SG CIB offers issuers (large corporates, financial institutions, sovereigns and the public sector) strategic advice on their development as well as market access to finance this development and hedge their risks;
- SG CIB also offers services for investors managing savings according to set risk/return targets. Whether they are asset managers, pension funds, family offices, hedge funds, sovereign funds, public agencies, private banks, insurance companies or distributors, the bank provides comprehensive access to the equity, fixed income, credit, foreign exchange and commodity markets along with a range of unique cross-asset solutions and advisory services, drawing on research expertise. This offer is completed by a full range of investor services.

SG CIB's ambition is to be among the leading Eurozone corporate and investment banks, adopting a model balanced between business lines and regions, while at the same time continuing to transform its model in order to improve its operational efficiency and risk profile and, as its main objective, to always offer the best customer service.

In order to strengthen its positions and facilitate cross-selling, SG CIB is divided into two business lines:

- **Global Markets and Investor Services** combines in a fully integrated and worldwide platform the market activities offering a multi-product view and optimised cross-asset solutions, and Investor Services which include Securities Services and Prime Services.
- **Financing and Advisory** manages and develops global relations with strategic Corporate and Investment Banking clients, mergers & acquisitions advisory services, other corporate finance advisory services, and finance activities (structured financing, fund-raising (debt or equity), financial engineering and hedging solutions for issuers).

GLOBAL MARKETS & INVESTOR SERVICES

The Global Markets & Investor Services division continues to develop an integrated capital markets offering for its customers combining "Fixed Income, Credit, Currencies and Commodities", "Equities", "Prime Services" and "Securities Services" departments. As such, the division combines the strength of a leading financial institution with the customer-oriented approach of a broker positioned as a market leader in its activities.

To assist its customers in today's web of increasingly interconnected financial markets, SG CIB's experts (financial engineers, salespeople, traders and specialist advisors) are therefore able to rely on a unique global platform to offer bespoke solutions designed to meet the specific needs and risks of each client.

FIXED INCOME, CREDIT, CURRENCIES AND COMMODITIES

These activities cover a comprehensive range of products and services ensuring the liquidity, pricing and hedging of risks related to the fixed income, credit, forex and commodity activities of SG CIB clients.

- Fixed income, currencies and credit: teams based in London, Paris, Madrid and Milan, as well as the United States and the Asia-Pacific region, offer a wide range of flow and derivative products. Covering a variety of underlyings (forex products, private and sovereign bonds, emerging or very liquid markets, cash or derivatives), they provide a good quality research to Societe Generale's customers with personalised solutions to meet asset and liability management, risk management and revenue optimisation needs, and have also been regularly recognised[(1)].

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* Headcount at end of period excluding temporary staff.

(1) Top 10 Western Europe Overall"; "First EE Currencies"; "First client Services EMEA" by Euromoney FX Survey 2015.

- Commodities: with more than 20 years of experience, SG CIB is a major player on the energy markets and metals markets, and has developed an agricultural commodities offer targeting producers. SG CIB works alongside businesses and institutional investors, providing them with hedging and investment solutions. In commodities, SG CIB maintains its leading position in the 2015 Risk & Energy Risk Commodity rankings (February 2015)[1].

EQUITIES

Thanks to its historic presence on all the world's major primary and secondary equity markets, and its longstanding tradition of innovation, SG CIB is a leader in a comprehensive range of varied solutions covering all cash, derivative and equity research activities. The Equity department is one of the Group's areas of excellence. For several years, its expertise has been recognised by the industry and its clients. Accordingly, Societe Generale was named "Best Global Derivatives House of the Year" (Risk Awards 2015, January 2015) along with "Best equity products leader overall" (Risk Institutional Investor Rankings, 2015). The bank also excels in leadership and innovation, with SG CIB receiving multiple awards in 2015[2].

Moreover, Societe Generale's research simplifies the interpretation of market trends, which are subsequently used to develop market strategies and are regularly acknowledged in the world of equity research[3].

PRIME SERVICES

The Prime Services department was created in 2015 following the Group purchase in May 2014 of Crédit Agricole's 50% stake in Newedge.

This business combines clearing activities, Prime brokerage and electronic and semi-electronic execution services.

Prime Services proposes a range of expertise that offers global access to a complete cross-asset service in cash and listed derivative instruments. The department provides a single point of access to more than 125 worldwide markets and execution venues with a state-of-the-art follow-the-sun service making it possible to meet customer requirements at all times.

SECURITIES SERVICES

Societe Generale Securities Services (SGSS) offers a comprehensive range of cutting-edge services following the latest trends in the financial markets as well as regulatory changes, including the following:

- a market-leading clearing service range;
- the custody and depository bank activity, covering all asset classes;
- fund administration services for managers of complex financial products;
- issuer services, comprising primarily the administration of stock option plans, employee shares, etc;
- liquidity management services (cash and securities);
- transfer agent activities, providing a full range of services, from support to fund distribution.

With EUR 3,984 billion in assets under custody at 31st December 2015 (versus EUR 3,854 billion at 31st December 2014), SGSS ranks No. 8 among global custodians and No. 2 in Europe. It also offers custodian services to more than 3,500 mutual funds and provides valuation services for more than 4,000 mutual funds totalling EUR 589 billion in assets under administration in Europe (versus EUR 549 billion at 31st December 2014).

In 2015 once again, SGSS received numerous awards from Global Finance, in particular earning the title of "Regional winner in western Europe" (May 2015).

FINANCING AND ADVISORY

The Financing and Advisory business line combines the Coverage & Investment Banking and Global Finance activities.

The Coverage & Investment Banking teams offer their customers, which include businesses, financial institutions and the public sector, an integrated, comprehensive and tailor-made approach based on:

- extensive strategy advisory services, covering mergers and acquisitions and IPO structuring, as well as the secondary offering of shares. SG CIB holds a leading position in the equity capital markets, especially in Europe, in particular for equity and equity-related issues, and also in euro-denominated issues for corporate and Financial Institutions[4];
- access to optimised fund-raising solutions, mainly through the joint venture with Global Finance and Global Markets.

The Global Finance teams rely on global expertise and sector knowledge to provide issuers with a comprehensive offering and integrated solutions in three key areas: fund-raising, structured financing and strategic hedging of interest rate, foreign exchange, inflation and commodity risks.

- The fund-raising (debt or equity) solutions offered by the Group are made possible by its ability to offer issuers access to all of the global markets and to create innovative strategic financing and acquisition or LBO financing solutions.

(1) "Best Overall Dealer"; "First Energy Dealer"; "First base Metals Dealer/Broker"; "First in Research"; "First Structured hedging"; "First Soft Commodities-Broker" by Risk & Energy Risk Commodity Ranking 2015.

(2) "Most Innovative Investment Bank for Equity Derivatives" by The Banker Investment Banking Awards 2015 and " Best Global Economics"; "Best Global Strategy"; "Best Index Analysis"; "Best Multi Asset Research" by Extel

(3) "Best overall Credit strategy" and "Best overall trade Ideas" by Euromoney Fixed Income research Survey 2015

(4) "#5 All International Euro-denominated Bonds" ; "'#5 All International Euro-denominated Corporate Bonds"; "'#5 All International Euro-denominated Bonds for Financial Institutions (excl. CB) by IFR and "#6 in EMEA Convertibles" by Thomson Reuters.

- SG CIB offers its customers its world-renowned structured financing expertise in many sectors: natural resources and energy, international trade, infrastructure and assets. The bank's export finance teams were notably awarded the prestigious title of "Best Export Finance Bank" in the Best in Class Awards, hosted by Trade Export Finance (June 2015).

Against a backdrop of growing disintermediation and given the new regulations, SG CIB is continuing its repositioning process focused on enhancing distribution capacities and reducing operations that do not generate significant synergies.

Asset Management and Private Banking

This business line encompasses Asset Management (Lyxor Asset Management and Amundi until the IPO of Amundi on 2nd November 2015) and Private Banking, which operates under the Societe Generale Private Banking brand. The business line employs nearly 3,800 employees* with business operations in 17 countries.

PRIVATE BANKING

Societe Generale Private Banking is a major player in wealth management. In 2015, it was named "Best Private Bank in Europe" on two occasions (Private Banker International and Wealth Briefing). It was also named "Best Private Bank in Monaco" (Professional Wealth Management).

Societe Generale Private Banking offers wealth management services to a domestic and international clientele, drawing on the expertise of its specialist teams in wealth engineering, investment and financing solutions, in accordance with the Tax Code of Conduct as approved by the Board of Directors.

Since January 2014 and in collaboration with the French Retail Banking division, Societe Generale Private Banking has extensively developed its relationship banking model in France, extending its offering to all its individual clients with more than EUR 500,000 in its books. These clients are able to benefit from a service combining increased proximity based on 80 regional operations, the 2,186 branches of the Societe Generale Retail Banking network and the know-how of Private Banking's teams of experts.

Societe Generale Private Banking has also continued its strategy of refocusing on the EMEA region (Europe, Middle East, Africa), with the enhancement of its commercial operations in Europe outside of France, the disposal of its Private Banking activities in Asia to DBS and the launch of a Private Banking offering in Croatia in 2014, as well as the negotiation at end-2015 of a binding offer with Oddo & Cie to acquire Kleinwort Benson Wealth Management (KB Bank Limited and KB Channel Islands Holdings Limited), the Private Banking business of BHF KB[1] in the United Kingdom.

At end-2015, Private Banking's outstanding assets under management totalled EUR 113 billion (versus EUR 108 billion at end-2014).

LYXOR ASSET MANAGEMENT

Lyxor Asset Management ("Lyxor"), a fully-owned subsidiary of Societe Generale Group, was founded in 1998. It offers an extensive line of innovative and effective investment products and services providing institutional clients with a selection of structured, index and alternative investment solutions.

Driven by expert research, advanced risk-management and a passion for client satisfaction, Lyxor's investment specialists strive to deliver sustainable performance across all asset classes.

Among the most experienced players in the market, Lyxor is ranked No. 3 for the supply of ETFs (Exchange-Traded-Funds) in Europe (10.7% market share[2]) with 240 ETFs listed in 13 financial markets. Lyxor provides investors with flexible investment solutions in order to diversify their allocation through the whole range of asset classes (equities, bonds, money markets, commodities).

At end-2015, outstanding assets under Lyxor's management totalled EUR 104 billion (versus EUR 84 billion at end-2014).

AMUNDI

Societe Generale conducted its asset management business through its remaining 20% stake in Amundi until the latter's IPO on the regulated market of Euronext Paris (on 2nd November 2015), when Societe Generale sold its entire stake.

The two companies will remain bound by their distribution agreements, which were extended for a renewable period of five years from the completion date of the IPO. In so doing, Societe Generale has reaffirmed its long-standing industrial partnership with Amundi, which will remain its chosen provider of savings and investment solutions to its retail banking and insurance networks.

* Headcount at end of period excluding temporary staff.

(1) This transaction is subject to the success of Oddo & Cie's bid and to usual conditions, notably the negotiation of the share sale agreement with BHF Kleinwort Benson.

(2) Source: Blackrock ETF Landscape, ranking by total assets under management at end-June 2015

2

GROUP MANAGEMENT REPORT

1. SOCIETE GENERALE GROUP MAIN ACTIVITIES

SOCIETE GENERALE GROUP

Corporate Centre		International Retail Banking and Financial Services (IBFS)	
FRANCE			
> Societe Generale*		> Sogessur	100%
> Généfinance	100%	> Sogecap	100%
> Généval	100%	> Groupe CGL	99.9%
> SG Financial Services Holdings	100%	> Temsys	100%
> Sogéparticipations	100%		
> Societe Generale SFH	100%		
> Societe Generale SCF	100%		
> Sogefim Holding	100%		
> Genegis I	100%		
> Genevalmy	100%		
> Valminvest	100%		
> Sogemarché	100%		
EUROPE			
		> Eurobank, *Poland*	99.5%
		> Hanseatic Bank, *Germany*	75%
		> Komerční Banka, AS, *Czech Republic*	60.7%
		> SG Express Bank, *Bulgaria*	99.7%
		> SKB Banka, *Slovenia*	99.7%
		> SG Banka Srbija, *Serbia*	100%
		> SG-Splitska Banka, *Croatia*	100%
		> BRD-Groupe SG, *Romania*	60.2%
		> Groupe Rosbank, *Russia*	99.5%
		> Fiditalia SPA, *Italy*	100%
		> ALD Lease Finanz, *Germany*	100%
		> Groupe SG Equipment Finance, *Germany*	100%
		> Groupe ALD International, *Germany*	100%
AFRICA – MEDITERRANEAN			
		> SG Marocaine de Banques, *Morocco*	57%
		> SG Algérie	100%
		> SG de Banques en Côte d'Ivoire, *Côte d'Ivoire*	73.2%
		> Union Internationale de Banques, *Tunisia*	55.1%
AMERICAS			
ASIA - AUSTRALIA			

* Parent Company

(1) In addition to its Private Banking activities, Societe Generale Bank & Trust Luxembourg also provides Retail and Corporate and Investment Banking services for its corporate customers.

Notes:

- the percentages given indicate the share of capital held by the Group;
- groups are listed under the geographic region where they carry out their principal activities.

SOCIETE GENERALE GROUP

French Retail Banking (RBDF)		Global Banking and Investor Solutions (GBIS)	
FRANCE			
> Societe Generale*		> Societe Generale*	
> Crédit du Nord	100%	> Inter Europe Conseil (IEC)	100%
> Boursorama	100%	> Lyxor Asset Management	100%
> Franfinance	100%	> CALIF	100%
> Sogefinancement	100%	> SGSS Holding	100%
> Généfim	100%	> Parel	100%
> Sogelease France	100%	> Descartes Trading	100%
> Sogebail	68.9%		
> Sogeprom	100%		
> Compagnie Générale d'Affacturage	100%		
EUROPE			
		> Societe Generale Bank & Trust, *Luxembourg*	100%
		> SG Hambros Limited, *United Kingdom*	100%
		> SG Investments (UK) Ltd, *United Kingdom*	100%
		> Societe Generale Newedge (UK) Ltd, London, *United Kingdom*	100%
		> SG Immobel, *Belgium*	100%
		> Societe Generale Private Banking NV/SA, *Belgium*	100%
		SG Issuer, *Luxembourg*	100%
		> Societe Generale* branches in: London, *United Kingdom*; Milan, *Italy*; Frankfurt, *Germany*; Madrid, *Spain*	
AFRICA – MEDITERRANEAN			
AMERICAS			
		> Banco SG Brazil SA, *Brazil*	100%
		> SG Americas. Inc., *United States*	100%
		> SG Americas Securities, LLC, *United States*	100%
		> Societe Generale* branches in: New York, *United States*; Montreal, *Canada*	
ASIA - AUSTRALIA			
		> SG Securities North Pacific, Tokyo Branch, *Japan*	100%
		> SG Securities Asia International Holdings Ltd, *Hong Kong*	100%
		> SG Securities Korea Co. Ltd., *South Korea*	100%
		> Societe Generale* branches in: Tokyo, *Japan*; Hong Kong; Seoul, *South Korea*; Taipei, *Taiwan*	

2. GROUP ACTIVITY AND RESULTS

ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

(In millions of euros)	2015	2014	Change	
Net banking income	25,639	23,561	+8.8%	+7.2%*
Operating expenses	*(16,893)*	*(16,037)*	*+5.3%*	*+3.0%**
Gross operating income	**8,746**	**7,524**	**+16.2%**	**+16.4%***
Net cost of risk	(3,065)	(2,967)	+3.3%	+6.5%*
Operating income	**5,681**	**4,557**	**+24.7%**	**+22.5%***
Net income from companies accounted for by the equity method	*231*	*213*	*+8.5%*	
Net profits or losses from other assets	197	109	+80.7%	
Impairment losses on goodwill	*0*	*(525)*	*+100.0%*	
Income tax	*(1,714)*	*(1,376)*	*+24.6%*	
Net income	4,395	2,978	+47.6%	
O.w. non controlling interests	*394*	*299*	*+31.8%*	
Group net income	**4,001**	**2,679**	**+49.3%**	**+46.9%***
Cost/income ratio	65.9%	68.1%		
Average allocated capital	*44,889*	*42,641*	*+5.3%*	
ROE after tax	**7.9%**	**5.3%**		
Total Capital Ratio	**16.3%**	**14.3%**		

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

Net banking income

The Group's net banking income totalled EUR 25,639 million in 2015, up +7.2%* vs. 2014.

Excluding non-economic items (revaluation of own financial liabilities and DVA, see p. 41), the Group's net banking income amounted to EUR 24,968 million for 2015, thus increasing +4.0%* vs. 2014.

In a restrictive environment, the Group continued to grow, supported by an appropriate positioning in all its businesses. Net banking income experienced average growth of +1% per year over the period 2013-2015. Excluding Russia, the growth in net banking income on an annual basis amounted to 3% (on average over the period 2013-2015, excluding non-economic items), in line with the targets set in 2014 for the period 2013-2016, thanks to strong business momentum, notably in France, Central and Eastern Europe, and in buoyant segments in Global Banking and Investor Solutions.

- French Retail Banking (RBDF) revenues rose +2.9% in 2015 vs. 2014, excluding the PEL/CEL provision – or respectively +3.3% (and +3.0%) in absolute terms. In 2015, French Retail Banking saw a record number of accounts opened over the last decade, mainly in the "mass affluent" client segment. Outstanding loans experienced an upturn, driven by housing loan production, due to a wave of renegotiations which peaked in Q3 15, and the rebound in corporate loan production.
- International Retail Banking and Financial Services' (IBFS) net banking income rose +2.6%* in 2015 vs. 2014. When adjusted for changes in Group structure and at constant exchange rates, revenues were higher in 2015 in all the activities excluding Russia, particularly in Financial Services to Corporates and Insurance (+11.7%* between 2014 and 2015), Europe (+2.9%*) and Africa (+17.5%*).
- The unstable market conditions observed during H2 15 hampered Global Banking and Investor Solutions' (GBIS) revenue growth. Revenues nevertheless increased +0.9%* in 2015 vs. 2014. The revenues of Global Markets and Investor Services experienced a moderate -2.3%* decline vs. 2014. Financing & Advisory continued to expand, with revenues up +8.0%* vs. 2014. In Private Banking and Asset Management, net banking income rose +4.2%* in 2015.

The accounting impact of the revaluation of the Group's own financial liabilities was EUR +782 million in 2015. The revaluation of the Group's own financial liabilities had an impact of EUR -139 million on net banking income in 2014. The DVA impact (see methodological note, p. 41) amounted to EUR -111 million for the whole of 2015 (EUR +38 million in 2014). These two factors constitute the restated non-economic items in the analyses of the Group's results.

Operating expenses

The objectives of the strategic plan aimed to contain the growth of costs on average at +1% over the period 2013-2016. At end-2015, the observed annual average growth amounted to +2% due to the sharp rise in fiscal and regulatory pressures, legal costs, and investments in the Group's transformation. The Group completed its 2013-2015 cost savings plan during Q3 2015 and secured the entire EUR 900 million of planned recurring savings. It also announced a new cost savings plan, aimed at securing EUR 850 million of additional savings by 2017.

The Group's operating expenses amounted to EUR 16,893 million for 2015 (vs. EUR 16,037 million in 2014). This increase results from structure and foreign exchange effects (notably the integration of Newedge from Q2 14), the sharp rise in regulatory taxes and costs (including the contribution related to the European Single Resolution Fund), as well as an increase in the Group's legal costs. They also include the costs associated with the new cost savings plan announced during the year. When restated for these items (increase in taxes, levies, regulatory costs, legal fees and new cost savings plan), the increase in operating expenses is contained at +1.4%*.

Operating income

The Group's gross operating income amounted to EUR 8,746 million in 2015 (EUR 7,524 million in 2014).

The Group's net cost of risk amounted to EUR -3,065 million in 2015, up +3.3% vs. 2014. It includes in particular an additional EUR -600 million provision for litigation issues. This provision totalled EUR 1.7 billion at end-2015.

The commercial cost of risk confirmed its downtrend, in line with the 2016 target. It stood at 52[(1)] basis points in 2015 vs. 61 basis points in 2014:

- In French Retail Banking, the commercial cost of risk continued to decline to 43 basis points (vs. 56 basis points in 2014), thanks to the low level for business customers.
- At 102 basis points (vs. 123 basis points in 2014), International Retail Banking and Financial Services' cost of risk was lower, due primarily to an improvement in the cost of risk in Europe, particularly in Romania, and on the African continent. The cost of risk in Russia remained under control despite a challenging economic environment.
- Global Banking and Investor Solutions' cost of risk amounted to 27 basis points in 2015 (vs. 10 basis points in 2014). 2015 was marked by increased provisioning on counterparties exposed to the oil and gas sector. A substantial provision was also booked on a defaulting counterparty in Q4 15.

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

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

The commercial cost of risk is already below the 2016 targets announced in the strategic plan. These targets have therefore been adjusted to reflect the quality of the portfolio and the good risk control in the businesses. At end-2016, the Group's commercial cost of risk is expected to be within a range of 50bp to 55bp, with an expected level of around 45 basis points for French Retail Banking, around 100 basis points in International Retail Banking and Financial Services, and around 25 basis points for Global Banking and Investor Solutions.

The Group's exposure to the oil and gas sector, which is located mainly in Global Banking and Investor Solutions, represents only 3% of the Group's EAD. This sub-credit portfolio, where two-thirds are investment grade and where a small component is secured by hydrocarbon reserves, is sound and diversified.

Based on a stress test on this exposure, with an oil price at USD 30 per barrel, we do not anticipate any significant impact with regard to keeping the commercial cost of risk targets.

The gross doubtful outstandings ratio was 5.3% at end-December 2015 (vs. 6% at end-December 2014). The Group's gross coverage ratio for doubtful outstandings stood at 64%, up +1 point vs. 2014. The improvement in these indicators continues the trend observed for several years. The quality of the Group's assets and its good positioning in relation to its European peers were confirmed by the transparency exercise carried out by the EBA in 2015.

The Group's operating income was substantially higher, at EUR 5,681 million in 2015 (+22.5%* vs. 2014).

Net income

Group net income totalled EUR 4,001 million for 2015. This compares with Group net income of EUR 2,679 million in respect of 2014. Group net income for 2014 included notably a goodwill write-down on the Group's activities in Russia amounting to EUR -525 million and costs related to the Group's withdrawal from consumer finance in Brazil. Group net income for 2015 includes notably the capital gain on the disposal of the Group's stake in Amundi (EUR +147 million). The Group's effective tax rate amounted to 29.2% for 2015 (29.5% in 2014).

When corrected for non-economic items (revaluation of own financial liabilities and DVA)[1], Group net income amounted to EUR 3,561 million in 2015 vs. EUR 2,745 million in 2014.

The Group's ROE[2] was 8.1% for 2015 (7.9% in absolute terms). On a like-for-like basis, ROE was 7.3% for 2014 (5.3% in absolute terms).

In four years, tangible net asset value per share has increased +27.3%, from EUR 43.94 at end-2011 to EUR 55.94 at end-2015, while net asset value per share increased +12.9% (from EUR 54.57 to EUR 61.62).

Accordingly, earnings per share for 2015, excluding non-economic items, amounted to EUR 3.94 at end-December 2015 (EUR 3.00 at end-December 2014), after deducting interest payable to holders of deeply subordinated notes and undated subordinated notes[3]. This is the basis for the calculation of the proposed dividend distribution to be submitted to the Annual General Meeting (50% payout ratio). In absolute terms, earnings per share[3] amounts to EUR 4.49 (EUR 2.92 in 2014), after deducting interest payable to holders of deeply subordinated notes and undated subordinated notes.

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

(1) Non-economic items detailed on page 41 of the Registration Document.

(2) ROE, definition on page 40. Excluding non-economic items, provision for litigation issues, PEL/CEL. Corrected for 2015 for the capital gain on the disposal of Amundi (EUR +147 million in Group net income) and for 2014 for the effects of the Group's portfolio adjustment, notably the withdrawal from consumer finance in Brazil and the goodwill write-down in Russia.

(3) Interest, net of tax effect, to be paid to holders of deeply subordinated notes and undated subordinated notes in respect of 2015, amounted to respectively EUR -450 million and EUR +8 million.

3. ACTIVITY AND RESULTS OF THE CORE BUSINESSES

RESULTS BY CORE BUSINESS

(In millions of euros)	French Retail Banking		International Retail Banking and Financial Services		Global Banking and Investor Solutions		Corporate Centre		Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net banking income	8,550	8,275	7,329	7,424	9,442	8,726	318	(864)	25,639	23,561
Operating expenses	(5,486)	(5,357)	(4,307)	(4,279)	(6,940)	(6,298)	(160)	(103)	(16,893)	(16,037)
Gross operating income	**3,064**	**2,918**	**3,022**	**3,145**	**2,502**	**2,428**	**158**	**(967)**	**8,746**	**7,524**
Net cost of risk	(824)	(1,041)	(1,246)	(1,442)	(404)	(81)	(591)	(403)	(3,065)	(2,967)
Operating income	**2,240**	**1,877**	**1,776**	**1,703**	**2,098**	**2,347**	**(433)**	**(1,370)**	**5,681**	**4,557**
Net income from companies accounted for by the equity method	42	45	71	50	95	98	23	20	231	213
Net profits or losses from other assets	(26)	(21)	(37)	(198)	97	(5)	163	333	197	109
Impairment losses on goodwill	0	0	0	(525)	0	0	0	0	0	(525)
Income tax	(839)	(704)	(489)	(459)	(464)	(515)	78	302	(1,714)	(1,376)
Net income	1,417	1,197	1,321	571	1,826	1,925	(169)	(715)	4,395	2,978
O.w. non controlling Interests	*0*	*(7)*	*244*	*201*	*18*	*16*	*132*	*89*	*394*	*299*
Group net income	**1,417**	**1,204**	**1,077**	**370**	**1,808**	**1,909**	**(301)**	**(804)**	**4,001**	**2,679**
Cost/income ratio	64.2%	64.7%	58.8%	57.6%	73.5%	72.2%	50.3%	NM	65.9%	68.1%
Average allocated capital	9,750	9,940	9,572	9,576	14,660	13,036	10,907*	10,089*	44,889	42,641
ROE	14.5%	12.1%	11.3%	3.9%	12.3%	14.6%	NM	NM	7.9%	5.3%

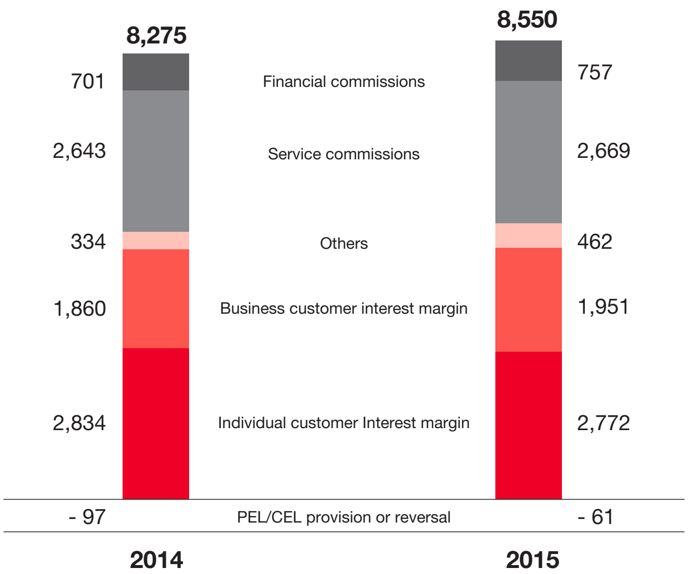
* Calculated as the difference between total Group capital and capital allocated to the core businesses.

FRENCH RETAIL BANKING

(In millions of euros)	2015	2014	Change	
Net banking income	8,550	8,275	+ 3.3%	+ 2.9%(1)
Operating expenses	(5,486)	(5,357)	+ 2.4%	
Gross operating income	**3,064**	**2,918**	**+ 5.0%**	**+ 3.6%(1)**
Net cost of risk	(824)	(1,041)	- 20.8%	
Operating income	**2,240**	**1,877**	**+ 19.3%**	
Net income from companies accounted for by the equity method	42	45	- 6.7%	
Net profits or losses from other assets	(26)	(21)	- 23.8%	
Impairment losses on goodwill	0	0	n/s	
Income tax	(839)	(704)	- 19.2%	
Net income	1,417	1,197	+ 18.4%	
O.w. non controlling Interests	*0*	*(7)*	*+ 100.0%*	
Group net income	**1,417**	**1,204**	**+ 17.7%**	
Cost/income ratio	64.2%	64.7%		
Average allocated capital	9,750	9,940	- 1.9 %	

(1) Excluding PEL/CEL.

BREAKDOWN OF FRENCH RETAIL BANKING NBI
(IN MILLIONS OF EUROS)



French Retail Banking posted excellent results in 2015, underpinned by strong business performance.

Placing the customer at the heart of its operations and with three complementary brands (Societe Generale, Crédit du Nord and Boursorama), French Retail Banking continued to expand its customer base throughout 2015. With more than 305,000 net openings of current accounts (+38% vs. 2014), mainly for mass affluent and high net worth clients, the Group exceeded the threshold of 11 million individual customers in 2015. Boursorama, the leading 100% mobile bank, passed the 757,000 customers mark in December 2015 in France, exceeding the commercial target set. This ability to win new customers was mainly driven by very dynamic housing loan production.

In a fiercely competitive environment for savings inflow, Retail Banking successfully maintained its policy for balance sheet deposit inflow: average outstanding deposits in the balance sheet rose +5.3% vs. 2014, to EUR 170.4 billion, driven by the new customers won and still very buoyant sight deposit inflow (+14.8% vs. 2014).

In parallel, 2015 experienced the full impact of growth and synergy drivers, with a sharp increase in property and personal protection. Net life insurance inflow rose +28% vs. 2014, more rapidly than for the market (+9%), with a still high unit-linked subscription rate (20% on average of gross inflow). In addition, the net inflow for the new Private Banking operation in France was substantially higher than in 2014 (+75% at EUR 2.3 billion) and assets under management amounted to EUR 52 billion.

French Retail Banking continued to assist individuals and businesses with the financing of their projects. 2015 was marked by very high housing loan production (x2 vs. 2014) which contributed to a 4.1% increase in average outstanding housing loans. Overall, average outstanding loans amounted to EUR 178.2 billion, up +1.9% vs. 2014.

As a result of its strong sales momentum, French Retail Banking posted revenues up +2.9% vs. 2014 after neutralisation of the impact of PEL/CEL. Excluding the PEL/CEL effect, net interest income grew +3.1% vs. 2014: the negative effects of the low interest rate environment and housing loan renegotiations were offset by strong deposit inflow and the production of better-margin loans.

In 2015, the growth in the life insurance business and the development of synergies with the Group's other businesses contributed to commissions growing +2.4% vs. 2014. Excluding non-recurring items, commission growth was +3.1% in 2015.

The strengthening of investments in digital transformation and the implementation of the European Single Resolution Fund led to a 2.4% increase in operating expenses in 2015, whereas French Retail Banking maintained rigorous control of other expenses.

Underpinned by the substantial decline in the net cost of risk (-20.8% in 2015), operating income (excluding PEL/CEL effect) was substantially higher at +16.6% in 2015.

Excluding the PEL/CEL effect, French Retail Banking's contribution to Group net income totalled EUR 1,455 million in 2015, up +15.1% vs. 2014, with a sound level of profitability (ROE of 14.9% excluding PEL/CEL effect).

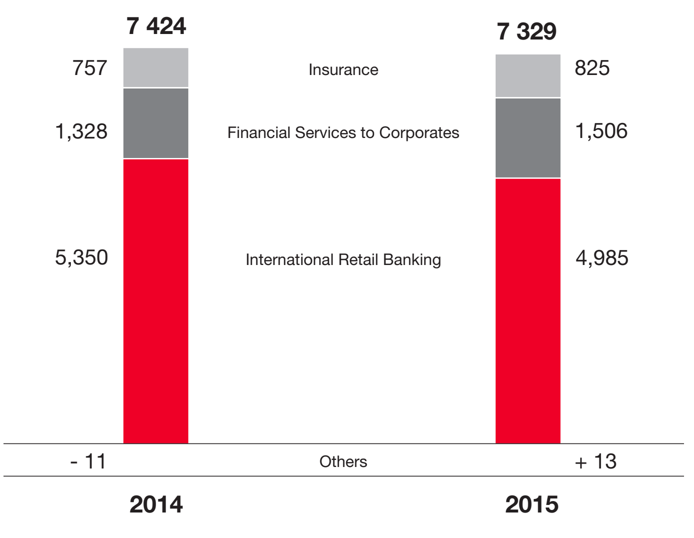
INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

(In millions of euros)	2015	2014	Change	
Net banking income	7,329	7,424	- 1.3%	+ 2.6%*
Operating expenses	*(4,307)*	*(4,279)*	*+ 0.7%*	*+ 4.1%**
Gross operating income	**3,022**	**3,145**	**- 3.9%**	**+ 0.7%***
Net cost of risk	(1,246)	(1,442)	- 13.6%	- 7.9%*
Operating income	**1,776**	**1,703**	**+ 4.3%**	**+ 7.5%***
Net income from companies accounted for by the equity method	71	50	+ 42.0%	
Net profits or losses from other assets	(37)	(198)	+ 81.3%	
Impairment losses on goodwill	0	(525)	+ 100.0%	
Income tax	(489)	(459)	+ 6.5%	
Net income	1,321	571	x 2.3	
O.w. non controlling interests	*244*	*201*	*+ 21.4%*	
Group net income	**1,077**	**370**	**x 2.9**	**x 2.9***
Cost/income ratio	58.8%	57.6%		
Average allocated capital	9,572	9,576	- 0.0 %	

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

Note: the results presented above for the International Retail Banking and Financial Services pillar include the results for International Retail Banking, Financial Services to Corporates, Insurance and all income and expenses not directly related to the businesses' activities.

BREAKDOWN OF INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES NBI *(IN MILLIONS OF EUROS)*



The division's revenues totalled EUR 7,329 million in 2015, up +2.6%* vs. 2014, underpinned by the healthy momentum of activity overall (+6.1%* excluding Retail Banking in Russia). Operating expenses remained under control, amounting to EUR 4,307 million (+4.1%*) over the same period. Gross annual operating income therefore amounted to EUR 3,022 million (+0.7%*) in 2015. The net cost of risk improved significantly in 2015 to EUR -1,246 million, down -7.9%*, particularly in Europe. Overall, the division's contribution to Group net income totalled EUR 1,077 million in 2015. This was substantially higher (2.9x) than in 2014, which experienced a goodwill write-down on Russian activities, amounting to EUR -525 million, and a non-recurring expense of EUR -200 million related to the withdrawal from consumer finance in Brazil.

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

International Retail Banking

(In millions of euros)	2015	2014	Change	
Net banking income	4,985	5,350	- 6.8%	- 1.8%*
Operating expenses	*(3,168)*	*(3,244)*	*- 2.3%*	+ 2.8%*
Gross operating income	**1,817**	**2,106**	**- 13.7%**	**- 8.9%***
Net cost of risk	(1,071)	(1,355)	- 21.0%	- 15.5%*
Operating income	**746**	**751**	**- 0.7%**	**+ 2.0%***
Net income from companies accounted for by the equity method	*17*	*14*	*+ 21.4%*	
Net profits or losses from other assets	(11)	(198)	+ 94.4%	
Impairment losses on goodwill	*0*	*(525)*	*+ 100.0%*	
Income tax	*(168)*	*(173)*	*- 2.9%*	
Net income	584	(131)	NM	
O.w. non controlling Interests	*235*	*186*	*+ 26.3%*	
Group net income	**349**	**(317)**	**NM**	**NM***
Cost/income ratio	63.6%	60.6%		
Average allocated capital	5,755	5,969	- 3.6%	

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

At end-December 2015, International Retail Banking's outstanding loans totalled EUR 77.8 billion, up +3.3%* vs. 2014, confirming the improved activity in Europe and the healthy business momentum in Africa. Outstanding deposits also enjoyed robust growth (+4.5%* vs. 2014), at EUR 71.0 billion, with very active inflow.

International Retail Banking's revenues were slightly lower, due to the situation in Russia (-1.8%* vs. 2014), at EUR 4,985 million. Operating expenses were higher than in 2014 (+2.8%*). Gross operating income came to EUR 1,817 million, down -8.9%* vs. 2014, adversely affected by challenging economic conditions in Russia. International Retail Banking posted a contribution to Group net income of EUR 349 million in 2015, after a loss of EUR -317 million in 2014.

In Western Europe, where the Group has operations in France, Germany and Italy, mainly in consumer finance, outstanding loans were up +5.6%* vs. end-December 2014 at EUR 14.3 billion, on the back of the continued healthy commercial momentum in Germany (+14.1%*), notably on car loans. Revenues totalled EUR 676 million and gross operating income EUR 320 million in 2015. The contribution to Group net income came to EUR 122 million, up 2.7x vs. 2014.

In the Czech Republic, Komercni Banka's (KB) strong sales momentum, particularly on housing loans and large corporates, resulted in outstanding loans increasing +7.0%* to EUR 20.0 billion vs. end-December 2014. Between 2014 and 2015, outstanding deposits grew +1.9%* to EUR 24.8 billion, resulting in a loan to deposit ratio of 81%, up 8 points. Despite this positive volume effect, revenues were stable in 2015 (-0.5%*) at EUR 1,026 million, given the persistent low interest rate environment. Over the same period, operating expenses remained under control at EUR -539 million (+1.0%*) and the contribution to Group net income remained high at EUR 214 million in 2015 vs. EUR 210 million in 2014.

In Romania, the BRD Group's outstanding loans stabilised* vs. end-December 2014, at EUR 6.1 billion, thanks to the growth in the individual customer and large corporate segments. Outstanding deposits were sharply higher at EUR 9.1 billion (+14.2%*). Revenues were down -4.8%* at EUR 516 million in 2015 due to the pressure on margins. Rigorous cost control resulted in stable* operating expenses of EUR -338 million. With a significant improvement in the cost of risk over the period, the BRD Group posted a contribution to Group net income of EUR 18 million in 2015, after a net loss of EUR -32 million in 2014.

In other European countries, outstanding loans were up +5.9%* at EUR 11.5 billion, with a good level of growth in virtually all the operations. Deposit inflow was also dynamic in 2015, up +8.5%* at EUR 11.0 billion. Revenues were 11.7%* higher in 2015 at EUR 721 million, while operating expenses were 5.2%* higher at EUR 482 million. The contribution to Group net income came to EUR 69 million.

In Russia, in a challenging environment, outstanding loans were down -12%* vs. end-December 2014 at EUR 7.9 billion. However, they gradually recovered in H2 (+2.6%* vs. end-June 2015), due to buoyant corporate activity and a gradual improvement in retail loan production volumes. Outstanding deposits were lower than at end-December 2014 at EUR 6.4 billion. SG Russia's liquidity position

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

is sound: at end-December 2015, Rosbank's loan to deposit ratio stood at 84%. Net banking income declined -19.3%* to EUR 713 million in 2015. However, the trend improved in H2, with growth of +27.8%* vs. H1 15 thanks to the restoration of margins and a rise in volumes. Operating expenses remained under control at EUR 597 million (-0.3%*) despite double-digit inflation. Initiatives to optimise the operation continued (-2,523 FTE and -104 branches vs. end-December 2014). Overall, losses from SG Russia[(1)] amounted to EUR -165 million for 2015, with a gradual improvement to the position over the year.

In Africa and other regions where the Group operates, outstanding loans rose to EUR 18.2 billion in 2015 (+4.8%*), with strong sales momentum in Africa (+9.4%*), especially in the business segment. Outstanding deposits were 4.8%* higher. Revenues totalled EUR 1,443 million in 2015, an increase compared with 2014 (+1.6%*). Over the same period, operating expenses rose +4.6%*, in conjunction with commercial expansion. The contribution to Group net income came to EUR 147 million in 2015, vs. a contribution to Group net income that represented a loss of EUR -54 million in 2014.

Insurance

(In millions of euros)	2015	2014	Change	
Net banking income	825	757	+ 9.0%	+ 9.8%*
Operating expenses	(327)	(300)	+ 9.0%	+ 9.8%*
Gross operating income	**498**	**457**	**+ 9.0%**	**+ 9.8%***
Net cost of risk	0	0	NM	- 100.0%*
Operating income	**498**	**457**	**+ 9.0%**	**+ 9.8%***
Net income from companies accounted for by the equity method	0	0	NM	
Net profits or losses from other assets	(1)	0	NM	
Impairment losses on goodwill	0	0	NM	
Income tax	(159)	(145)	+ 9.7%	
Net income	338	312	+ 8.3%	
O.w. non controlling Interests	*1*	*3*	*- 66.7%*	
Group net income	**337**	**309**	**+ 9.1%**	**+ 9.9%***
Cost/income ratio	39.6%	39.6%		
Average allocated capital	1,655	1,561	+ 6.0%	

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

The Insurance business maintained an excellent level of commercial activity in 2015, especially in France. Life insurance savings outstandings rose +5.1%* vs. end-December 2014 to EUR 94.8 billion. Net inflow amounted to EUR 2.6 billion in 2015, with the unit-linked share increasing significantly (56% vs. 17% in 2014). In terms of protection (Personal Protection and Property & Casualty insurance), premiums were also higher than in 2014 (+3.7%*) due to buoyant activity in France and the continued expansion of the business internationally.

The Insurance business also turned in a good financial performance in 2015, with net banking income up +9.8%* vs. 2014 at EUR 825 million and a continued low cost to income ratio (39.6% in 2015). The business' contribution to Group net income was 9.9%* higher in 2015, at EUR 337 million.

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

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

Financial Services to Corporates

(In millions of euros)	2015	2014	Change	
Net banking income	1,506	1,328	+ 13.4%	+ 12.8%*
Operating expenses	(774)	(716)	+ 8.1%	+ 7.7%*
Gross operating income	**732**	**612**	**+ 19.6%**	**+ 18.9%***
Net cost of risk	(119)	(88)	+ 35.2%	+ 34.0%*
Operating income	**613**	**524**	**+ 17.0%**	**+ 16.3%***
Net income from companies accounted for by the equity method	55	37	+ 48.6%	
Net profits or losses from other assets	0	0	NM	
Impairment losses on goodwill	0	0	NM	
Income tax	(192)	(166)	+ 15.7%	
Net income	476	395	+ 20.5%	
O.w. non controlling Interests	*2*	*3*	*- 33.3%*	
Group net income	**474**	**392**	**+ 20.9%**	**+ 20.2%***
Cost/income ratio	51.4%	53.9%		
Average allocated capital	2,065	1,926	+ 7.3%	

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

Financial Services to Corporates maintained its sales momentum in 2015, posting a contribution to Group net income of EUR 474 million, up +20.2%* vs. 2014.

At end-December 2015, Operational Vehicle Leasing and Fleet Management's vehicle fleet totalled 1.2 million vehicles, an increase of +9.0% vs. end-2014 due to strong organic growth and external growth operations; in December 2015, ALD Automotive announced that it had purchased all of MKB-Euroleasing Autopark's shares, thus becoming the market leader in Hungary and Bulgaria.

Equipment Finance saw an increase in new business (+8.3%* vs. 2014) to EUR 7.3 billion (excluding factoring), primarily in the high-tech and industrial equipment sector. New business margins remained at a satisfactory level. At end-December 2015, outstanding loans (excluding factoring) totalled EUR 15.5 billion.

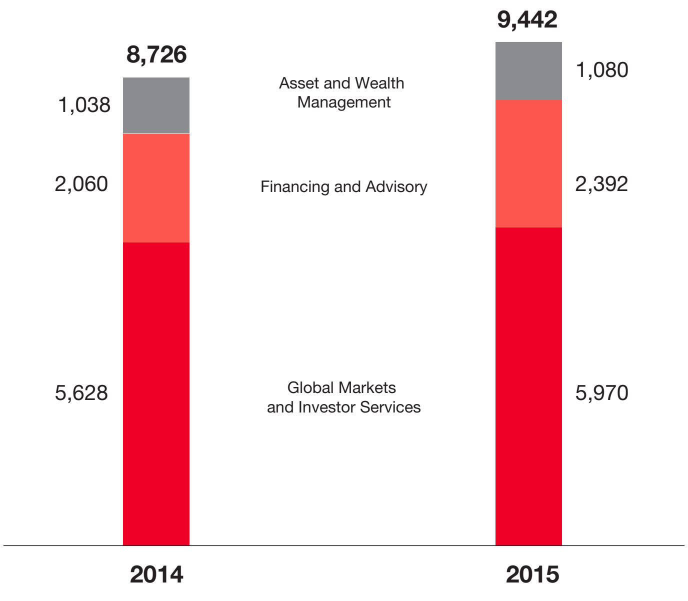
Financial Services to Corporates' net banking income rose +12.8%* in 2015 to EUR 1,506 million. Operating expenses increased over the period to EUR 774 million (vs. EUR 716 million in 2014). Operating income came to EUR 613 million, an increase of +16.3%* vs. 2014.

GLOBAL BANKING AND INVESTOR SOLUTIONS

(In millions of euros)	2015	2014	Change	
Net banking income	9,442	8,726	+ 8.2%	+ 0.9%*
Operating expenses	(6,940)	(6,298)	+ 10.2%	+ 2.0%*
Gross operating income	**2,502**	**2,428**	**+ 3.0%**	**- 2.2%***
Net cost of risk	(404)	(81)	x 5.0	x 4.9*
Operating income	**2,098**	**2,347**	**- 10.6%**	**- 15.2%***
Net income from companies accounted for by the equity method	95	98	- 3.1%	
Net profits or losses from other assets	97	(5)	NM	
Impairment losses on goodwill	0	0	NM	
Income tax	(464)	(515)	- 9.9%	
Net income	1,826	1,925	- 5.1%	
O.w. non controlling Interests	*18*	*16*	*+ 12.5%*	
Group net income	**1,808**	**1,909**	**- 5.3%**	**- 9.2%***
Cost/income ratio	73.5%	72.2%		
Average allocated capital	14,660	13,036	+ 12.5%	

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

BREAKDOWN OF GLOBAL BANKING AND INVESTOR SOLUTIONS NBI *(IN MILLIONS OF EUROS)*



Global Banking and Investor Solutions posted revenues of EUR 9,442 million in 2015, up +8.2% vs. 2014, reflecting growth in all activities.

Global Banking and Investor Solutions' contribution to Group net income came to 1,808 million in 2015 vs. EUR 1,909 million in 2014.

The division's ROE amounted to 12.3% in 2015.

Global Markets and Investor Services

(In millions of euros)	2015	2014	Change	
Net banking income	5,970	5,628	+ 6.1%	- 2.3%*
Operating expenses	(4,566)	(4,126)	+ 10.7%	+ 2.7%*
Gross operating income	**1,404**	**1,502**	**- 6.5%**	**- 15.6%***
Net cost of risk	(66)	(35)	+ 88.6%	+ 78.4%*
Operating income	**1,338**	**1,467**	**- 8.8%**	**- 17.7%***
Net income from companies accounted for by the equity method	6	0	NM	
Net profits or losses from other assets	0	2	- 100.0%	- 100.0%*
Impairment losses on goodwill	0	0	NM	
Income tax	(351)	(378)	- 7.1%	
Net income	993	1,091	- 9.0%	
O.w. non controlling Interests	*14*	*12*	*+ 16.7%*	
Group net income	**979**	**1,079**	**- 9.3%**	**- 17.9%***
Cost/income ratio	76.5%	73.3%		
Average allocated capital	8,457	8,155	+ 3.7%	

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

The growth in Global Markets and Investor Services' revenues in 2015 provided further confirmation of the momentum and highly complementary nature of the activities, in an environment marked by tensions in the European debt market in H1 and the turbulence related to the situation in China in H2.

Against this backdrop and underpinned by solid growth in H1, Global Markets and Investor Services' revenues amounted to EUR 5,970 million in 2015, up +6.1% vs. 2014.

- At EUR 2,511 million in 2015, Equity revenues were 12.3% higher than in 2014. After an excellent performance in H1 15, H2 was adversely affected by challenging market conditions combined with more pronounced investor risk aversion, notably for structured products.
- At EUR 2,181 million, Fixed Income, Currencies & Commodities posted revenues down -7.2% in 2015 vs. 2014, in an unfavourable environment characterised by reduced volumes. The performance of flow activities, especially in fixed income, currencies and emerging markets, helped mitigate the decline in revenues on structured products.
- Prime Services' revenues totalled EUR 590 million in 2015, substantially higher (+35.0% at constant structure) than in 2014 (+67.1% in absolute terms). This increase reflects the successful integration of the activities of Newedge and Jefferies Bache, the expansion of the client base and the realisation of expected synergies.
- Securities Services posted assets under custody up +3.4% in 2015 at EUR 3,984 billion. At the same time, assets under administration increased +7.4% to EUR 589 billion. At EUR 688 million, Securities Services' revenues were stable vs. 2014, with the increase in commissions offsetting the negative impact of the continued decline in interest rates.

Financing and Advisory

(In millions of euros)	2015	2014	Change	
Net banking income	2,392	2,060	+ 16.1%	+ 8.0%*
Operating expenses	(1,533)	(1,303)	+ 17.7%	+ 3.2%*
Gross operating income	**859**	**757**	**+ 13.5%**	**+ 17.7%***
Net cost of risk	(312)	(40)	x 7.8	x 8.0*
Operating income	**547**	**717**	**- 23.7%**	**- 20.8%***
Net income from companies accounted for by the equity method	(6)	0	NM	
Net profits or losses from other assets	98	(10)	NM	NM
Impairment losses on goodwill	0	0	NM	
Income tax	(51)	(91)	- 44.0%	
Net income	588	616	- 4.5%	
O.w. non controlling Interests	*3*	*3*	*+ 0.0%*	
Group net income	**585**	**613**	**- 4.6%**	**- 1.7%***
Cost/income ratio	64.1%	63.3%		
Average allocated capital	5,150	3,857	+ 33.5%	

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

Financing and Advisory posted another good performance in 2015, with revenues of EUR 2,392 million, up +16.1%. Financing activities demonstrated their excellent commercial dynamism throughout the year, with the overall amount of transactions originated up +33% vs. 2014.

Private Banking and Asset Management

(In millions of euros)	2015	2014	Change	
Net banking income	1,080	1,038	+ 4.0%	+ 4.2%*
Operating expenses	*(841)*	*(869)*	*- 3.2%*	*- 3.4%**
Gross operating income	**239**	**169**	**+ 41.4%**	**+ 44.8%***
Net cost of risk	(26)	(6)	x 4.3	x 4.3
Operating income	**213**	**163**	**+ 30.7%**	**+ 34.0%***
Net income from companies accounted for by the equity method	*95*	*98*	*- 3.1%*	*x2.2**
Net profits or losses from other assets	(1)	3	NM	
Impairment losses on goodwill	*0*	*0*	*NM*	
Income tax	*(62)*	*(46)*	*+ 34.8%*	
Net income	245	218	+ 12.4%	
O.w. non controlling Interests	*1*	*1*	*+ 0.0%*	
Group net income	**244**	**217**	**+ 12.4%**	**+ 37.2%***
Cost/income ratio	77.9%	83.7%		
Average allocated capital	1,054	1,025	+ 2.9%	

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

The revenues of the Private Banking and Asset Management business line totalled EUR 1,080 million in 2015, up +4.0% vs. 2014.

Private Banking's assets under management amounted to EUR 113 billion at end-December 2015, up +4.5% vs. end-December 2014, notably in France, the United Kingdom and Luxembourg. This increase can be explained by the combined effects of a good level of inflow and a positive currency impact (US dollar and Swiss franc), partially offset by an unfavourable market effect in the second half of the year. Private Banking posted net banking income of EUR 875 million in 2015, up +7.4% vs. 2014. The gross margin remained at a high level of 113 basis points vs.107 basis points in 2014 (at constant structure).

Lyxor's assets under management totalled EUR 104 billion, underpinned by excellent inflow of nearly EUR 9 billion on ETFs in 2015, a segment in which Lyxor has maintained its No. 3 ranking in Europe, with an increase in market share to 10.7% at end-December 2015. Lyxor's revenues came to EUR 182 million in 2015, down -9.9% vs. 2014, reflecting a current shift in the business mix towards relatively lower margin activities such as ETFs.

CORPORATE CENTRE

(In millions of euros)	2015	2014	Change
Net banking income	318	(864)	NM
Operating expenses	(160)	(103)	+ 55.3%
Gross operating income	**158**	**(967)**	**NM**
Net cost of risk	(591)	(403)	+ 46.7%
Operating income	**(433)**	**(1,370)**	**+ 68.4%**
Net income from companies accounted for by the equity method	23	20	+ 15.0%
Net profits or losses from other assets	163	333	- 51.1%
Impairment losses on goodwill	0	0	NM
Income tax	78	302	+ 74.2%
Net income	(169)	(715)	+ 76.4%
O.w. non controlling Interests	*132*	*89*	*+ 48.3%*
Group net income	**(301)**	**(804)**	**+ 62.6%**

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

The Corporate Centre includes:

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

The Corporate Centre's revenues totalled EUR 318 million in 2015 (vs. EUR -864 million in 2014). They include in particular the revaluation of the Group's own financial liabilities amounting to EUR +782 million (EUR -139 million in 2014).

Operating expenses amounted to EUR -160 million for 2015, vs. EUR -103 million in 2014. They include a EUR 40 million restructuring provision related to the Group's new cost savings plan.

The Corporate Centre's gross operating income was EUR 158 million in 2015 vs. EUR -967 million in 2014. When restated for the revaluation of own financial liabilities (see p. 41), it amounted to EUR -624 million (vs. EUR -828 million in 2014).

The net cost of risk for 2015 includes a EUR 600 million provision for litigation issues, vs. EUR 400 million in 2014, taking the total for this provision to EUR 1.7 billion.

The item "Net Profits or Losses from Other Assets" includes notably the capital gain on the disposal of the Group's stake in Amundi (impact on Group net income of EUR +147 million after tax).

The Corporate Centre's contribution to Group net income was EUR -301 million in 2015 vs. EUR -804 million in 2014, with the trend mainly related to the impact of the revaluation of own financial liabilities. When corrected for this impact, it amounted to EUR -814 million in 2015 (vs. EUR -713 million in 2014).

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

DEFINITIONS AND METHODOLOGY

The financial information presented in respect of the 2015 financial year and comparative information in respect of the 2014 financial year have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union and applicable at that date. The consolidated financial statements and the Statutory Auditors' report are included in Chapter 6 of the Registration Document on page 265 and following.

Note that data for 2014 have been restated due to the implementation of IFRIC 21, which is applied retrospectively (see Chapter 6 of this Registration Document, Note 1 on the financial statements), resulting in the publication of adjusted data for the previous year. When adjusted for changes in Group structure and at constant exchange rates, the changes are adjusted to take into account the impact of expenses recognised as NBI in 2014 and recorded as operating expenses in 2015, amounting to EUR 67 million (International Retail Banking and Financial Services).

Capital Allocation

In 2015, the allocation of normative capital to the businesses on the basis of their capital consumption was determined in accordance with CRR rules (10% of their risk-weighted assets, supplemented by the consumption of Common Equity Tier 1 capital chargeable to each business, after taking into account non-controlling interests and the adjustment of capital consumption related to the insurance activities). This capital allocation rule therefore applies to the Group's three core businesses (French Retail Banking, International Retail Banking & Financial Services, and Global Banking and Investor Solutions) and allows an evaluation of capital consumption by activity as well as their level of profitability on an autonomous and uniform basis, taking into account the Group's regulatory constraints.

As of 1st January 2016, the allocation of normative capital will be carried out on the basis of 11% of risk-weighted assets.

Net Banking Income

Net banking income (NBI) for each core business includes:

- revenues generated by its activity;
- the yield on normative capital allocated to the core businesses, which is calculated on the basis of a long-term rate by currency. In return, in order to facilitate the comparability of performances between the Group's different business lines, book capital is reassigned to the Corporate Centre at the same rate.

It should be noted that, jointly with the change in capital allocation rules on 1st January 2014, the remuneration rate of normative capital allocated to businesses has been adjusted for a combined effect that is neutral on the core businesses' historical results.

Moreover, capital losses and gains generated by the core businesses on the disposal of shares in non-consolidated entities, and income from the management of the Group's industrial and bank equity portfolios, are booked under NBI, as these securities are classified as available-for-sale financial assets.

Operating Expenses

Operating expenses for each core business include its direct expenses, its management overheads, and a share of the head-office expenses, which are in principle almost fully redistributed between the core businesses. The Corporate Centre only books costs relating to its activity, along with certain technical adjustments.

Cost of Risk

Net cost of risk is charged to each core business so as to reflect the cost of risk inherent in their activity during each financial year. Impairment losses concerning the whole Group are booked by the Corporate Centre.

Societe Generale's commercial net cost of risk is expressed in basis points. It is calculated by dividing the net allocation to provisions for commercial risks by average outstanding loans as at the end of the four quarters preceding the closing date.

Net Income from other assets

Net income from other assets essentially comprises capital losses and gains on operating fixed assets, or when the Group ceases to control a consolidated subsidiary, as well as goodwill immediately written down when the Group takes control of an entity and revaluation of potential stakes previously held by the Group in entities fully consolidated during the year.

Impairment Losses on Goodwill

Impairment losses on goodwill are booked by the core business to which the corresponding activity is attached.

Income Tax

The Group's tax position is managed centrally.

Income tax is charged to each core business on the basis of a normative tax rate which takes into account the local tax rate of the countries in which it conducts its activities and the nature of its revenues. The difference between the income tax charged to the Group's consolidated companies and the sum of normative taxes of the strategic pillars is assigned to the Corporate Centre.

ROE

Group ROE is calculated on the basis of average Group shareholders' equity under IFRS.

It excludes:

- unrealised or deferred capital gains or losses booked directly under shareholders' equity excluding conversion reserves;
- deeply subordinated notes;
- undated subordinated notes restated as shareholders' equity.

It deducts:

- interest payable to holders of deeply subordinated notes and of the restated, undated subordinated notes;
- a provision in respect of the dividends to be paid to shareholders (EUR 1,593 million as at 31st December 2015).

The net income used to calculate ROE is based on Group net income excluding interest, net of tax impact, to be paid to holders of deeply subordinated notes for the period and, since 2006, holders of deeply subordinated notes and restated, undated subordinated notes (see below). The allocation of capital to the different business lines has been carried out since 1st January 2014 on the basis of 10% of the weighted assets from the beginning of the period.

ROTE

The Group's ROTE is calculated on the basis of tangible capital, i.e. excluding cumulative average book capital (Group share), average net goodwill in the assets, and underlying average goodwill relating to shareholdings in companies accounted for by the equity method.

The net income used to calculate ROTE is based on Group net income excluding the goodwill impairment loss, interest net of tax on deeply subordinated notes for the period (including issuance fees paid, for the period, to external parties and the discount charge related to the issue premium for deeply subordinated notes) and interest net of tax on undated subordinated notes recognised as shareholders' equity for the current period (including issuance fees paid, for the period, to external parties and the discount charge related to the issue premium for undated subordinated notes).

Earnings per Share

For the calculation of earnings per share, in accordance with IAS 33, "Group net income for the period" is adjusted by the amount, net of tax impact, of capital gains/losses on partial buybacks of securities issued and classified as equity (EUR -7 million in 2015) and of the interest remunerating said amounts (EUR -435 million in 2015 on deeply subordinated and undated subordinated notes).

Earnings per share is therefore calculated as the ratio of corrected Group net income for the period to the average number of ordinary shares outstanding, excluding own shares and treasury shares, but including (a) trading shares held by the Group and (b) shares held under the liquidity contract.

The Group also reports its adjusted earnings per share, i.e. corrected for the impact of non-economic items (revaluation of own financial liabilities and DVA[1]). The related adjustments are specified in the "non-economic items" section below.

Net Assets

Net assets comprise Group shareholders' equity, excluding:

- deeply subordinated notes (EUR 9.5 billion), undated subordinated notes previously recognised as debt (EUR 0.4 billion); and
- interest payable to holders of deeply subordinated notes and undated subordinated notes, but reinstating the book value of trading shares held by the Group and shares held under the liquidity contract.

Tangible net assets are corrected for net goodwill in the assets and goodwill under the equity method.

In order to calculate Net Asset Value Per Share or Tangible Net Asset Value Per Share, the number of shares used to calculate book value per share is the number of shares issued at 31st December 2015, excluding own shares and treasury shares but including:

- trading shares held by the Group; and
- shares held under the liquidity contract.

(1) DVA (Debt Value Adjustment) and CVA (Credit Value Adjustment), value adjustments for credit risk, determined in accordance with IFRS 13.

Non-economic items, non-recurring items and restatements

Non-economic items correspond to the revaluation of own financial liabilities and DVA. Details of these items, and other items that are restated, are given below for 2014 and 2015.

2015	Net banking income	Operating expenses	Others	Cost of risk	Group net income	
Revaluation of own financial liabilities(1)	782				513	Corporate Centre
Accounting impact of DVA(1)	(111)				(73)	Group
Capital gain on disposal of Amundi			165		147	Corporate Centre
Provision for disputes				(600)	(600)	Corporate Centre
Provision PEL/CEL	(61)				(38)	French Retail Banking

2014	Net banking income	Operating expenses	Others	Cost of risk	Group net income	
Revaluation of own financial liabilities(1)	(139)				(91)	Corporate Centre
Accounting impact of DVA(1)	38				25	Group
Provision for disputes				(400)	(400)	Corporate Centre
Badwill Newedge			194		194	Corporate Centre
Capital gain on disposal of Private Banking subsidiary	(12)	(25)	141		102	Corporate Centre
Impairment & capital losses			(525)		(525)	International Retail Banking and Financial Services
Impact withdrawal from consumer finance activity in Brazil			(200)		(200)	International Retail Banking and Financial Services
Provision PEL/CEL	(97)				(60)	French Retail Banking

(1) Non-economic items.

4. SIGNIFICANT NEW PRODUCTS OR SERVICES

Business division		New product or service
French Retail Banking	"Cycléa Pack Ellipro" (February/March 2015, Societe Generale)	A service providing business customers with commercial information.
	"Collective supplementary health insurance" (January 2015, Societe Generale)	Complementaire Santé Collective is the collective supplementary health insurance offer launched by Societe Generale for professional customers, business customers and associations, in accordance with Act No. 2013-504.
	"Gestion Initiale" (Individual customers market) (January 2015, Crédit du Nord)	Delegated management of life insurance and endowment policies available for investments starting at EUR 30,000.
	"Pro collective health insurance" (Crédit du Nord)	Santé Collective Pro is a collective health insurance policy offered with Sogecap to professional customers.
	"Corporate collective health insurance" (Crédit du Nord)	Santé Collective Entreprises is a collective health insurance policy for employees in accordance with Act No. 2013-504.
	"Webfactures" (Crédit du Nord)	An online card-based invoice collection solution for professional and business customers without a retail website.
	"Mobile payment" (GTPS)	Societe Generale is expanding its range of payment methods by offering the Mobile Payment service to its customers, using NFC-based technology.
	Slimpay offer (Crédit du Nord)	Comprehensive offering for the management and processing of the direct debit chain.
	Personal Accident Insurance offer (Societe Generale)	Insurance product to cover the family against personal accidents and their immediate and long-term consequences.
	Wage guarantee (Societe Generale)	In the event of long-term sick leave or job loss, the Wage Guarantee guarantees customers the payment of a monthly lump sum indemnity to help them compensate for the loss of income.
	Finasia France (June 2015, Societe Generale - GTPS)	Financing proposal made to the Asian suppliers of our French customers.
	Financing Research Tax Credit (July 2015, Societe Generale)	An offer enabling companies eligible for the French Research Tax Credit (CIR) to benefit from the advantages of said tax credit in advance.

Business division		New product or service
	SG MONE TRESO (September 2015, Societe Generale)	Money market UCITS, managed by Societe Generale Gestion, providing a slightly greater investment horizon than that of existing UCITS.
	SO Actif offer (September 2015, Societe Generale)	An offer designed for young professionals (18 – 29 years old) who need to be supported at the beginning of their working life. This offer includes a Banking and Insurance component, a "great deals" component and a Support/Education component.
	Applewatch App (November 2015, Boursorama)	Customers can now follow the leading companies on the Paris Stock Exchange with a single glance on their Applewatch, check their balance at any time, and consult their last three transactions.
	CSL Boosted (October 2015, Boursorama)	From 1st October to 2nd November 2015, Boursorama gave its customers the chance to benefit from the highly attractive interest rate of its CSL Boosted offer: 3.5% guaranteed up to EUR 50,000 and until 31st January 2016.
	Paylib (April 2015, Boursorma)	Boursorma joined the Paylib consortium. Customers can now make secure online purchases without entering any credit card information on the Internet.
International Retail Banking and Financial Services	"Sound Drive and Sound Cash" (February 2015, SGGH - Ghana) (International Retail Banking)	Sound Drive is a new motor insurance product to protect customers and their vehicles. Customers may choose from two types of cover: ■ Sound Drive Comprehensive, an extensive level of cover and full reimbursement regardless of the damage to the vehicle; ■ Sound Drive Third Party, which serves as the minimum compulsory and basic cover for all vehicles. Sound Cash is a new insurance product dedicated to protecting payment methods. The first of its kind in Ghana, it is designed to protect customers against fraudulent use in the event that their bank cards or cheque books are lost or stolen.
	"Rosbank OnLine " (March 2015, Rosbank – Russia) (International Retail Banking)	This application is available for owners of smartphones and PC tablets on iOS and Android. The application has a modern design and intuitive navigation, payment functionality, as well as geolocation and communication services available to any user. Rosbank Online users will be able to benefit from a wide list of options to effectively manage their accounts 24 hours a day, seven days a week: ■ online commission-free payment services of more than 1,200 companies; ■ transfers in roubles at rates reduced by more than 50%; ■ the deposit of funds for loan repayment; ■ the transfer of funds from account to account and from card to card; ■ opening of deposits in roubles at a higher percentage than in the bank's outlets (+ 0.3 percentage points); ■ review of balances on accounts, cards, loans, as well as payment history and details of the accounts; ■ currency conversion between different accounts; ■ use of templates for recurring transactions.

Business division		New product or service
	"A Car with Brains" (March 2015, Essox - Czech Republic) (Financial Services to Corporates and Insurance)	New service advising clients on how to avoid the usual pitfalls of purchasing a car from private individuals. Legal services provided to clients include a draft purchase contract, a vetting of technical conditions and a history of the chosen vehicle.
	"100% Online Family Insurance" (March 2015, Sogecap - France) (Financial Services to Corporates and Insurance)	A new family insurance protection policy that is unique on the market for several reasons: ■ 100% online, since the policy can be subscribed to immediately without a medical exam; it can also be modified and terminated online; ■ flexible, providing a capital payment in the event of death, with either a work stoppage guarantee only, or work stoppage + unemployment protection, offering lump sum packages (as opposed to other market policies which offer compensatory benefits); ■ unique in that it also covers the customer's children in the event of serious accidental injury, with a lump-sum payment and medical advice provided online and by telephone (the "Médecin direct" service that can be used at any time).
	Collective Health Insurance offer (Professional customers) (March 2015 - Sogecap - France) (Financial Services to Corporates and Insurance)	Sogecap joined the collective health insurance market with a straightforward and customisable collective health insurance policy for professional, business and institutional customers of the Societe Generale Group and Crédit du Nord. With this offer, employees can choose between four coverage options with increasing levels of guarantees, 100% online services and excellent customer service.
	"Home loan with a fixed interest rate" (March/April 2015; BRD-Romania) (International Retail Banking)	New home loan on the Romanian market, denominated in lei and euro, with a fixed 30-year interest rate. The new banking product enables customers not to be affected by interest rate and foreign exchange rate fluctuations.
	"Mobile Bank Branch" (April 2015, SGBF - Burkina Faso) (International Retail Banking)	A new concept: a mobile bank branch in a truck, equipped with a satellite dish. This POS offers the same products and services as conventional brick-and-mortar bank branches, with four customer advisor offices, a customer reception office, counter service, a lobby and an ATM.
	Pan-African Mobile Banking offer (April 2015 - Africa) (International Retail Banking)	A Pan-African initiative which is the first step in building a multi-channel offer to meet the specific needs of customers in the continent: large geographic distances, access to banking products and services in less populated areas, lack of digital services, etc. This new offer was launched as part of an active digital approach at Group level. In addition to traditional services such as access to accounts, credit transfers and secured e-mail service bringing advisors and customers closer together, this app will offer specific services such as invoice payments and branch/ATM geolocation via mobile.

Business division		New product or service
	"Happy Auto Loan" (April 2015, SGGH-Ghana) (International Retail Banking)	New credit offer designed to buy new or used cars from selected vendors, at the most competitive rates. Rates are competitive since the car purchased is used as a security. Happy Auto Loan allows users to apply for the loan as well as to access bancassurance services. Customers are given a period of up to five years to repay. That feature is not offered by other banks in the country.
	"Purchase of home-owners' receivables" (April 2015, SKB - Slovenia) (International Retail Banking)	New service developed in collaboration with one of the leading Slovenian real estate management companies. It enables home-owners to assume the large financial burden associated with the renovation of residential buildings. SKB purchases receivables from contractors (vendor receivables) for the same amount as the cost of reconstruction of the apartment building prior to its maturity.
	"Booster" (April 2015, BFV-SG-Madagascar) (International Retail Banking)	New dynamic savings offer for individuals, professionals and associations, with new maturities and more advantageous interest rates. Positioned as one of the savings solutions with the best returns on the Madagascan market, Booster offers a 1 to 36-month placement, with outstanding interest rates starting from 4.5% to 11.5%, according to the duration of the chosen investment. This product combines performance with flexibility and security.
	"Long-term rental offer for 2-wheelers" (May 2015; ALD-Morocco) (Financial Services to Corporates and Insurance)	New offer allowing the rental of 2-wheelers, in order mainly to meet the growing market demand from corporates. This solution consists of a variable duration lease contract associated with a range of services - insurance, maintenance, assistance and tyres. This offer, the first of its kind in Morocco, was implemented in partnership with MOB SHOP (KYMCO's local importer and distributor).
	"Tailor-made offer for small retail businesses" (May 2015; SGS-Serbia) (International Retail Banking)	New package adapted to small business retail trade companies' cash management needs. The service includes an overdraft for POS users (20% of their monthly turnover), and competitive pricing (reduced interest rate and commission). The offer also includes free cash deposit in branches, and more favourable interest rates (on home, cash, and refinance loans), also for the borrower's employees, when they let the bank process their salaries.
	ALD ECO DRIVE (June 2015 – ALD Automotive) (Financial Services to Corporates and Insurance)	The ALD ECO DRIVE package is available to all drivers, whether or not they use an ALD Automotive vehicle. Drivers are able to measure the flexibility of their driving and its impact on the environment, by reviewing each trip taken in the car and showing the road map assessed according to the driving method. Thanks to the eco-driving advice offered by ALD ECO DRIVE, drivers can improve quickly, use less fuel and earn points to raise their ranking. This service, which uses all Smartphone sensors, is available on Android and Apple platforms, and can even be used with a smart watch.
	"Banking call centre" (June 2015 SGBG Guinea) (International Retail Banking)	New banking call centre made up of four agents. This service, first of its kind in the Republic of Guinea, offers many services to the bank's customers: information service, accounts consultation, and forwarding calls to the electronic payment methods call centre.

Business division		New product or service
	"Premier Invest" (July 2015, Rosbank - Russia) (International Retail Banking)	Premier Invest is anew product developed with Societe Generale Strakhovenie Zhini and SG CIB, combining an investment backed by two types of assets: a secure fixed-rate asset (Rosbank deposit) and an asset invested in the international markets (indexed bond issued by SG CIB), with three types of investment strategies depending on the customer's choice (Diversified, Equities and Commodities). The product fully guarantees the customer's capital to maturity, offering projected gains according to market conditions, insurance coverage in the event of death, and benefits associated with the tax regime and inheritance frame of the life insurance.
	Vivacar.fr (September 2015, CGI - France) (Financial Services to Corporates and Insurance)	Vivacar.fr is an online virtual showroom where customers can buy a used car, financing costs included, in just eight clicks. With 18,000 used cars from major French dealers – CGI's main partners – and focusing on simplicity, Vivacar.fr is the first site that allows users to search for a car based on monthly budget amounts, starting from EUR 129 per month. Security, which is another big promise of the Vivacar.fr offer, not only applies to the selection of vehicles but also to budget management and insurance, with the aim of ensuring the utmost peace of mind for consumers in making their purchase.
	Multi-Elite life insurance policy (October 2015, Societe Generale Osiguranje (SGO) - Croatia) (Financial Services to Corporates and Insurance)	Multi-Elite is a new and innovative unit-linked life insurance policy on the Croatian market, resulting from the synergy between several members of the Group's GBIS division (SGPB, Amundi) and IBFS division (Splitska Banka and Societe Generale Insurance). Multi Elite offers a unique investment solution for Splitska Banka Private Banking (SGPB) high-net-worth customers. Wholly unit-linked and denominated in Euros, this free-management policy allows private banking customers to choose their investment vehicles from a range of selected funds, in collaboration with SGPB.
	MY ALD (October 2015, ALD Automotive) (Financial Services to Corporates and Insurance)	An app for drivers of ALD Automotive vehicles, giving them access to all the information regarding their vehicle, contract details and the associated services. As such, drivers can benefit from a digital solution in line with the company's spirit, where they can also find the company car policy. The digital safe holds their digital registration papers, ALD service e-card, insurance certificate, vehicle delivery and return documents, and any other personal documents they may want to access later. With My ALD, drivers can also configure their future vehicle and use the platform to submit their choice to their manager.
	Touch ID to access the mobile app (November 2015, Eurobank – Poland) (International Retail Banking)	At the end of 2015, Eurobank launched a new version of its iOS mobile app, allowing users to log in using "Touch ID", a fingerprint sensor. Now, customers no longer have to enter their PIN code to launch the app and access their financial details. All they have to do is press their finger or thumb into the sensor embedded in the phone. The Apple sensor compares the fingerprint with previously saved fingerprint scans. If the fingerprint matches, the customer has instant access to "My Finances".
	Lease financing offer (November 2015, SGT - Chad) (International Retail Banking)	A new lease financing offer for business customers, aimed at providing them with increasingly innovative local financial products tailored to their needs. This "turnkey" solution can be used to finance a variety of assets in transportation, construction and even energy production. It also entitles users to a tax deduction, which is a key advantage for the bank's customers. This new offer was developed with the keen support of the Societe Generale Equipment Finance teams.

Business division		New product or service
	Erable Essentiel (November 2015, Sogecap - France) (Financial Services to Corporates and Insurance)	Erable Essentiel is a simple life insurance policy available to all Societe Generale customers, with three management options (Junior, Initiative, and Complete) to help customers prepare for their medium and long-term projects: children's education, real-estate projects, retirement, etc. The policy evolves over time, with the financial offer and services automatically increasing as the customers grow older and/or as the amount invested in the policy increases, in order to help them carry out a personalised investment strategy. Erable Essentiel is also a civic-minded product, giving customers the opportunity to donate to a charitable association.
	Launch of a digital branch (December 2015, SGS - Serbia) (International Retail Banking)	An improved e-banking platform offering innovative services: ▪ an online purchasing process for traditional products such as payments, automatic direct debits and deposits, in addition to more sophisticated products such as consumer loans; ▪ calls or video chats, with five e-banking specialists available for business advice and technical support on work days and week-ends; ▪ use of a qualified digital certificate, which is the most secure method for using online services, to log in, complete a transaction or sign electronic documents.
Global Banking and Investor Solutions	First currency-hedged ETF share classes on EURO STOXX 50 (February 2015, Lyxor)	Lyxor Asset Management (Lyxor) is the first ETF provider to offer investors currency-hedged ETF share classes on the EURO STOXX 50 index with a Total Expense Ratio of 0.20% per annum. These hedged ETFs are perfectly tailored to investors' needs, in an environment where the misalignment of monetary policies has contributed to an increase in currency volatility. Fluctuations in foreign-exchange rates can lead to significant divergence in performance between the index returns in its local currency and the returns of a non-hedged ETF product that is listed in a different currency. Lyxor is the leading ETF provider on the Euro Stoxx 50 index in terms of both assets under management (with USD 6.5 billion) and liquidity.
	Lyxor Smart Cash fund (March 2015, Lyxor)	Lyxor Asset Management (Lyxor) announces the launch of the Lyxor Smart Cash fund, offering a solution to investors (treasurers, fund managers and institutional investors) who are seeking short-term yields higher than those of traditional money market funds. This actively managed strategy is accessible as a UCITS fund or as an ETF listed on Euronext. Lyxor Smart Cash offers a simple way for investors to access secured debt or repo (repurchase agreement) in order to optimise the yields on short-term investments without maturity or liquidity risk, representing an effective and innovative response to the persistently low money market rate environment. Additionally, the fund has the necessary characteristics to be classified as a cash equivalent by the investor's auditor.
	AIRM managed account platform via a new partnership with Quantmetrics (Lyxor)	Lyxor Asset Management (Lyxor) announced its partnership with Quantmetrics Capital Management ("Quantmetrics"), which will join Lyxor's AIFM (regulatory framework for alternative fund managers in Europe) managed account platform. With this partnership, Lyxor will launch on its alternative platform the first strategy that takes advantage of slight and temporary price differences on financial markets in the United States, Europe and Asia.
	SGI Asia Compass (March 2015) (Global Markets)	The main purpose of the index is to provide investors with stable performances during bullish periods and to limit market drawdown during bearish periods, while maintaining volatility near 6%. The index is based on three criteria: a diversified asset allocation on the Asian investment universe, comprising equities, debt and commodities; strategic allocation using the Equal Risk Contribution (ERC method) to calculate the optimum weight of each asset in the portfolio; and tactical allocation based on trend monitoring (Momentum) in order to take advantage of positive trends.

Business division		New product or service
	Tempo (April 2015) (Societe Generale Securities Services)	Societe Generale has launched "Tempo", an innovative, comprehensive and fully multi-asset collateral management solution aimed at buy-side and sell-side market participants. This new solution allows clients to benefit from a single centralised collateral management service across the entire value chain, from central margining and asset pool management to asset allocation and optimisation, thereby reducing operating costs, alleviating complexity, and increasing their overall performance through an efficient post-trade strategy.
	Innovative range of risk factor ETFs (June 2015, Lyxor)	Lyxor announced a partnership with JP Morgan for the launch of a new range of ETFs (indexed on the Smart Beta indices). This approach forms part of Lyxor's commitment to development, in an aim to provide investors with solutions to diversify risks, and with targeted tools in an effort to improve a portfolio's long-term performance.
	First UCITS fund with daily liquidity (June 2015 - Lyxor)	Lyxor announces its partnership with Corsair Capital Management LP, by launching an alternative management fund exploiting the performance of mid-cap US companies.
	SGI CHINA A SELECTION (July 2015) (Global markets)	Launch of a new systemic index offering privileged access to 300 Class A shares, including the biggest and most liquid shares listed on the Shanghai and Shenzhen markets. Moreover, the index offers a micro-economic approach to the stock picking, based on growth and value factors, while remaining sector-neutral.
	ICE AGE THEMATIC BASKET (August 2015) (Global Markets)	The Ice Age thesis predicts an economic environment of very low inflation and near deflation, via the disruption of equity markets, both in relative terms with respect to the bond markets, and in absolute terms. A selection of the right stocks can help protect investors during an Ice Age. Due to the deleterious effect of deflation/disinflation on debt, investors will also want to own companies with low leverage or (better yet) large cash balances. The basket is a liquid selection of the 51 Pan-European high quality stocks which are liquid, profitable, growing and self-financing. Strong balance sheets are also important. Ultimately, the basket is made up of companies with an attractive combination of lower leverage coupled with lower share price volatility.
	SG SEASONAL FACTOR COMMODITY INDEX (September 2015) (Global Markets)	The SG Seasonal Factor Commodity Index is a commodity index strategy developed by the Societe Generale Research Department. It is a dynamic directional index that seeks to capture price changes that are entirely driven by the seasonality of certain commodities. It delivers an exposure to 25 commodity markets, driven by changes in 72 different seasonal factors and managed within a liquid, rules-based index framework. Each of the factors has been identified and analysed using sophisticated analysis models. In addition, each factor represents a specific seasonal dynamic with a logical and robust explanation, its purpose, and how it can impact or influence the price of a particular commodity given according to the seasonality factor. The SFCI consists of 25 mono-indices, each covering one market. Each mono-index can take a long, flat or short position based on the signal from the indicators (bullish, neutral, bearish, etc.)
	Lyxor/Chenavari fund (July 2015, Lyxor)	Lyxor announced its partnership with Chenavari Investment Managers and the launch of the Lyxor / Chenavari Credit Fund. By adding this new European long/short credit strategy, Lyxor continues to strengthen its Alternative UCITS offering. The fund focuses on a fundamental, "credit spread neutral" approach. The use of liquid instruments enables a dynamic trading approach.

Business division		New product or service
	I-DEAL (September 2015)	I-DEAL is the dealing offer, provided by its business line Societe Generale Securities Services. It handles technical, HR and operational tasks for its clients: order receipt, systems (PMS, OMS, EMS, algorithms, etc.), dealing team and order transmission to market counterparts. The Societe Generale offer also includes: ■ Best execution reports: regulatory reports, operational reports, clients' reports; ■ Activity monitoring: a dedicated tool to input and monitor deals, with customised screens. Brokers ranking analysis & brokers performance reviews; ■ Market Middle Office services: reconciling broker fees and management of securities settlement information.
	SGI European Dividend Constant Maturity 1Y (December 2015) (Global Markets and Investor Services)	The SGI European Dividend Constant Maturity 1Y Index is a rules-based index. It provides a long exposure to EuroStoxx 50 dividends via a basket of dividend futures with a one-year maturity. It monetises the downward slope of dividend futures. By nature, the curve of these futures slopes downward due to the pessimistic views of investors on dividends. Accordingly, this strategy makes it possible to benefit from the non-realisation of forwards by taking a long position on the two nearest dividend futures with positive roll yield. Lastly, this strategy exhibits a low correlation to the market.
	Equity Risk Premia (October 2015 - Global Markets and Investor Services)	The Risk Premia range offers the possibility of investing based on a style or factor, and not based on a sector or country. The Equity Risk Premia (ERP) strategy relies on a solid investment rationale that enables the implementation of various styles of investment developed by the SG quantitative research teams. The indices enable the implementation of alternative, transparent, rules-based and cost-effective investment strategies, including the development of strategic allocations, with a view to obtaining the best absolute returns. Among the seven factors categorised under fundamental and behavioural strategies, SG has identified four key factors in order to maintain diversity in the ERP range: quality, value, profitability and Momentum. The ERP range is available in all major trading zones, following the implementation of long and/or long/short index strategies.
	Lyxor launches Multi-Factor ETFs (October 2015) (Private Banking and Asset Management)	The European multi-factor ETF provides access to five of the major risk factors in a single, low cost and transparent ETF. Starting from the MSCI Europe universe of approximately 440 stocks, JP Morgan's index selects the 40 highest ranking stocks for each of the five risk factors: low size, value, quality, low beta and momentum. With any duplicates removed, the resulting number of European stocks is currently 172. Each factor is equally weighted within the index and the index holdings are re-balanced on a monthly basis to keep the selection up to date. The new Lyxor JP Morgan Multi-Factor Europe Index UCITS ETF (Bloomberg Ticker: LYX5 GY) was listed on Xetra on the 9th October 2015 with a Total Expense Ratio of 0.40%.

5. ANALYSE OF THE CONSOLIDATED BALANCE SHEET

ASSETS

(in billion of euros)	31.12.2015	31.12.2014*
Cash, due from central banks	78.6	57.1
Financial assets measured at fair value through profit and loss	519.3	530.5
Hedging derivatives	16.5	19.4
Available-for-sale financial assets	134.2	143.7
Due from banks	71.7	80.7
Customer loans(1)	405.3	370.4
Revaluation differences on portfolios hedged against interest rate risk	2.7	3.4
Held-to-maturity financial assets	4.0	4.4
Tax assets	7.4	7.4
Other assets	69.4	65.2
Non-current assets held for sale	0.2	0.9
Investments accounted for using the equity method	1.4	2.8
Tangible and intangible fixed assets	19.4	17.9
Goodwill	4.4	4.3
Total	**1,334.4**	**1,308.1**

LIABILITIES

(in billion of euros)	31.12.2015	31.12.2014*
Due to central banks	7.0	4.6
Financial liabilities measured at fair value through profit and loss	455.0	480.3
Hedging derivatives	9.5	10.9
Due to banks	95.5	91.3
Customer deposits	379.6	349.7
Debt securities issued	106.4	108.7
Revaluation differences on portfolios hedged against interest rate risk	8.1	10.2
Tax liabilities	1.6	1.4
Other liabilities	83.1	75.0
Non-current liabilities held for sale	0.5	0.5
Underwriting reserves of insurance companies	107.3	103.3
Provisions	5.2	4.5
Subordinated debt	13.0	8.8
Shareholders' equity	59.0	55.2
Non-controlling Interests	3.6	3.6
Total	**1,334.4**	**1,308.1**

At 31st December 2015, the Group's consolidated balance sheet totalled EUR 1,334.4 billion, an increase of EUR 26 billion (+2%) compared to 31st December 2014 (EUR 1,308.1 billion).

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1 to the consolidated financial statements).

(1) Customer loans include lease financing and similar agreements previously presented on a separate line in the balance sheet. The presentation of comparative figures has been restated according to the financial statements published at 31st December 2014.

MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

The main changes in the scope of consolidation at 31st December 2015, compared with the scope applicable at 31st December 2014, are as follows:

Boursorama

- As of June 2015, the Group's equity interest in Boursorama increased from 79.51% to 100% following the purchase of the entire stake held by Caixa Group. In addition, Boursorama purchased the non-controlling interests in its subsidiaries Selftrade Bank and Onvista. Through these transactions, the Group became the sole shareholder of Boursorama, which in turn became the sole shareholder of its subsidiaries.
- Boursorama also acquired IT and software solutions developer Fiducéo. This wholly-owned entity has been fully consolidated since the first quarter.

Descartes Trading

In accordance with the law governing the separation and regulation of banking activities of 26th July 2013, which notably calls for the separation of speculative activities and activities necessary for the funding of the economy, Societe Generale's proprietary activities were transferred to Descartes Trading and its two branches, located in London and Hong Kong. This wholly-owned entity has been fully consolidated since the second quarter.

Amundi

- On 11th November 2015, the Group sold all its shares in Amundi following its IPO, decided by Societe Generale and Crédit Agricole SA, pursuant to the shareholders' agreement established at the time Amundi was created. This transaction generated income of EUR 161 million, recorded under Net income/expense from other assets.

Newedge

- On 2nd January 2015, Newedge USA was absorbed by SG Americas Securities.
- On 28th October 2015, Newedge Group transferred all of its assets to Societe Generale.

ALD Automotive

- ALD Axus Finland acquired fleet management company Easy KM OY. This wholly-owned entity has been fully consolidated since the first quarter.

CHANGES IN MAJOR CONSOLIDATED BALANCE SHEET ITEMS

Cash, due from central banks (EUR 78.6 billion at 31st December 2015) increased by EUR 21.5 billion (+ 37.7%) relative to 31st December 2014.

Financial assets and liabilities at fair value through profit or loss fell by EUR 11.3 billion (-2.1%) and EUR 25.3 billion (-5.3%) respectively, relative to 31st December 2014.

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

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

The decline in financial assets and liabilities at fair value through profit or loss is mainly attributable to decreased activity in trading derivatives and debt and equity instruments against a backdrop of falling volumes. This decline was offset by increased customer repurchase agreement activity.

The impact of exchange rate fluctuations on the valuation of financial instruments is the same on the assets and liabilities sides of the balance sheet.

Customer loans, including securities purchased under resale agreements recognised at amortised cost, picked up by EUR 34.9 billion (+9.4%) compared to 31st December 2014, reflecting higher demand for real estate loans, cash facilities, other loans and authorised overdrafts.

Customer deposits, including securities sold under repurchase agreements recognised at amortised cost, improved by EUR 29.9 billion (+8.6%) versus 31st December 2014, thanks in large part to the solid momentum of regulated savings account inflows and demand deposits in most geographic areas.

Due from banks, including securities purchased under resale agreements recognised at amortised cost, fell by EUR 9.0 billion (-11.2%) relative to 31st December 2014, sparked by the easing of the interbank market.

Due to banks, including securities sold under repurchase agreements recognised at amortised cost, increased by EUR 4.2 billion (+4.6%) versus 31st December 2014.

Group shareholders' equity amounted to EUR 59.0 billion at 31st December 2015 versus EUR 55.2 billion at 31st December 2014. This increase was attributable primarily to the following items:

- net income for the financial year at 31st December 2015: EUR +4.0 billion;
- dividend payment in respect of financial year 2014: EUR -1.7 billion;
- increase in unrealised or deferred capital gains and losses: EUR +1.1 billion;
- Sell of treasury shares with an impact of: EUR +0.3 billion;
- Refund of two deeply subordinated notes: EUR -1.4 billion;
- One deeply subordinated note issue: EUR +1.1 billion.

After taking into account non-controlling interest (EUR 3.6 billion), Group shareholders' equity came to EUR 62.6 billion at 31st December 2015.

6. FINANCIAL POLICY

The objective of the Group's policy with regard to capital management is to optimise the use of shareholders' equity in order to maximise short-and long-term return for shareholders, while maintaining a level of capital (Common Equity Tier 1, Tier 1 and Total Capital ratios) consistent with the market status of Societe Generale and the Group's target rating. Since 2010, the Group has launched a major realignment programme, strengthening capital and focusing on the rigorous management of scarce resources (capital and liquidity) and proactive risk management in order to apply the regulatory changes related to the implementation of new "Basel 3" regulations.

GROUP SHAREHOLDERS' EQUITY

Group shareholders' equity totalled EUR 59 billion at 31st December 2015, net asset value per share was EUR 61.62 and net tangible asset value per share was EUR 55.94. Book capital includes EUR 9.5 billion in deeply subordinated notes and EUR 0.4 billion in perpetual subordinated notes.

At 31st December 2015, Societe Generale possessed, directly or indirectly, 9.5 million Societe Generale shares, representing 1.18% of the capital (excluding shares held for trading purposes). In 2015, the Group acquired 8.4 million Societe Generale shares under the liquidity contract concluded on 22nd August 2011 with an external investment services provider. Over this period, Societe Generale also proceeded to dispose of 8.8 million Societe Generale shares *via* the liquidity contract.

The information concerning the Group's capital and shareholding structure is available in Chapter 7 of this Registration Document, page 458 and following.

CAPITAL MANAGEMENT

As part of managing its capital, the Group ensures that its solvency level is always compatible with its strategic targets and regulatory obligations.

Moreover, the Group ensures that its Total Capital Ratio (Common Equity Tier 1 + hybrid securities recognised in additional Tier 1 and Tier 2) offers a sufficient safety buffer for unsecured senior lenders, particularly with a view to implementing resolution rules (see Chapter 4.3, page 151).

At end-2015, the Group had achieved the targets set for end-2016 as part of its strategic plan and confirmed the achievement of its balance sheet solidity goals, with a margin kept at 100 to 150 basis points above the regulatory requirements for the CET 1 ratio, a Common Equity Tier 1 (fully loaded) ratio target for the Group at end-2016, set above 11%, and a Total Capital Ratio of more than 18% at end-2017 with a view to the entry into force of obligations related to TLAC (Total Loss Absorbing Capacity).

Since mid-2015, the Group has been managed with a target Common Equity Tier 1 capital ratio of 11%(1). The Common Equity Tier 1 ratio stood at 10.9% at 31st December 2015, versus 10.1% at 31st December 2014. At 31st December 2015, the Group's phased-in Common Equity Tier 1 ratio amounted to 11.4%.

The leverage ratio, calculated according to the CRR/CRD4 rules integrating the Delegated Act of October 2014, reached 4.0% as at 31st December 2015, for a target set at 4-4.5% at end-2016.

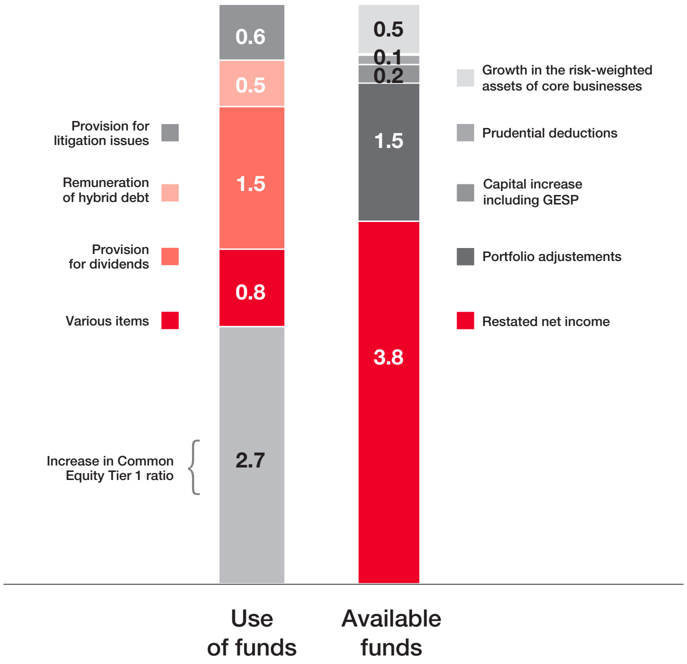
The Tier 1 ratio is 13.5%, up +85 basis points compared with end-2014. The Total Capital Ratio amounted to 16.3% at end-2015, up +199 basis points in one year.

Detailed information on capital management and controls together with the regulatory framework is provided in Chapter 4 of this Registration Document, page 156 and following.

In 2015, the Group's capital generation made it possible to finance growth in risk-weighted assets, and developments in its operations portfolio (specifically the year's disposals and acquisitions), while maintaining sufficient margin to ensure dividend distribution and hybrid coupons payment, and strengthening the capital ratios in compliance with the strategy defined.

(1) Solvency/leverage ratios calculated according to CRR/CRD4 rules, without the benefit of transitional provisions (fully-loaded), unless indicated otherwise. They are presented pro forma of retained earnings, net of dividend provisions, for the current financial year. 2014 leverage ratio including the provisions of the October 2014 Delegated Act.

CREATION AND USE OF THE GROUP'S SHAREHOLDERS' EQUITY IN 2015



In 2015, the main changes in Common Equity Tier 1 capital were as follows:

Available funds (EUR 6.1 billion):

- restated net income of EUR 3.8 billion(1);
- portfolio adjustments of EUR 1.5 billion;
- prudential deductions of EUR 0.2 billion;
- growth in the risk-weighted assets of core businesses of EUR 0.1 billion;
- capital increase (including the Global Employee Share ownership Plan – GESP) representing EUR 0.5 billion;

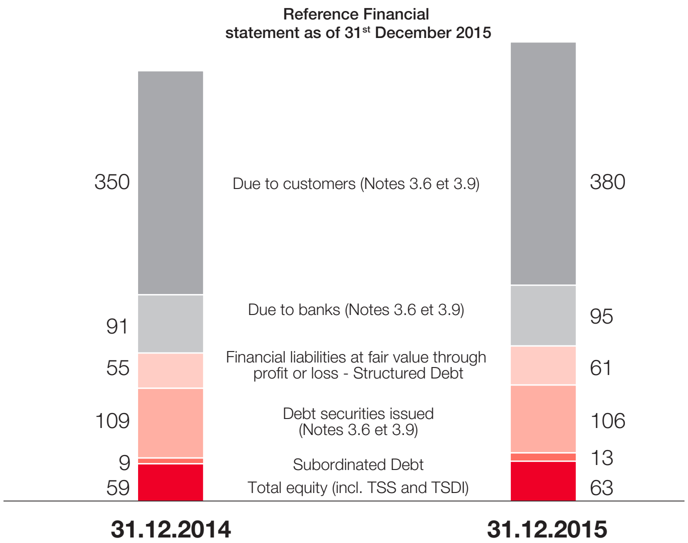
Use of funds (EUR 6.1 billion):

- a EUR 1.5 billion dividend provision;
- the remuneration of hybrid debt booked in equity for EUR 0.5 billion;
- provision for litigation issues of EUR 0.6 billion;
- various items of EUR 0.8 billion;
- The EUR 2.7 billion difference between available funds and use of funds strengthens the Common Equity Tier 1 capital ratio.

(1) Net income restated for prudential purposes: adjustments related to goodwill impairments, revaluation of own financial liabilities, and adjustments to the Group core businesses' portfolio (notably this year's acquisitions).

GROUP DEBT POLICY*

FUNDING STRUCTURE:



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

- capital including deeply subordinated and perpetual subordinated notes (representing EUR 10.0 bn as of 31st December 2015 and EUR 9.8 bn as of 31st December 2014);
- debt securities issued by the Group, of which:
  - dated subordinated debt (EUR 13.0 billion at end-2015 and EUR 8.8 billion at end-2014),
  - long-term vanilla senior debt (EUR 33.9 billion at end-2015 and EUR 32.0 billion at end-2014),
  - covered bonds issued through the following vehicles: SGSCF (EUR 8.9 billion at end-2015 and EUR 8.4 billion at end-2014); SGSFH (EUR 9.7 billion at end-2015 and EUR 8.7 billion at end-2014); CRH (EUR 7.1 billion at end-2015 and EUR 7.3 billion at end-2014),
  - securitisations and other secured debt issues: EUR 4.4 billion at end-2015 and EUR 4.5 billion at end-2014,
  - conduits (EUR 9.0 billion at end-2015 and EUR 7.0 billion at end-2014);
  - financial liabilities reported at fair value through P&L, including debt securities issued reported in the trading book, and debt securities issued measured using fair value option through P&L.
- debt to customers, particularly deposits.

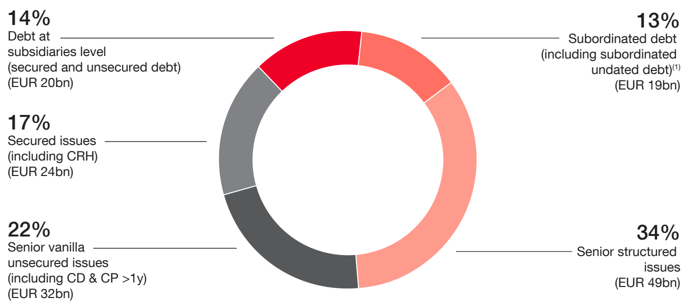
Funding resources also include funding via securities lending/borrowing transactions and securities sold under repurchase agreements measured at fair value through P&L totalling EUR 178.5 billion at 31st December 2015 versus EUR 196.5 billion at 31st December 2014 (see Note 3.1 of the consolidated financial statements), which are not included in this graph.

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

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

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

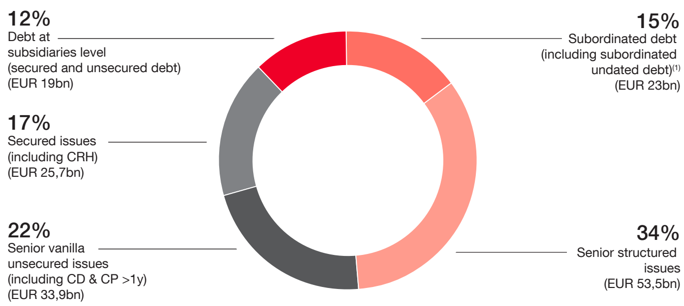
GROUP LONG-TERM DEBT AT 31ST DECEMBER 2014: EUR 144 BN*



* Group short-term debt totalled EUR 39.2 billion as of 31st December 2014, of which EUR 7 billion issued by conduits

(1) Of which EUR 9.8 billion accounted as "other equity instruments" (see consolidated financial statements, changes in shareholders' equity).

GROUP LONG-TERM DEBT AT 31ST DECEMBER 2015: EUR 155 BN*



* Group short-term debt totalled EUR 35.9 billion as of 31st December 2015, of which EUR 9.0 billion issued by conduits.

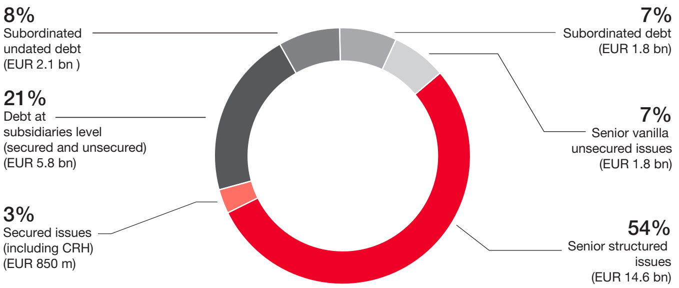
(2) Of which EUR 10.0 billion accounted as "other equity instruments" (see consolidated financial statements, changes in shareholders' equity).

* Additional information about the Group liquidity risk management is available in Chapter 4 of this Registration Document, on page 193 and following, and in Note 4.3 to the consolidated financial statements on page 338.

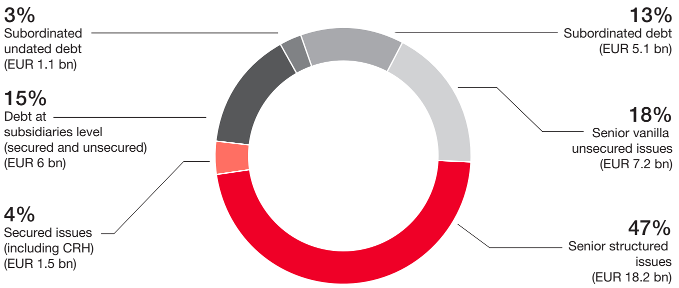
Accordingly, the **Group's long-term financing plan**, implemented gradually and in a coordinated manner during the year based on a non-opportunistic issuance policy, is designed to maintain a surplus liquidity position over the medium and long term.

At end-2015, the liquidity raised under the 2015 financing programme amounted to EUR 39.1 billion in senior and subordinated debt. The liquidity raised at the parent company level amounted to EUR 33.1 billion at 31st December 2015. Refinancing sources broke down as EUR 7.2 billion in senior vanilla unsecured issues, EUR 18.2 billion in senior structured issues, EUR 1.5 billion in secured issues (SG SFH and SG SCF), EUR 5.1 billion in subordinated Tier 2 debt, and EUR 1.1 billion in undated subordinated Additional Tier 1 debt. At the subsidiary level, EUR 6.0 billion had been raised at 31st December 2015.

2014 FINANCING PROGRAMME: EUR 27 BN



2015 FINANCING PROGRAMME: EUR 39.1 BN



LONG-TERM RATINGS, SHORT-TERM RATINGS AND CHANGES OVER THE FINANCIAL YEAR

Summary table of Societe Generale's long-term and short-term ratings as at 31st December 2015:

	DBRS	FitchRatings	Moody's	Standard & Poor's
Long-term senior rating	A (High) (Stable)	A (Stable)	A2 (Stable)	A (Stable)
Short-term senior rating	R-1 (middle)	F1	P-1	A-1

During 2015, Moody's, FitchRatings and S&P (Standard and Poor's) affirmed Societe Generale's ratings at A2, A and A respectively, and raised the outlook to "Stable" from "Negative". DBRS downgraded Societe Generale's long-term rating by one notch to "A (High)" following the withdrawal of government support, as with 30 other European banks, and stabilised the outlook. These decisions concluded the government support review (withdrawal or reduction) by the four rating agencies.

Short-term ratings assigned by all four agencies remained unchanged over the period at R-1 (Middle), F1, P-1 and A-1 for DBRS, FitchRatings, Moody's and S&P respectively.

7. MAJOR INVESTMENTS AND DISPOSALS

The Group maintained a targeted acquisition and disposal policy in 2015, in line with its strategy focused on its core businesses and management of scarce resources.

Business division	Description of investments
2015	
International Retail Banking and Financial Services	Acquisition of a 65% stake in MCB Mozambique.
French Retail Banking	Acquisition of a 20.5% stake and exclusive control of Boursorama. Acquisition of a 49% stake and exclusive control of Selftrade Bank in Spain.
2014	
International Retail Banking and Financial Services	Acquisition of a 7% stake in Rosbank, increasing the Group's stake to 99.4%.
Global Banking and Investor Solutions	Acquisition of 50% and exclusive control of Newedge.
French Retail Banking	Increase from 55.3% to 79.5% of the Group's stake in Boursorama following a tender offer and a squeeze-out. Increase to 100% of the Group's stake in Banque Nuger.
Corporate Centre	Acquisition of a 3% stake in Euronext NV.
2013	
International Retail Banking and Financial Services	Acquisition of 10% in Rosbank, increasing the Group's stake to 92.4%.
French Retail Banking	Increase from 97.6% to 100% of the stake held in Banque Tarneaud following a squeeze-out by Crédit du Nord.

Business division	Description of investments
2015	
International Retail Banking and Financial Services	Disposal of consumer credit activities in Brazil.
Global Banking and Investor Solutions	Disposal of the entire stake in Amundi (20%) at the time of the company's stock market listing.
Corporate Centre	Disposal of treasury shares (1% of Societe Generale's total shares) Disposal of the 7.4% stake held by Geninfo in Sopra Stéria.
2014	
Global Banking and Investor Solutions	Disposal of Private Banking operations in Asia (Hong Kong and Singapore).
Global Banking and Investor Solutions	Sale of 5% of Amundi to Crédit Agricole, bringing the Group's stake to 20%.
2013	
International Retail Banking and Financial Services	Disposal of a 77.17% stake in NSGB in Egypt for USD 1,974 million.
Global Banking and Investor Solutions	Disposal of the SGHP-held stake in TCW (United States).
Global Banking and Investor Solutions	Disposal of SG Private Banking Japan.

8. PENDING ACQUISITIONS AND IMPORTANT CONTRACTS

Financing of the main ongoing investments

The main investments currently underway will be financed using the Group's usual sources of funds.

Pending acquisitions

On 27th February 2015, Societe Generale announced that the partnership regarding life insurance business between Crédit du Nord and Aviva France, managed through Antarius, would come to an end. The Group announced that it intended to exercise its call option on the 50% held by Aviva in Antarius. The closing of the transaction should be effective at end-February 2017 after a two-year transition period.

On 27th November 2015, the Group confirmed that it had negotiated a binding offer with Oddo & Cie to acquire Kleinwort Benson Wealth Management (KB Bank Limited and KB Channel Islands Holdings Limited), BHF KB's Private Banking activity in the United Kingdom and the Channel Islands. This transaction is conditional on the success of the counter-offer launched by Oddo & Cie, and on the usual conditions precedent, in particular the negotiation of a share sales agreement with BHF Kleinwort Benson.

On 17th February 2016, the Group announced that it had entered into exclusive negotiations with Wendel regarding the acquisition by ALD Automotive of the Parcours Group, the seventh largest French player in Operational Vehicle Leasing. This transaction forms part of ALD Automotive's development strategy and will enable it to strengthen its positioning in France on the SME and micro-enterprise customer segment and to ramp up its growth in the Operational Vehicle Leasing market. The acquisition agreement was signed by the parties on 24th February 2016 and the completion of the transaction is subject to the approval of the French Competition Authority.

Ongoing disposals

Visa Inc's offer to buy back Visa Europe, until present held by all European banks, including Societe Generale, was accepted on 2nd November 2015. Its completion is planned for April 2016 with payment in cash, in Visa Inc. preference shares not transferable before 4-12 years and with an earn-out clause. The Visa Europe securities were also remeasured by equity at 31st December 2015 for an amount of EUR 552 million before tax, representing 78% of the nominal amount expected in cash and preference shares.

9. PROPERTY AND EQUIPMENT

The gross book value of Societe Generale Group's tangible operating fixed assets amounted to EUR 28.0 billion at 31st December 2015. This figure comprises land and buildings (EUR 5.1 billion), assets leased by specialised financing companies (EUR 17.3 billion) and other tangible assets (EUR 5.6 billion).

The gross book value of the Group's investment property amounted to EUR 0.8 billion at 31st December 2015.

The net book value of tangible operating assets and investment property amounted to EUR 17.8 billion, representing just 1.3 % of the consolidated balance sheet at 31st December 2015. Due to the nature of Societe Generale's activities, property and equipment are not material in comparison to the scale of the Group.

10. POST-CLOSING EVENTS

No post-closing event occurred after 31st December 2015 that could significantly affect the group's financial or commercial position.

11. RECENT DEVELOPMENTS AND OUTLOOK

In 2016, the global economy should suffer from high uncertainty, related in particular to the geopolitical environment (Brexit, European migrant crisis, instability in the Middle East) and to elections in key countries. At the same time, the volatility of commodity and capital markets should remain significant, given the slowdown in emerging economies and strong divergences in monetary policies.

In the Eurozone, the quantitative easing and negative interest rate policy implemented by the ECB should keep market interest rates low in 2016, against a backdrop of consistently low inflation. In the United States, the pace of the FED's tightening monetary policy will depend on economic growth momentum. In emerging countries, the moderate growth rate was confirmed in 2015. Although this trend was contained in China, business activity in countries producing commodities saw a more significant decrease.

Within this contrasted environment, banks will have to continue to strengthen their capital to meet new regulatory requirements, further to the Basel reforms. In particular, following the various transparency exercises implemented in 2015 and the publication of the minimum Pillar 2 requirements, banks will have to comply with new current liability ratios (MREL and TLAC). Other reforms are still pending, as the banking regulator is reviewing the trading portfolio and risk-weighting models.

Against this background, the major focus of marketplace discussions is to develop a sustainable growth model for the financial sector, one that allows banks to continue funding the economy despite the budget constraints in effect. The addition of new regulatory requirements, combined with the potential for skewed competitive advantages between countries, will significantly weigh on the profitability of certain activities and could influence the development models of certain banking players as a result.

In 2016, the Group intends to continue the implementation of its strategic plan by focusing on:

- ramping up the transformation of its customer-oriented model by relying on its core values of team spirit, innovation, responsibility and commitment,
- controlling its risks and costs,
- maintaining a strict capital management policy (capital allocation of 11% of RWA to the business divisions, fully loaded CET 1 exceeding 11% by end-2016, maintaining a payout ratio of 50%), and the dynamic management of its asset portfolio,
- within French Retail Banking, ramping up the networks' digital transformation and the development of Boursorama,
- within International Retail Banking and Financial Services, developing the retail banking activities (in particular in Africa and Central Europe) and financial services, and continuing the recovery of business activities in Russia, commenced in mid-2015,
- in Global Banking and Investor Solutions, continuing the transformation of global markets activities, in particular the integration of the post-trading chain, supporting the growth in activities to finance the economy, and the growth of Private Banking and specialised management.

As announced in its strategic plan, the Group is confident in the ability of its model to generate 10% return on equity. However, due to the increase in capital requirements and the economic and financial environment, we cannot confirm the 10% ROE target by end-2016.

The Group is working on a new strategic plan for the 2017-2020 period, which will be communicated in 2017.

12. INFORMATION ABOUT GEOGRAPHIC LOCATIONS AND ACTIVITIES AS AT 31ST DECEMBER 2015

Article L.511-45 of the French Monetary and Financial Code, amended by Order No. 2014-158 of 20th February 2014, requires credit institutions to publish information on the locations and activities of their entities included in their consolidation scope, in each state or territory.

Societe Generale publishes below the information relative to staff and the financial information by countries or territories.

The list of locations is published in Note 8.4 of the notes to the consolidated financial statements.

Country	Staff*	NBI*	Earnings before corporate tax*	Corporate tax*	Deferred corporate tax*	Other taxes*	Subventions*
South Africa	92	14	7	(2)	0	(1)	-
Albania	395	24	1	(1)	0	(0)	-
Algeria	1,427	146	81	(21)	2	(3)	-
Germany	3,119	711	135	(62)	29	(8)	-
Australia	25	12	(4)	0	(1)	(0)	-
Austria	59	10	3	(1)	(0)	(0)	-
Bahamas	49	18	4	0	0	0	-
Belgium	483	149	67	(8)	(4)	(2)	-
Benin	232	22	3	(0)	6	(0)	-
Bermuda(1)	0	17	17	0	(0)	0	-
Brazil	338	156	(27)	(16)	(15)	(7)	-
Bulgaria	1,505	112	43	(5)	1	(11)	-
Burkina faso	266	26	5	(1)	2	(0)	-
Cameroon	626	80	31	(10)	(3)	(5)	-
Canada	92	53	19	(4)	(3)	(1)	-
China	515	82	(13)	(0)	7	(0)	-
Cyprus	0	1	1	0	0	0	-
South Korea	125	128	58	(8)	(2)	(3)	-
Ivory Coast	1,134	124	46	(9)	(4)	(3)	-
Croatia	1,422	169	21	(4)	1	(11)	-
Curacao(2)	0	1	1	0	0	0	-
Denmark	158	69	43	4	(14)	(3)	-
United Arab Emirates	51	3	(11)	0	0	0	-
Spain	627	374	163	(79)	25	(5)	-
Estonia	-	-	1	-	-	-	-
United States	2,357	1,710	470	3	(258)	(5)	-
Finland	112	65	46	(7)	(2)	0	-
France	51,612	12,097	1,653	(196)	(384)	(859)	-

Country	Staff*	NBI*	Earnings before corporate tax*	Corporate tax*	Deferred corporate tax*	Other taxes*	Subventions*
Georgia	972	49	22	(2)	(0)	(3)	-
Ghana	661	68	16	(5)	(0)	(0)	-
Gibraltar	51	19	3	0	(0)	(0)	-
Greece	37	4	1	(0)	1	0	-
Guinea	289	37	15	(7)	1	(1)	-
Equatorial Guinea	292	31	14	(5)	(0)	(0)	-
Hong Kong	1,071	767	335	(45)	(14)	(0)	-
Hungary	-	-	5	-	-	-	-
Guernsey	0	0	0	0	0	0	-
Cayman Islands(3)	0	0	0	0	0	0	-
India(4)	4,605	71	76	(32)	(2)	(1)	-
Ireland	46	9	39	(0)	-	(0)	-
Italy	1,975	663	168	(64)	12	(11)	-
Japan	308	292	158	(31)	(14)	(4)	-
Jersey	249	69	22	(2)	(0)	(0)	-
Latvia	-	-	1	-	-	-	-
Lebanon	-	-	20	-	-	-	-
Lithuania	-	-	1	-	-	-	-
Luxembourg	1,570	855	587	(101)	7	(4)	-
Macedonia	376	23	8	(1)	(0)	(1)	-
Madagascar	805	54	29	(6)	(0)	(2)	-
Malta	0	0	0	0	0	-	-
Morocco	3,767	421	95	(46)	9	(5)	-
Mauritius	-	-	(0)	-	-	-	-
Mexico	99	10	3	(0)	(1)	(1)	-
Moldova	729	29	12	(3)	1	(0)	-
Monaco	361	149	59	(20)	0	(0)	-
Montenegro	269	25	7	(1)	(0)	(2)	-
Norway	333	125	64	2	(10)	0	-
New Caledonia	303	78	41	(18)	(1)	(0)	-
Netherlands	176	156	132	(28)	(1)	(0)	-
Poland	3,063	206	27	(4)	(3)	(15)	-
French Polynesia	288	46	3	(3)	1	(1)	-
Portugal	91	16	10	(2)	(1)	0	-
Czech Republic	8,567	1,142	593	(91)	(7)	(33)	-
Romania	8,405	595	144	(6)	(15)	(25)	-
United Kingdom	3,344	1,618	392	(57)	(1)	(223)	-
Russian Federation	16,005	741	(105)	(15)	16	(5)	-
Senegal	786	71	3	(2)	(12)	(1)	-

Country	Staff*	NBI*	Earnings before corporate tax*	Corporate tax*	Deferred corporate tax*	Other taxes*	Subventions*
Serbia	1,302	98	28	0	(1)	(6)	-
Singapore	280	146	57	0	0	(0)	-
Slovakia	55	38	25	(5)	(2)	(0)	-
Slovenia	848	108	55	(4)	(3)	(2)	-
Sweden	138	54	29	(12)	6	(1)	-
Switzerland	752	232	(5)	(5)	6	(10)	-
Taiwan	34	18	7	(1)	0	(0)	-
Chad	214	23	8	(2)	(1)	(2)	-
Thailand	-	0	0	0	0	0	-
Togo	23	1	(1)	0	0	0	-
Tunisia	1,249	102	42	(13)	(4)	(1)	-
Turkey	107	11	(4)	0	2	(2)	-
Ukraine	-	-	6	-	-	-	-
Total	**131,715**	**25,639**	**6,109**	**(1,064)**	**(650)**	**(1,288)**	**-**

* **Staff:** Full-time equivalent (FTE) as at closing date. Staff of entities accounted for by the equity method are excluded.

NBI: Net banking income by territorial contribution to the consolidated statement, in millions of euros, before elimination of intragroup reciprocal transactions. Net income from companies accounted for by the equity method is directly recorded in the earnings before tax, there is no contribution from them.

Earnings before tax: Earnings before tax by territorial contribution to the consolidation statement before elimination of intragroup reciprocal transactions.

Corporate taxes: Such as presented in the consolidated statement in accordance with IFRS standards and by distinguishing current taxes from deferred taxes.

Other taxes: Other taxes include among others payroll taxes, the C3S tax and local taxes. The data arise from the consolidated reporting and from the management report.

Public subsidies received: Non-matching or non-refundable subsidies granted by a public entity on a one-off or renewable basis to complete a clearly defined project.

(1) Revenues from entities located in Bermuda are taxed in the United States and France.

(2) Revenue from the entity located in Curacao is taxed in France.

(3) Revenues from entities located in Cayman Islands are taxed in the United States, United Kingdom and Japan, respectively.

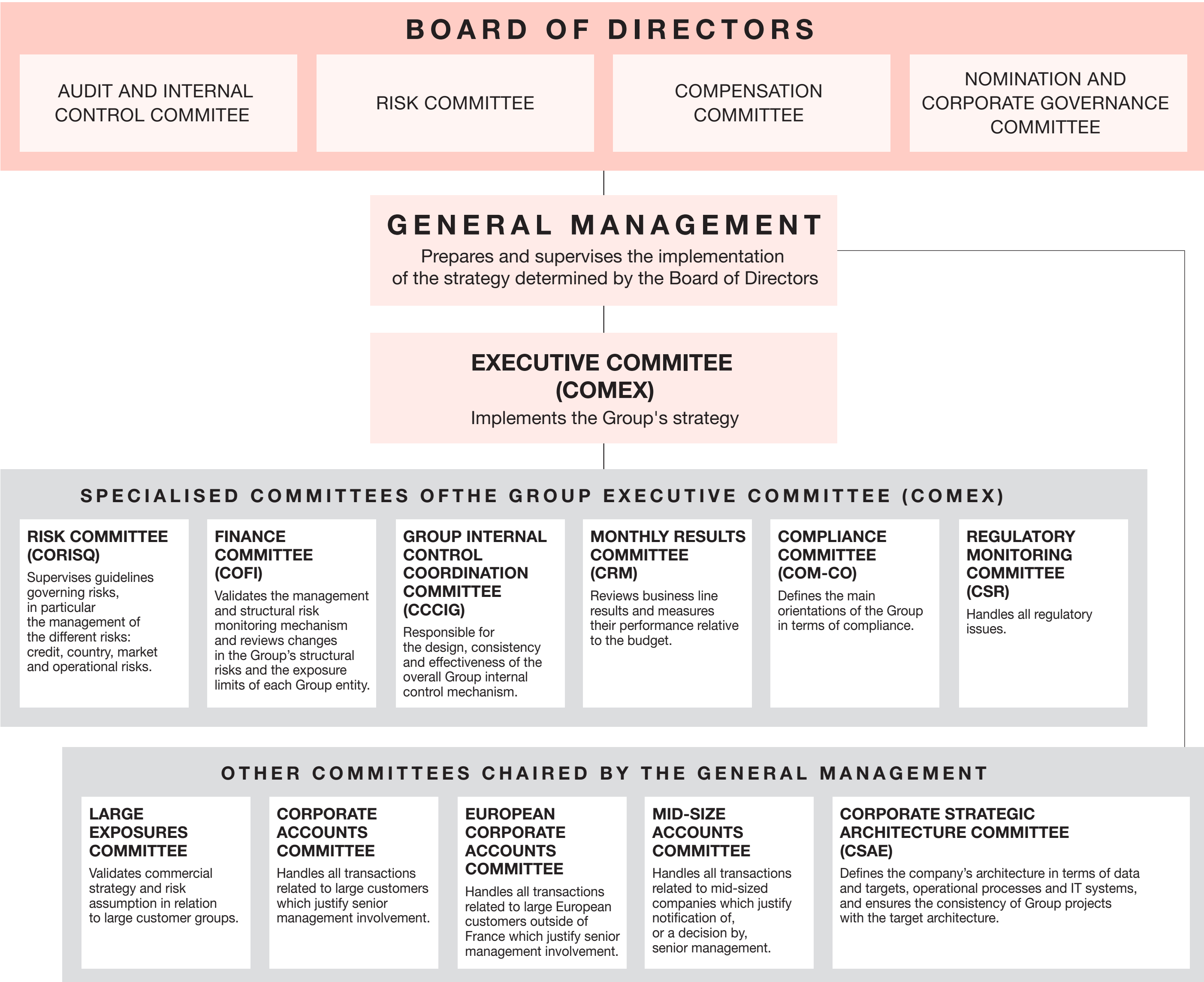
(4) Most of the staff located in India is assigned to a shared services centre whose re-invoicing income is recorded in general and administrative expenses and not in NBI.

3

CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE STRUCTURE AND MAIN BODIES

PRESENTATION OF GOVERNANCE AND STRUCTURE OF SUPERVISION COMMITTEES



The composition of the Board of Directors is presented on pages 65 and following of this Registration Document. The Internal Rules of the Board of Directors defining is powers are provides in Chapter 7, page 471. The Board’s work is presented on pages 81 and 82.

The composition of the General Management, the Executive Committee is presented in the respective sections of this chapter (see pages 72,74 and 75).

The different Board of Directors Committees and their powers, along with their activity reports, are presented in the Chairman’s Report on Corporate Governance (page 76) and in the report of the Chairman on internal control and Risk Management (page 115), covering in particular the:

- Role of the Chairman of the Board of Directors and the report on his activities, page 83;
- Audit and Internal Control Committee (CACI), page 84;
- Risk Committee, page 85, role of this two committees, page 119;
- Compensation Committee, page 86;
- Nomination and Corporate Governance Committee, page 87.

BOARD OF DIRECTORS

(AT 1st JANUARY 2016)w

Lorenzo BINI SMAGHI

Chairman of the Board of directors

Date of birth: 29th November 1956

Year of first appointment: 2014 – Term of office expires in: 2018

Independent Director

Holds 2,000 shares

Professional address: Tours Societe Generale, 75886 Paris Cedex 18

Other offices held in listed companies:
Non-Executive Chairman of the Board of Directors: SNAM (Italy).

Other offices held in foreign unlisted companies:
Director: TAGES Holding (Italy).

Biography: an Italian national with a degree in Economic Sciences from *Université Catholique de Louvain* (Belgium) and a Ph.D. in Economic Sciences from the University of Chicago. Began his career in 1983 as an economist in the Research Department of the Bank of Italy. Was appointed Head of the Policy Division of the European Monetary Institute in 1994. Became Director General of International Financial Relations in Italy's Economy and Finance Ministry in October 1998. Chairman of SACE from 2001 to 2005. Member of the Executive Board of the European Central Bank from June 2005 to December 2011. Since 2012, Non-Executive Chairman of the Board of Directors of SNAM (Italy).

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
Non-Executive Chairman of the Board of Directors: SNAM (Italy). *Director:* TAGES Holding (Italy), Morgan Stanley (United Kingdom) (until 31st March 2014).	*Non-Executive Chairman of the Board of Directors:* SNAM (Italy). *Director:* TAGES Holding (Italy).	*Non-Executive Chairman of the Board of Directors:* SNAM (Italy).	None

Frédéric OUDÉA

Chief Executive Officer

Date of birth: 3rd July 1963

Year of first appointment: 2009 – Term of office expires in: 2019

Holds 85,934 shares directly
1,869 shares through Societe Generale Actionnariat (Fonds E)

Professional address: Tours Societe Generale, 75886 Paris Cedex 18

Other offices held:
Does not hold any other office.

Biography: Frédéric Oudéa is a graduate of the *École Polytechnique* and the *École Nationale d'Administration*. From 1987 to 1995, he held a number of posts in the French senior civil service, Audit Department of the Ministry of Finance, Ministry of the Economy and Finance, Budget Ministry and Cabinet of the Ministry of the Treasury and Communication. He joined Societe Generale in 1995 and went from being Deputy Head to Head of the Corporate Banking arm in London. In 1998, he became Head of Global Supervision and Development of Equities. Appointed Deputy Chief Financial Officer of the Societe Generale Group in May 2002. Appointed Chief Financial Officer in January 2003. Appointed Chief Executive Officer of the Group in 2008. Chairman and Chief Executive Officer of Societe Generale from May 2009 to May 2015. In May 2015, the Board of Directors separated the offices of Chairman of the Board of Directors and of Chief Executive Officer, and appointed Frédéric Oudéa Chief Executive Officer.

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
None	None	None	None

Robert CASTAIGNE

Company Director

Date of birth: 27th April 1946

Year of first appointment: 2009 – Term of office expires in: 2018

Independent Director, Member of the Audit and Internal Control Committee, and of the Risk Committee

Holds 1,000 shares

Other offices held in French listed companies:
Director: Sanofi, Vinci.

Other offices held in foreign listed companies:
Director: Novatek (Russia) (since 24th April 2015)

Biography: graduated with an engineering degree from *École Centrale de Lille* and *École Nationale Supérieure du Pétrole and des Moteurs*. Holds a Ph.D. in economics. Spent his entire career at Total SA, first as an engineer, and then in various positions. Chief Financial Officer and a Member of the Executive Committee of Total SA from 1994 to 2008.

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
Director: Sanofi, Vinci.	*Director:* Sanofi, Vinci.	*Director:* Sanofi, Vinci.	*Director:* Sanofi, Vinci, Compagnie Nationale à Portefeuille.

Note: professional addresses are only given for those still in employment. For other Board members, please send any post to Societe Generale's postal address. See Chapter 7, page 464.

Michel CICUREL
Chairman of Michel Cicurel Conseil

Date of birth: 5th September 1947

Year of first appointment: 2004 – Term of office expires in: 2016

Independent Director, Member of the Nomination and Corporate Governance Committee, and of the Compensation Committee.

Holds 1,138 shares

Other offices held in French listed companies:
Member of the Supervisory Board: Publicis.

Offices held in French unlisted companies:
Chairman: Michel Cicurel Conseil.
Chairman of the Board of Directors: Banque Leonardo*.
Director: Bouygues Telecom, Cogepa.

Offices held in foreign unlisted companies:
Chairman of the Management Board: La Maison* (Luxembourg).

Biography: after a career at the French Treasury from 1973 to 1982, was appointed project director and then Deputy Chief Executive Officer of Compagnie Bancaire from 1983 to 1988, and Chief Executive Offier of Cortal from 1983 to 1989. Deputy Director of Galbani (BSN Group) from 1989 to 1991. Director and Chief Executive Officer, and subsequently Vice-Chairman and Chief Executive Officer, of CERUS from 1991 to 1999. Chairman of the Management Board of La Compagnie Financière Edmond De Rothschild and of Compagnie Financière Saint-Honoré from 1999 to June 2012. Michel Cicurel is Chairman of Michel Cicurel Conseil since July 2012.

Detailed information on offices and positions held in previous years

2014

Chairman: Michel Cicurel Conseil.

Chairman of the Board of Directors: Banque Léonardo.

Chairman of the Management Board: La Maison* (Luxembourg) (since August 2014).

Member of the Supervisory Board: : Publicis.

Director: Bouygues Telecom, Cogepa.

2013

Chairman: Michel Cicurel Conseil.

Chairman of the Board of Directors: Banque Léonardo.

Member of the Supervisory Board: Publicis.

Director: Bouygues Telecom, Cogepa.

2012

Chairman: Michel Cicurel Conseil.

Chairman of the Management Board: La Compagnie Financière Edmond de Rothschild, Compagnie Financière Saint-Honoré

Member of the Supervisory Board: Publicis.

Director: Bouygues Telecom.

2011

Chairman of the Management Board: La Compagnie Financière Edmond de Rothschild Banque, Compagnie Financière Saint-Honoré.

Chairman of the Supervisory Board: Edmond de Rothschild Corporate Finance.

Vice-Chairman of the Supervisory Board: Edmond de Rothschild Private Equity Partners.

Member of the Supervisory Board: Publicis, Siaci Saint-Honoré, Newstone Courtage, Milestone.

Chairman of the Board of Directors: ERS, Edmond de Rothschild SGR S.p.A. (Italy), Edmond de Rothschild SIM S.p.A. (Italy), Edmond de Rothschild Investment Services Ltd. (Israel).

Director: Edmond de Rothschild Ltd. (London), Banque Privée Edmond de Rothschild SA (Geneva), Bouygues Telecom.

Permanent representative of La Compagnie Financière Edmond de Rothschild Banque: Edmond de Rothschild Asset Management (Chairman of the Supervisory Board), Edrim Solutions.

Permanent representative of Compagnie Financière Saint-Honoré: Cogifrance.

Non-Voting Director: Paris-Orléans.

* Banque Leonardo.

Note: professional addresses are only given for those still in employment. For other Board members, please send any post to Societe Generale's postal address. See Chapter 7, page 464.

Barbara DALIBARD
Chief executive officer of SNCF Voyageurs

Date of birth: 23 May 1958

Year of first appointment: 2015 – Term of office expires in: 2019

Independent Director

Holds 1,000 shares

Professional address: 2, place aux Etoiles, 93210 La Plaine-Saint-Denis

Other offices held in French listed companies:
Member of the Supervisory Board: Michelin.

Other offices held in French unlisted companies:
Chairman: VSC Groupe*.

Other offices held in foreign unlisted companies:
Director: NTV (Nuovo Trasporto Viaggiatori S.p.A.) (Italy) (until 20th October 2015), Eurostar International Limited (United Kingdom).

Member of the Supervisory Board: Wolters Kluwer (Netherlands) (until 30th April 2015).

Biography: graduate of the *École Nationale Supérieure* (ENS) of Paris, advanced degree in mathematics, graduate of the *École Nationale Supérieure des Télécommunications*. Held various positions at France Télécom from 1982 to 1998. Became Managing Director of Alcanet International SAS, subsidiary of the Alcatel-Lucent Group, then Head of the “Business” market for Orange France and Vice-Chairman of Orange Business. From 2003 to 2006, she was Head of the “Corporate Solutions” division, then Head of the “Corporate Communication Services” division of France Télécom. From 2006 to 2010, she was Executive Director of Orange Business Services. In 2010, she joined SNCF Group, where she was Head of SNCF Voyages and a member of the Group Management Committee of SNCF Group. Since 2014, she has been Chief Executive Officer of SNCF Voyageurs. Ms. Dalibard is also a member of the Supervisory Board of Michelin.

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
Member of the Supervisory Board: Michelin, Wolters Kluwer (Netherlands). *Chairman:* VSC Groupe*. *Director:* NTV (Nuovo Trasporto Viaggiatori S.p.A.) (Italy), Eurostar International Limited (United Kingdom).	*Member of the Supervisory Board:* Michelin, Wolters Kluwer (Netherlands). *Chairman:* VSC Groupe*. *Director:* NTV (Nuovo Trasporto Viaggiatori S.p.A.) (Italy), Eurostar International Limited (United Kingdom).	*Member of the Supervisory Board:* Michelin, Wolters Kluwer (Netherlands). *Chairman:* VSC Groupe*. *Director:* NTV (Nuovo Trasporto Viaggiatori S.p.A.) (Italy), Eurostar International Limited (United Kingdom).	*Member of the Supervisory Board:* Michelin, Wolters Kluwer (Netherlands). *Chairman:* VSC Groupe*. *Director:* NTV (Nuovo Trasporto Viaggiatori S.p.A.) (Italy), Eurostar International Limited (United Kingdom).

* SNCF Group.

Yann DELABRIÈRE
Chairman and Chief Executive Officer of Faurecia

Date of birth: 19th December 1950

Year of first appointment: 2012 – Term of office expires in: 2016

Independent Director

Holds 1,000 shares

Professional address: 2 rue Hennape, 92735 Nanterre Cedex

Other offices held in French listed companies:
Chairman and Chief Executive Officer: Faurecia.
Director: Capgemini.

Biography: a graduate of the *École Normale Supérieure* and *École Nationale d’Administration*, with an advanced degree in mathematics. Yann Delabrière began his career at the Cour des Comptes (French Court of Auditors). He became Chief Financial Officer of Coface (1982-1987) and of the Printemps Group (1987-1990), before becoming Chief Financial Officer of PSA Peugeot Citroën from 1990 to 2007. He was also Chairman and Chief Executive Officer of Banque PSA Finance. Director and Chairman of the Audit Committee of Capgemini since 2003. Mr. Delabrière has been Chief Executive Officer and Chairman of Faurecia since 2007.

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
Chairman and Chief Executive Officer: Faurecia. *Director:* Capgemini.	*Chairman and Chief Executive Officer:* Faurecia. *Director:* Capgemini.	*Chairman and Chief Executive Officer:* Faurecia. *Director:* Capgemini.	*Chairman and Chief Executive Officer:* Faurecia. *Director:* Capgemini.

Note: professional addresses are only given for those still in employment. For other Board members, please send any post to Societe Generale’s postal address. See Chapter 7, page 464.

Kyra HAZOU
Company Director

Date of birth: 13th December 1956

Year of first appointment: 2011 – Term of office expires in: 2019

Independent Director, Member of the Audit and Internal Control Committee, and of the Risk Committee.

Holds 1,000 shares

Biography: a British and US national, graduated with a J.D. from Georgetown University Law Center, USA. Was Managing Director and Regional General Counsel for Salomon Smith Barney/Citibank from 1985 to 2000, after practising as a lawyer in both London and New York. From 2001 to 2007, she was Non-Executive Director, Member of the Audit Committee and the Risk Committee of the Financial Services Authority in London, the United Kingdom.

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
None	None	None	None

Jean-Bernard LÉVY
Chairman and Chief Executive Officer of EDF

Date of birth: 18th March 1955

Year of first appointment: 2009 – Term of office expires in: 2017

Independent Director, Chairman of the Compensation Committee, Member of the Nomination and Corporate Governance Committee.

Holds 1,000 shares

Professional address: 22-30 avenue de Wagram, 75008 Paris

Other offices held in French listed companies:
Chairman and Chief Executive Officer: EDF*.
Director: Vinci (untel 14th April 2015).

Other offices held in French unlisted companies:
Director: Dalkia*, EDF Energies Nouvelles*.

Offices held in foreign listed companies:
Chairman of the Board of Directors: Edison S.p.A.* (Italy).

Offices held in foreign unlisted companies:
Chairman of the Board of Directors: EDF Energy Holdings* (United Kingdom).

Biography: graduate of the *École Polytechnique* and *Télécom Paris Tech*. From 1978 to 1986, engineer at France Télécom. From 1986 to 1988, he was technical advisor to the Cabinet of Gérard Longuet, Deputy Minister for the Postal Service and Telecommunications. From 1988 to 1993, he was Head of Telecommunication Satellites at Matra Marconi Space. From 1993 to 1994, he was Director of the Cabinet of Gérard Longuet, French Minister for Industry, Postal Service, Telecommunications and Foreign Trade. From 1995 to 1998, he was Chairman and Chief Executive Officer of Matra Communication. From 1998 to 2002, he was Chief Executive officer then Managing Partner responsible for Corporate Finance of Oddo and Cie. Joined Vivendi in August 2002 as Chief Executive officer. Chairman of the Management Board of Vivendi from 2005 to 2012. Chairman and Chief Executive officer of Thalès from 20th December 2012 to 27th November 2014. Chairman and Chief Executive Officer of EDF since 26th November 2014.

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
Chairman and Chief Executive Officer: EDF* (since 26th November 2014), Thalès (until 27th November 2014). *Chairman of the Supervisory Board:* Viroxis (until 25th May 2014). *Chairman:* JBL Consulting & Investment SAS (until 19th December 2014). *Chairman of the Board of Directors:* Edison S.p.A* (Italy) (since 12th December 2014). *Director:* Vinci, DCNS (until 1st December 2014), Dalkia*(since 17th December 2014), EDF Energies Nouvelles* (since 18th December 2014).	*Chairman and Chief Executive Officer:* Thalès. *Chairman of the Supervisory Board:* Viroxis. *Chairman:* JBL Consulting & Investment SAS. *Director:* Vinci, DCNS.	*Chairman and Chief Executive Officer:* SFR. *Chairman:* JBL Consulting & Investment SAS. *Chairman of the Management Board:* Vivendi. *Chairman of the Board of Directors:* Activision Blizzard Inc, GVT (Brazil). *Chairman of the Supervisory Board:* Groupe Canal +, Canal + France, Viroxis. *Vice-Chairman of the Supervisory Board:* Maroc Télécom (Morocco). *Director:* Vinci.	*Chairman of the Board of Directors:* Activision Blizzard Inc, GVT (Brazil), Institut Télécom. *Chairman of the Supervisory Board:* Groupe Canal +, Canal + France, Viroxis. *Vice-Chairman of the Supervisory Board:* Maroc Télécom (Morocco). *Director:* Vinci, SFR.

* EDF Group.

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Ana Maria LLOPIS RIVAS

Founder, Chairman and Chief Executive Officer of Global Ideas4all S.L.

Date of birth: 5th August 1950

Year of first appointment: 2011 – Term of office expires in: 2019

Independent Director

Holds 1,000 shares

Other offices held in foreign listed companies:
Non-Executive Chairman of the Board of Directors: DIA Group SA.

Other offices held in foreign unlisted companies:
Chairman and Chief Executive Officer fondateur: Global Ideas4all S.L.
Director: AXA Spain (until 31st May 2015).

Biography: a Spanish national, spent 11 years working in the Spanish banking sector (Banesto and Santander Group) where she notably founded an online bank and brokerage firm; Executive Chairman of Razona, a financial consulting firm, she was then appointed Executive Vice-Chairman of Financial and Insurance Markets for the consultancy Indra, as well as Non-Executive Director and Member of the Audit Committee of Reckitt-Benckiser, and then member of the Supervisory Board of ABN AMRO. From 2013 to 2015, Director of Axa Spain. She is currently Founder, Chairman and Chief Executive Officer of Global Ideas4all S.L., Non-Executive Chairman of the Board of Directors of DIA Group SA.

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
Chairman and Chief Executive Officer fondateur: Global Ideas4all S.L.	*Chairman and Chief Executive Officer fondateur:* Global Ideas4all S.L.	*Chairman and Chief Executive Officer fondateur:* Global Ideas4all S.L.	*Chairman and Chief Executive Officer fondateur:* Global Ideas4all S.L.
Non-Executive Chairman of the Board of Directors: DIA Group SA.	*Non-Executive Chairman of the Board of Directors:* DIA Group SA.	*Non-Executive Chairman of the Board of Directors:* DIA Group SA.	*Non-Executive Chairman of the Board of Directors:* DIA Group SA.
Director: AXA Spain, R&R Music (until 31st December 2014).	*Director:* AXA Spain (since July 2013), R&R Music.	*Director:* Service Point Solutions, R&R Music (formerly Polyphonic & Music Intelligent Solutions).	*Director:* Service Point Solutions, British American Tobacco, Polyphonic & Music Intelligent Solutions.

Gérard MESTRALLET

Chairman and Chief Executive Officer of Engie

Date of birth: 1st April 1949

Year of first appointment: 2015 - Term of office expires in: 2019

Independent Director, Chairman of the Nomination and Corporate Governance Committee, Member of the Compensation Committee.

Holds 1,200 shares

Professional address:

1, place Samuel-de-Champlain, Faubourg de l'Arche, 92930 Paris La Défense

Other offices held in French listed companies:
Chairman of the Board of Directors: Suez Environnement Company
Chairman and Chief Executive Officer: Engie*(formerly GDF SUEZ).
Director: Saint-Gobain (until 4th June 2015).

Other offices held in French unlisted companies:
Chairman of the Board of Directors: Engie Energie Service*.

Other offices held in foreign listed companies:
Member of the Supervisory Board: Siemens AG (Germany).

Other offices held in foreign unlisted companies:
Chairman of the Board of Directors: Electrabel* (Belgium), GDF SUEZ Energy Management Trading* (Belgium).
Vice-Chairman of the Board of Directors: Aguas de Barcelona* (Spain).
Director: International Power* (United Kingdom).

Biography: graduate of the *École Polytechnique* and the *École Nationale d'Administration*. Held different positions in the French Administration before joining the Compagnie Financière de Suez in 1984 as a Special Advisor to the Chairman, then as Senior Executive Vice-Chairman in charge of industrial affairs. In February 1991, he was appointed Executive Director of Societe Generale de Belgique. In July 1995, he became Chairman and Chief Executive Officer of Compagnie de Suez, then in June 1997, Chairman of the Executive Board of Suez Lyonnaise des Eaux and, finally, in 2001, Chairman and Chief executive Officer of Suez. Since July 2008, he has been Chairman and Chief Executive Officer of Engie (formerly GDF SUEZ).

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
Chairman and Chief Executive Officer : GDF SUEZ*.	*Chairman and Chief Executive Officer:* GDF SUEZ*.	*Chairman and Chief Executive Officer:* GDF SUEZ*.	*Chairman and Chief Executive Officer:* GDF SUEZ*.
Chairman of the Board of Directors: GDF SUEZ Energie Services*, SUEZ Environnement Company, Electrabel* (Belgium), GDF SUEZ Belgium* (Belgium).	*Chairman of the Board of Directors:* GDF SUEZ Energie Services*, SUEZ Environnement Company, Electrabel* (Belgium), GDF SUEZ Belgium* (Belgium).	*Chairman of the Board of Directors:* GDF SUEZ Energie Services*, SUEZ Environnement Company, Electrabel* (Belgium), GDF SUEZ Belgium* (Belgium).	*Chairman of the Board of Directors:* GDF SUEZ Energie Services*, SUEZ Environnement Company, GDF SUEZ Belgium* (Belgium).
Vice-Chairman of the Board of Directors: Aguas de Barcelona* (Spain).	*Chairman:* SAS GDF SUEZ Rassembleurs d'Énergies*.	*Chairman:* SAS GDF SUEZ Rassembleurs d'Énergies*.	*Chairman:* SAS GDF SUEZ Rassembleurs d'Énergies*.
Director: Saint-Gobain, International Power* (United Kingdom).	*Vice-Chairman of the Board of Directors:* Aguas de Barcelona* (Spain).	*Vice-Chairman of the Board of Directors:* Aguas de Barcelona* (Spain).	*Vice-Chairman of the Board of Directors:* Electrabel* (Belgium), Aguas de Barcelona* (Spain).
Member of the Supervisory Board: Siemens AG (Germany).	*Director:* Saint-Gobain, Pargesa Holding SA (Switzerland), International Power* (United Kingdom).	*Director:* Saint-Gobain, Pargesa Holding SA (Switzerland), International Power* (United Kingdom).	*Director:* Saint-Gobain, Pargesa Holding SA (Switzerland), International Power* (United Kingdom).
	Member of the Supervisory Board: Siemens AG (Germany).	*Member of the Supervisory Board:* Siemens AG (Germany).	

* Engie Group.

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Nathalie RACHOU
Company Director

Date of birth: 7th April 1957

Year of first appointment: 2008 - Term of office expires in: 2016

Independent Director, Chairman of the Risk Committee and member of the Audit and Internal Control Committee.

Holds 1,048 shares

Professional address: Rouvier Associés, 20 rue de la Ville l'Evêque, 75008 Paris.

Other offices held in French listed companies:
Director: Veolia Environnement, Altran.

Other offices held in Foreign listed companies:
Director: Laird PLC (United Kingdom) (since 1st January 2016).

Other offices held in Foreign unlisted companies:
Director: Topiary Finance (In dissolution).

Biography: HEC graduate. From 1978 to 1999, held a number of positions at Banque Indosuez and Crédit Agricole Indosuez: foreign exchange dealer, Head of Asset/Liability Management, founder then Chief Executive Officer of Carr Futures International Paris (brokerage subsidiary of Banque Indosuez trading on the Paris Futures Exchange), Corporate Secretary of Banque Indosuez and Global Head of Foreign Exchange and Currency Options at Crédit Agricole Indosuez. In 1999, she founded Topiary Finance Ltd., an asset management company based in London. She has also been a Foreign Trade Advisor for France since 2001.

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
Director: Topiary Finance, Veolia Environnement, Altran.	*Director:* Topiary Finance, Liautaud and Cie, Veolia Environnement, Altran.	*Director:* Liautaud and Cie, Veolia Environnement, Altran.	*Director:* Liautaud and Cie.

Alexandra SCHAAPVELD
Company Director

Date of birth: 5th September 1958

Year of first appointment: 2013 - Term of office expires in: 2017

Independent Director, Chairman of the Audit and Internal Control and member of the Risk Committee.

Holds 1,000 shares

Other offices held in French listed companies:
Member of the Supervisory Board: Vallourec SA.

Other offices held in foreign listed companies:
Member of the Supervisory Board: Bumi Armada Berhad (Malaysia).

Other offices held in foreign unlisted companies:
Member of the Supervisory Board: FMO (Netherlands).

Biography: a Dutch national, Alexandra Schaapveld graduated from the *University of Oxford* in politics, economy and philosophy and holds a Master's Degree in Development Economics from *Erasmus University*. She began her career at the ABN AMRO Group in the Netherlands, where she held various positions from 1984 to 2007 in the Investment Banking Division. In particular, she was responsible for managing key accounts at the bank. In 2008, she was Head of Investment Banking for Western Europe at the Royal Bank of Scotland Group. Member of the Supervisory Boards of FMO (Netherlands), Bumi Armada (Malaysia) and Vallourec SA (France).

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
Member of the Supervisory Board: Vallourec SA, FMO (Netherlands), Bumi Armada Berhad (Malaysia).	*Member of the Supervisory Board:* Vallourec SA (France), FMO (Netherlands), Bumi Armada Berhad (Malaysia).	*Member of the Supervisory Board:* Vallourec SA (France), FMO (Netherlands), Bumi Armada Berhad (Malaysia).	*Member of the Supervisory Board:* Vallourec SA (France), Bumi Armada Berhad (Malaysia).

Note: professional addresses are only given for those still in employment. For other Board members, please send any post to Societe Generale's postal address. See Chapter 7, page 464.

France HOUSSAYE

Product and Partnership Coordinator at the Rouen Branch

Date of birth: 27th July 1967

Year of first appointment: 2009 – Term of office expires in: 2018

Director elected by employees, member of the Compensation Committee.

Professional address: Tours Société Générale, 75886 Paris Cedex 18

Biography: Societe Generale employee since 1989.

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
None	None	None	None

Béatrice LEPAGNOL

Union Activities Advisor at the Agen branch

Date of birth: 11th October 1970

Year of first appointment: 2012 – Term of office expires in: 2018

Director elected by employees.

Professional address: Tours Société Générale, 75886 Paris Cedex 18

Biography: Societe Generale employee since 1990.

Detailed information on offices and positions held in previous years

2014	2013	2012	2011
None	None	None	None

Note: professional addresses are only given for those still in employment. For other Board members, please send any post to Societe Generale's postal address. See Chapter 7, page 464.

Directors whose term of office expires in 2016

Michel CICUREL

Date of birth: 5th September 1947

CHAIRMAN OF MICHEL CICUREL CONSEIL

Independent Director, Member of the Nomination and Corporate Governance Committee and of the Compensation Committee.

Year of first appointment: 2004 - Term of office expires in: 2016

Yann DELABRIÈRE

Date of birth: 19th December 1950

CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF FAURECIA

Independent Director

Year of first appointment: 2012 – Term of office expires in: 2016

Nathalie RACHOU

Date of birth: 7th April 1957

COMPANY DIRECTOR

Independent Director, Chairman of the Risk Committee and member of the Audit and Internal Control Committee.

Year of first appointment: 2008 – Term of office expires in: 2016

GENERAL MANAGEMENT

(AT 1st JANUARY 2016)

Frédéric OUDÉA

Date of birth: 3rd July 1963

CHIEF EXECUTIVE OFFICER

See page 65.

Séverin CABANNES

Date of birth: 21st July 1958

DEPUTY CHIEF EXECUTIVE OFFICER

Holds 33,819 shares directly

1,346 shares through Societe Generale Actionnariat (Fonds E)

Other offices held in French unlisted companies belonging to the Societe Generale Group:
Director: Amundi Group (until 27th October 2015), Crédit du Nord.

Biography: worked for Crédit National, Elf Atochem, then La Poste Group (1983-2001). Joined Societe Generale in 2001 as Group Chief Financial Officer until 2002. Deputy Chief Executive Officer responsible for the Steria Group's strategy and finance, then Chief Executive Officer (2002-2007). In January 2007, Séverin Cabannes became Societe Generale's Group Head of Corporate Resources and has been a Deputy Chief Executive Officer since May 2008.

Bernardo SANCHEZ INCERA

Date of birth: 9th March 1960

DEPUTY CHIEF EXECUTIVE OFFICER

Holds 20,683 shares

Other offices held in foreign listed companies belonging to the Societe Generale Group:
Director: Banque Roumaine de Développement, Societe Generale de Banques en Côte d'Ivoire (until 23rd June 2015).
Member of the Supervisory Board: PJSC Rosbank, Komerční Banka A.S (until 23rd April 2015).

Offices held in French unlisted companies belonging to the Societe Generale Group:
Chairman: Crédit du Nord, Boursorama (since 28th October 2015).
Director: Sogecap.

Offices held in foreign unlisted companies belonging to the Societe Generale Group:
Director: Societe Generale de Banques au Cameroun (until 25th June 2015), Societe Generale de Banques au Sénégal (until 20th November 2015).
Member of the Supervisory Board: Societe Generale Marocaine de Banques.

Biography: a Spanish national. From 1984 to 1992, Bernardo Sanchez Incera was a corporate relationship manager and Deputy Head of the Corporate Business Branch of Crédit Lyonnais La Défense. From 1992 to 1994, he was Director and Chief Executive Officer of Crédit Lyonnais Belgium. From 1994 to 1996, he was Deputy Director of Banca Jover Spain. From 1996 to 1999, he was Chief Executive Officer of Zara France. From 1999 to 2001, he was Head of International Operations for the Inditex Group, then Chairman of LVMH Mode et Maroquinerie Europe and of LVMH Fashion Group France from 2001 to 2003. From 2003 to 2004, he was Chief Executive Officer of Vivarte France, then in 2004, Executive Managing Director of Monoprix France until 2009. He joined Societe Generale in November 2009, where he has been a Deputy Chief Executive Officer since 1st January 2010.

OFFICES HELD OVER THE PAST FIVE YEARS

	2015	2014	2013	2012	2011
Frédéric OUDÉA Chief Executive Officer *Professional address:* Tours Société Générale, 75886 Paris Cedex 18	Did not hold any other office.				
Séverin CABANNES Chief Executive Officer délégué *Professional address:* Tours Société Générale, 75886 Paris Cedex 18	*Director:* Crédit du Nord, Amundi Group (until 27th October 2015)	*Director:* Crédit du Nord, Amundi Group. *Member of the Supervisory Board:* Steria Sca Group.	*Director:* Crédit du Nord, TCW Group, Amundi Group. *Member of the Supervisory Board:* Steria Sca Group.	*Director:* Crédit du Nord, TCW Group, Amundi Group. *Member of the Supervisory Board:* Steria Sca Group.	*Director:* Crédit du Nord, TCW Group, Amundi Group. *Member of the Supervisory Board:* Steria Sca Group.
Bernardo SANCHEZ INCERA Deputy Chief Executive Officer *Professional address:* Tours Société Générale, 75886 Paris Cedex 18	*Chairman:* Crédit du Nord, Boursorama (since 28th October 2015). *Director:* Banque Roumaine de Développement, Sogecap, Societe Generale de Banques au Cameroun (until 25th June 2015), Societe Generale de Banques en Côte d'Ivoire (until 23rd June 2015), Societe Generale de Banques au Sénégal (until 20th November 2015). *Member of the Supervisory Board:* Rosbank, Komerční Banka A.S. (until 23rd April 2015), Societe Generale Marocaine de Banques.	*Chairman:* Crédit du Nord. *Director:* Boursorama, ALD Automotive Group, Banque Roumaine de Développement, Franfinance, Sogecap, Compagnie Générale de Location d'Equipements, Societe Generale de Banques au Cameroun, Societe Generale de Banques en Côte d'Ivoire, Societe Generale de Banques au Sénégal. *Member of the Supervisory Board:* PJSC Rosbank, Komerční Banka A.S., Societe Generale Marocaine de Banques.	*Director:* ALD Automotive Group, Banque Roumaine de Développement, Franfinance, Sogecap, Compagnie Générale de Location d'Equipements, National Societe Generale Bank, Rosbank, Societe Generale de Banques au Cameroun, Societe Generale de Banques en Côte d'Ivoire, Societe Generale de Banques au Sénégal. *Member of the Supervisory Board:* Komerční Banka A.S., Societe Generale Marocaine de Banques	*Director:* ALD Automotive Group, Banque Roumaine de Développement, Franfinance, Sogecap, Compagnie Générale de Location d'Equipements, National Societe Generale Bank, Rosbank, Societe Generale de Banques au Cameroun, Societe Generale de Banques en Côte d'Ivoire, Societe Generale de Banques au Sénégal. *Member of the Supervisory Board:* Komerční Banka A.S., Societe Generale Marocaine de Banques.	*Director:* ALD Automotive Group, Banque Roumaine de Développement, Franfinance, National Societe Generale Bank, Rosbank, Societe Generale de Banques au Cameroun, Societe Generale de Banques en Côte d'Ivoire, Societe Generale de Banques au Sénégal. *Member of the Supervisory Board:* Komerční Banka A.S., Societe Generale Marocaine de Banques.

ADDITIONAL INFORMATION ABOUT THE CHIEF EXECUTIVE OFFICER, THE DEPUTY CHIEF EXECUTIVE OFFICERS AND THE MEMBERS OF THE BOARD OF DIRECTORS

Absence of conflicts of interest

To the best of the Board of Directors' knowledge:

- there are no potential conflicts of interest between the duties of the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors towards Societe Generale and any other obligations or private interests. If necessary, Article 14 of the Board of Directors' Internal Rules governs conflicts of interest for Directors;
- no arrangements or agreements have been entered into with a shareholder, customer, supplier or other pursuant to which one of the aforementioned persons has been selected;
- there is no family relationship between the aforementioned persons;
- no restriction other than legal shall be accepted by any of the aforementioned persons with regard to the disposal of their stake in Societe Generale's share capital.

Absence of convictions

To the best of the Board of Directors' knowledge:

- no conviction for fraud has been delivered over the past five years against the Chief Executive Officer, any Deputy Chief Executive Officer or any member of the Board of Directors;
- neither the Chief Executive Officer, nor any Deputy Chief Executive Officer, nor any member of the Board of Directors has been involved (as a member of the Board of Directors, Management Board or Supervisory Board, or as a manager) in bankruptcy, receivership or liquidation proceedings over the past five years;
- on 18th December 2014, the AMF's Sanction Commission imposed financial penalties on the company Faurecia and Mr Yann Delabrière, in his capacity as Chairman and Chief Executive Officer, for failure to meet public disclosure obligations. The company Faurecia and Mr Yann Delabrière appealed against this decision. There is no other incrimination or official public sanction that has been imposed by a state or regulatory authority on Directors (*mandataires sociaux*);
- neither the Chief Executive Officer, nor any Deputy Chief Executive Officer, nor any member of the Board of Directors has been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from taking part in the management or conduct of an issuer's business over the past five years.

EXECUTIVE COMMITTEE

(AT 1st JANUARY 2016)

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

Frédéric OUDÉA
Chief Executive Officer

Séverin CABANNES
Deputy Chief Executive Officer

Bernardo SANCHEZ INCERA
Deputy Chief Executive Officer

Gilles BRIATTA
Corporate Secretary and Group Chief Compliance Officer

Laurent GOUTARD
Head of Societe Generale French Retail Banking

Caroline GUILLAUMIN
Head of Group Communication

Didier HAUGUEL
Co-Head of International Banking and Financial Services

Philippe HEIM
Group Chief Financial Officer

Édouard-Malo HENRY
Group Head of Human Resources

Françoise MERCADAL-DELASALLES
Group Head of Corporate Resources and Innovation

Benoît OTTENWAELTER
Group Chief Risk Officer

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

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

GROUP MANAGEMENT COMMITTEE

(AT 1st JANUARY 2016)

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

Frédéric Oudéa, Chief Executive Officer

Séverin Cabannes, Deputy Chief Executive Officer

Bernardo Sanchez Incera, Deputy Chief Executive Officer

Gilles Briatta, General Secretary and Group Chief Compliance Officer

Laurent Goutard, Head of Societe Generale Retail Banking in France

Caroline Guillaumin, Head of Group Communication

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

Philippe Heim, Group Chief Financial Officer

Édouard-Malo Henry, Group Head of Human Resources

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

Benoît Ottenwaelter, Group Chief Risk Officer

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

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

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

Pascal AUGÉ, Head of Global Transaction and Payment Services

Philippe Aymerich, Chief Executive Officer of Credit du Nord

Alain Bozzi, Head of Group Compliance

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

Marie Cheval, Chief Executive Officer of Boursorama

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

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

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

Pierre-Yves Demoures, Deputy Head of Human Resources

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

Claire Dumas, Chief Financial Officer of Retail Banking in France

Daniel Fields, Head of Global Markets

Ian Fisher, Group Country Head for the United Kingdom

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

Olivier Garnier, Group Chief Economist

Jean-Marc Giraud, Head of Inspection and Audit Division

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

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

Arnaud Jacquemin, Group Deputy General Secretary

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

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

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

Slawomir Krupa, Chief Executive Officer for Societe Generale Americas

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

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

Diony Lebot, Deputy Group Chief Risk Officer

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

Xavier Lofficial, Head of Transformation, Processes and Information Systems

Anne Marion-Bouchacourt, Group Chief Country Officer for China

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

Laetitia Maurel, Head of Group Media Relations

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

Jean-François Mazaud, Head of Private Banking

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

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

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

Dmitry Olyunin, Chief Executive Officer of Rosbank

Pierre Palmieri, Head of Global Finance

Philippe Perret, Head of the Insurance businesses

Bruno Prigent, Global Head of Societe Generale Securities Services

Sylvie Rémond, Co-Head of Coverage and Investment Banking

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

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

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

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

2. CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE

STATEMENT ON THE CORPORATE GOVERNANCE REGIME

Societe Generale refers to the AFEP-MEDEF Corporate Governance Code for listed companies (November 2015, hereinafter the "AFEP-MEDEF Code" – document available on the website www.afep.com). In accordance with the "comply or explain" principle, Societe Generale points out that it applies all the recommendations except for the following recommendation:

AFEP-MEDEF provision not applied in 2015	Justification
Article 16.2.1: The time available for reviewing the accounts should be sufficient (no less than two days before review by the Board).	As several members of the Audit Committee live abroad, meetings of the committees relating to the review of the accounts usually take place the day before the Board meets. Every effort is made for the necessary documents and information to be delivered in sufficient time to enable the Directors to fulfil their duties.

Since early 2000, the operation of the Board of Directors and the Committees is governed by Internal Rules (hereinafter the "Internal Rules").

In early 2015, the Board of Directors revised the Internal Rules, notably in order to insert the provisions resulting from the CRD4 Directive, and to include the Director's Charter for better legibility.

Following the separation of the offices of Chairman of the Board of Directors and Chief Executive Officer, effective since the Annual General Meeting of Shareholders held on 19th May 2015, the Board of Directors has amended its Internal Rules in order to redefine, notably, the offices of Chairman of the Board of Directors and take into account the abolition of the offices of Vice-Chairmen of the Board.

The Internal Rules and the Company's By-laws are included in the Registration Document (see chapter 7).

BOARD OF DIRECTORS

1. Separation of the offices of Chairman and Chief Executive Officer

On 15th January 2015, the Board of Directors decided that the offices of Chairman and Chief Executive Officer would be separated following the General Meeting of 19th May 2015. At that date, Lorenzo Bini Smaghi became Chairman of the Board and Frédéric Oudéa remained Chief Executive Officer.

Previously, Lorenzo Bini Smaghi held the position of Second Vice-Chairman of the Board of Directors since 21st May 2014.

Frédéric Oudéa is assisted by two Deputy Chief Executive Officers: Séverin Cabannes (in office since May 2009) and Bernardo Sanchez Incera (in office since 1st January 2010).

Séverin Cabannes is more specifically responsible for the following activities: Finance, Risk, Resources, Global Banking & Investor Solutions.

Bernardo Sanchez Incera is more specifically responsible for the whole of French Retail Banking, and supervision of International Retail Banking and Banking and Financial Services.

2. Limitations imposed on the powers of the Chief Executive Officer

The By-laws do not impose any specific limitations on the powers of the Chief Executive Officer or Deputy Chief Executive Officers, which are exercised in accordance with the laws and regulations in force, the By-laws, the Internal Rules and the guidelines adopted by the Board of Directors.

Article 1 of the Internal Rules defines the cases in which a prior approval of the Board of Directors is required (strategic investment projects exceeding a given amount, etc.). See powers of the Board of Directors below, page 81.

3. Composition of the Board

The Board comprises 12 Directors appointed by the General Meeting and two Directors representing the employees. A representative of the Works Council attends, without voting rights, the meetings of the Board of Directors.

The duration of the term of office of Directors appointed by the General Meeting is four years. The expiry of these terms of office is staggered, enabling the renewal or appointment of between two and five Directors every year. The two Directors elected by Societe Generale's employees, Mrs. France Houssaye and Mrs. Béatrice Lepagnol, whose mandates were renewed on 19th March 2015, have a three-year mandate (2015-2018).

The average age of Directors is 59. Eight Directors are members of one or several Board of Directors' committees.

Composition of the Board of Directors as at 31st December 2015

Directors	Gender	Age[(1)]	Nationality	Initial year of appointment	End of term of office (GM)	Number of years on the Board[(2)]	Independent Director	Member of a Board committee	Number of terms of office in listed companies
Lorenzo BINI SMAGHI Chairman of the Board of Directors	M	59	Italian	2014	2018	2	Yes	-	1
Frédéric OUDÉA Chief Executive Officer	M	52	French	2009	2019	7	No	-	-
Robert CASTAIGNE	M	69	French	2009	2018	7	Yes	CACI[(3)] CR[(4)]	2
Michel CICUREL	M	68	French	2004	2016	12	Yes	CONOM[(5)] COREM[(6)]	1
Barbara DALIBARD	F	57	French	2015	2019	1	Yes	-	1
Yann DELABRIÈRE	M	65	French	2012	2016	4	Yes	-	2
Kyra HAZOU	F	59	British/ American	2011	2019	5	Yes	CACI[(3)] CR[(4)]	-
France HOUSSAYE	F	48	French	2009	2018	7	No	COREM[(6)]	-
Béatrice LEPAGNOL	F	45	French	2012	2018	4	No	-	-
Jean-Bernard LÉVY	M	60	French	2009	2017	7	Yes	CONOM[(5)] Chairman of the COREM[(6)]	2
Ana Maria LLOPIS RIVAS	F	65	Spanish	2011	2019	5	Yes	-	1
Gérard MESTRALLET	M	66	French	2015	2019	1	Yes	Chairman of the CONOM[(5)] COREM[(6)]	1[(7)]
Nathalie RACHOU	F	58	French	2008	2016	8	Yes	CACI[(3)] Chairman of the CR[(4)]	2
Alexandra SCHAAPVELD	F	57	Dutch	2013	2017	3	Yes	Chairman of the CACI[(3)] CR[(4)]	2

(1) Age as at 31st December 2015.
(2) As at the date of the next General Meeting to be held on 18th May 2016.
(3) Audit and Internal Control Committee.
(4) Risk Committee.
(5) Nomination and Corporate Governance Committee.
(6) Compensation Committee.
(7) Two terms of office until 4th June 2015.

Changes in the composition of the Board of Directors in 2015

Director	Departure	Appointment	Re-appointment	Nationality
Frédéric OUDÉA			19th May 2015	French
Kyra HAZOU			19th May 2015	British/American
France HOUSSAYE			19th March 2015	French
Béatrice LEPAGNOL			19th March 2015	French
Ana Maria LLOPIS RIVAS			19th May 2015	Spanish
Barbara DALIBARD		19th May 2015		French
Gérard MESTRALLET		19th May 2015		French
Jean-Martin FOLZ	19th May 2015			French
Anthony WYAND	19th May 2015			British

3.1 EXPERIENCED AND COMPLEMENTARY DIRECTORS

The composition of the Board seeks a balance between experience, expertise and independence, in accordance with parity. Expertise and experience in the financial world and the management of large international companies are the basic criteria for the selection of Directors. Each year, the balance thus established in the composition of the Board is reviewed by the Nomination and Corporate Governance Committee and the Board of Directors.

The analysis of the Directors' expertise shows the complementary nature of their various profiles, which cover the entire spectrum of the Bank's activities and risks associated with its activity.

3.2 DIRECTORS' PROFILES

DIRECTORS	Banking, Finance	Other business	International	Brief bio
Frédéric OUDÉA	X		X	Societe Generale Group since 1995: Corporate and Investment Banking until 2001 – Group Chief Financial Officer between 2003 and 2008, Chairman and Chief Executive Officer between 2009 and 2015, Chief Executive Officer since 19th May 2015
Lorenzo BINI SMAGHI	X		X	From 1994 to 1998: Head of the Policy division of the European Monetary Institute. In 1998: Director General of International Financial Relations in Italy's Economy and Finance Ministry. Chairman of SACE from 2001 to 2005. From 2005 to 2011, member of the Executive Board of the ECB. Non-executive Chairman of SNAM
Robert CASTAIGNE		X	X	Total SA: Chief Financial Officer and member of the Executive Committee from 1994 to 2008
Michel CICUREL	X		X	Banking experience since 1983 – Chairman of the Executive Board of La Compagnie Financière Edmond de Rothschild and La Compagnie Financière Saint- Honoré from 1999 to 2012
Barbara DALIBARD		X		Between 1982 and 2003: various positions at France Télécom, then Alcanet International SAS and Orange. From 2003 to 2006: Head of the "Corporate Solutions" division then Head of the "Corporate Communication Services" division at France Télécom. From 2006 to 2010: Executive Head of Orange Business Services. Since 2010: Chief Executive Officer of SNCF Voyages and member of the SNCF Group's General Management Committee then, since 2014, Chief Executive "voyageurs" of SNCF Group
Yann DELABRIÈRE		X	X	Chief Financial Officer of the Coface between 1982 and 1987, of Printemps Group from 1987 to 1990 and of PSA from 1990 to 2007. Chairman and Chief Executive Officer of Faurecia since 2007
Kyra HAZOU	X		X	Between 1985 and 2000: Managing Director and General Counsel at Salomon Smith Barney/Citibank. From 2001 to 2007: Non-executive Director, member of the Audit Committee and Risk Committee of the Financial Services Authority in the United Kingdom
Jean-Bernard LÉVY		X	X	Vivendi from 2002 to 2012: Chief Executive Officer then Chairman of the Management Board. Chairman and Chief Executive Officer of Thalès from December 2012 to November 2014. Since November 2014, Chairman and Chief Executive Officer of EDF
Ana Maria LLOPIS RIVAS	X		X	Worked for 11 years in the Spanish banking sector (Banesto and Santander Group)
Gérard MESTRALLET		X	X	Between 1984 and 1991: Technical Adviser to the Chairman then Deputy Delegate General for industrial affairs. In February 1991, Chief Executive of Société Générale de Belgique. In July 1995: Chairman and Chief Executive Officer of Compagnie de Suez. In June 1997: Chairman of the Management Board of Suez Lyonnaise des Eaux, then in 2001, Chairman and Chief Executive Officer of Suez. Since July 2008, Chairman and Chief Executive Officer of ENGIE (formerly GDF Suez)
Nathalie RACHOU	X		X	Banking experience between 1978 and 1999 (Banque Indosuez) – Founder of an asset management company in 1999
Alexandra SCHAAPVELD	X		X	Banking experience: worked for 23 years in the Dutch banking sector (ABN AMRO), was in particular responsible for managing key accounts at the bank
France HOUSSAYE	X			Since 1989, employee of Societe Generale
Béatrice LEPAGNOL	X			Since 1990, employee of Societe Generale

3.3 A BALANCED REPRESENTATION OF WOMEN AND MEN WITHIN THE BOARD OF DIRECTORS

The Board of Directors comprises seven women and seven men, i.e. 50% women or 41.6% if one excludes from the calculation both Directors representing the employees, in accordance with the provisions of the law of 27th January 2011.

3.4 OVER 90% OF INDEPENDENT DIRECTORS

In accordance with the AFEP-MEDEF Code, the Board of Directors has, based on the report of its Nomination and Corporate Governance Committee, conducted an examination of the situation of each of its members as at 31st December 2015 considering the independence criteria defined in the aforementioned report.

In particular, it examined the banking and advisory relations between the Group and the companies in which its directors are Directors, in order to assess whether these relationships were of such significance and nature as to possibly affect the independence of judgment of the Directors. This analysis is based on a multi-criteria review including several parameters (the company's overall debt and liquidity, the ratio of bank debt to overall debt, the amount of Societe Generale's commitments and the significance of these commitments compared to the total bank debt, advisory terms of office, other commercial relations).

This examination was specifically conducted for Mr. Jean-Bernard Lévy, Chairman and Chief Executive Officer of EDF, Mr. Yann Delabrière, Chairman and Chief Executive Officer of Faurecia, Mr. Gérard Mestrallet, Chairman and Chief Executive Officer of ENGIE, and Mrs. Barbara Dalibard, senior executive at SNCF.

In these four cases, the Committee observed that the economic, financial or other relations between the Directors, the groups they manage and Societe Generale were not of such a nature as to alter the examination conducted in early 2015. Societe Generale's part in financing the debt of their groups appeared compatible with the Committee's assessment criteria. They are therefore considered as independent.

The Board of Directors also specially reviewed the situation of Mr. Lorenzo Bini Smaghi, who was given a special assignment by the General Management from August 2014 to April 2015 (see Statutory Auditors' special report on related party agreements and commitments, page 113 and following). It considered that this did not call into question his status as independent Director, as this temporary assignment could not be considered as adversely affecting his independence.

Mr. Frédéric Oudéa, Chief Executive Officer since 19th May 2015, was not considered as an independent Director according to the criteria of the AFEP-MEDEF Code.

3.5 DIRECTORS' POSITION IN RESPECT OF THE AFEP MEDEF CODE'S INDEPENDENCE CRITERIA

Director	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7
Lorenzo BINI SMAGHI	0	0	0	0	0	0	0
Frédéric OUDÉA	X	0	0	0	0	0	0
Robert CASTAIGNE	0	0	0	0	0	0	0
Michel CICUREL	0	0	0	0	0	0	0
Barbara DALIBARD	0	0	0	0	0	0	0
Yann DELABRIÈRE	0	0	0	0	0	0	0
Kyra HAZOU	0	0	0	0	0	0	0
France HOUSSAYE	X	0	0	0	0	0	0
Béatrice LEPAGNOL	X	0	0	0	0	0	0
Jean-Bernard LÉVY	0	0	0	0	0	0	0
Ana Maria LLOPIS RIVAS	0	0	0	0	0	0	0
Gérard MESTRALLET	0	0	0	0	0	0	0
Nathalie RACHOU	0	0	0	0	0	0	0
Alexandra SCHAAPVELD	0	0	0	0	0	0	0

Key:

"0" indicates that an independence criterion has been met according to the AFEP-MEDEF Code's criteria.

"x" indicates that an independence criterion has not been met according to the AFEP-MEDEF Code's criteria.

Criterion 1: status of employee or chief executive officers over the past five years.

Criterion 2: existence or not of cross-directorships.

Criterion 3: existence or not of significant business relations.

Criterion 4: existence or not of close family ties with a corporate officer.

Criterion 5: not to have been a Statutory auditor for the Company over the past five years.

Criterion 6: not to be a Company Director for more than twelve years.

Criterion 7: representative of a major shareholder.

Accordingly, 11 out of 14 Directors were independent as at 31st December 2015, i.e. 91.6% of the members of the Board of Directors using the AFEP-MEDEF Code's calculation rule, which excludes employee representatives.

This proportion is well above the Board of Directors' aim of complying with the minimum proportion of 50% of independent Directors recommended in the AFEP-MEDEF Code.

3.6 DILIGENT DIRECTORS

In 2015, Mr. Frédéric Oudéa chaired all Board meetings until Mr. Lorenzo Bini Smaghi took up his position on 19th May 2015. Once he took up his position, Mr. Lorenzo Bini Smaghi chaired all Board meetings.

The Directors' attendance rates in Board and Committee meetings are very high.

Attendance in 2015	PERIOD	Board of Directors	CACI	CR	CONOM	COREM
Lorenzo BINI SMAGHI		100%				
Frédéric OUDÉA		100%				
Robert CASTAIGNE		100%	90%	90%		
Michel CICUREL		80%			80%	86%
Barbara DALIBARD	As from 19th May 2015	100%				
Yann DELABRIÈRE		90%				
Jean-Martin FOLZ	Until 19th May 2015	100%			100%	100%
Kyra HAZOU		100%	100%	100%		
France HOUSSAYE		100%				100%
Béatrice LEPAGNOL		100%				
Jean-Bernard LÉVY		100%			80%	100%
Ana Maria LLOPIS RIVAS		100%				
Gérard MESTRALLET	As from 19th May 2015	100%			100%	100%
Nathalie RACHOU		100%	100%	100%		
Alexandra SCHAAPVELD		100%	100%	90%		
Anthony WYAND	Until 19th May 2015	100 %	100 %	100 %	100 %	100 %

The average attendance rate per meeting is 98% for the Board of Directors, 98% for the Audit and Internal Control Committee (CACI), 95% for the Risk Committee (CR), 88% for the Nomination and Corporate Governance Committee (CONOM) and 97% for the Compensation Committee (COREM).

3.7 DIRECTORS REQUIRED TO HOLD A SIGNIFICANT NUMBER OF SOCIETE GENERALE SHARES AND BOUND BY STRINGENT ETHICS RULES

Each Director is required to comply with the ethics rules provided for in the Internal Rules, in particular regarding the regulations relating to insider trading.

Extract from Article 4 of the Internal Rules:

4.3 - Directors shall abstain from carrying out any operations on Societe Generale shares or assimilated securities during the 30 calendar days prior the publication of Societe Generale's quarterly, half-yearly and annual results as well as on the date of their publication.

They shall refrain from carrying out speculative or leveraged transactions in the securities and, to this end:

- shall conserve the acquired securities for at least two months from their date of purchase;
- shall refrain from using financial instruments likely to allow them to carry out speculative transactions. This specifically applies to transactions in derivative instruments.

The same rules apply to transactions in the securities of French or foreign listed companies that are controlled directly or indirectly by Societe Generale as defined in Article L. 233-3 of the French commercial code.

In addition, Directors appointed by the General Meeting must hold a minimum of 1,000 shares in accordance with the provisions of the Internal Rules. As at 31st December 2015, all Directors held at least 1,000 Societe Generale shares. The Chairman of the Board of Directors holds 2,000 Societe Generale shares.

Article 16 of the Internal Rules:

16.1 - Each Director, appointed by the General Meeting (in his own name or as a permanent representative of a legal entity) must hold at least 1,000 shares or the equivalent. Each Director has six months time-frame to hold the 600 shares provided for by the By-laws and an additional six months time-frame to increase his stake to 1,000 shares.

16.2 - Each Director shall refrain from hedging his or her shares.

Chief Executive Officers are also bound by specific obligations (see page 93 – Shareholding and ownership obligations).

4. Board's expertise

Societe Generale's Internal Rules define its organisation and operating methods.

The Board of Directors shall deliberate on any matter within its legal and regulatory responsibilities and shall devote sufficient time to fulfil its missions.

The Board of Directors intervenes in particular on the following subjects (Article 1 of the Internal Rules):

- **Strategic orientations:** it approves the strategic orientations of Societe Generale and the Group, ensures they are implemented and reviews them at least once a year.
- **Accounts and quality of information:** it ensures the accuracy and truthfulness of the annual and consolidated accounts and the quality of the information disclosed to the shareholders and the market.
- **Risks:** it approves and regularly reviews the strategies and policies governing the taking, management, monitoring and reduction of the risks to which Societe Generale is or could be exposed, including the risks generated by the economic environment; ensures in particular that the Group's risk management systems are adequate and effective, controls the exposure to risk of its activities and approves the overall risk limits; ensures that the corrective measures taken in case of failure are effective.
- **Governance system:** it proceeds with the examination of the governance system, periodically assesses its effectiveness and ensures that corrective measures to remedy potential failures have been taken; ensures in particular that the banking regulations with respect to internal control are complied with.
- **Monitoring measures:** it determines the orientations and controls the implementation by the Effective Senior Managers of the monitoring measures to ensure that the institution is managed efficiently and prudently, in particular to prevent conflicts of interest.
- **Strategic investment projects and significant transactions:** it approves all strategic investment projects and all transactions, in particular acquisitions or disposals, likely to significantly impact the Group's earnings, its balance sheet structure or its risk profile.
- **Compensation:** it sets the compensation of the Chief Executive Officers, approves the principles of the Group's compensation policy, in particular the one for regulated persons, and decides on the allocation of performance shares under the authorisation given by the General Meeting.
- **Main guidelines as to human resources, organisation and CSR policy:** it discusses every year the main guidelines of the policy followed by the Group in terms of human resources, information and organisation systems as well as with respect to corporate social responsibility.

5. Functioning of the Board

The Internal Rules govern the functioning of the Board of Directors (see Article 6 of the Internal Rules, page 473). The latter is convened by the Chairman, by any means, or at the request of one-third of the Directors. It meets at least six times a year, in particular to approve the annual and consolidated accounts.

Each Director receives the information required to carry out his or her duties, in particular for the preparation of each Board meeting. The Directors also receive any useful information, including critical, on significant events for the Company. Each Director receives the training necessary to fulfil his or her mandate.

6. The Board's work

In 2015, the Board held 10 meetings, of which the average duration was three hours and thirty minutes. The Directors' attendance rate averaged 98% per meeting (97% in 2014).

During its meeting on 15th January 2015, the Board of Directors decided to separate the offices of Chairman and Chief Executive Officer following the General Meeting of 19th May 2015.

As every year, the Board of Directors approved the annual, half-yearly and quarterly accounts and reviewed the budget. It discussed the disposal/acquisition transactions carried out in 2015 and approved the terms of the most significant transactions (notably Amundi).

During 2015, the Board continued to monitor the Group's liquidity profile and the capital trend given the regulatory requirements. Similarly, at each meeting, it monitored the developments in major ongoing disputes.

In January 2015, the Board of Directors revised the Internal Rules in order to include the CRD4 provisions, and in May it updated them following the separation of the offices of Chairman and Chief Executive Officer.

The Board reviewed the Group's positioning, environment and development during a seminar of one day and a half.

In 2015, the main topics addressed were the following:

- changes in banking regulations (implementation of the Banking Union and transfer of supervision to the European Central Bank (hereinafter "ECB");

- Retail Banking activity;
- Private Banking activity;
- Africa;
- Asia;
- CSR policy (corporate social responsibility);
- information systems;
- resolution and recovery plans;
- compliance;
- human resources;
- payment methods;
- the Group's image;
- customer satisfaction.

The Board of Directors was informed of regulatory changes and their consequences on the Group's organisation and its activity (in particular the banking law in France, the Volcker law and the Tarullo regulation in the United States, etc.).

The Board regularly reviewed the Group's status in terms of risks. It discussed the Group's risk appetite and risk mapping. It approved the overall market risk limits. It reviewed the annual Reports submitted to the French Prudential Supervisory and Resolution Authority (hereinafter "ACPR") on risks and internal control, as well as the responses to the follow-up letters following inspections by the ACPR and the ECB. It also reviewed the action taken on recommendations of the regulators in the United States.

The Board assessed the performance of the Chief Executive Officers and set their compensation. It set the Chairman's compensation. It decided on performance share plans. It also discussed the policy conducted with respect to professional and wage equality. It reviewed the division of attendance fees (see page 89).

The Board of Directors prepared and approved the resolutions submitted to the Annual General Meeting.

Similarly, it discussed the General Management succession plan.

Each year, the Board conducts a review of its functioning. The conclusions of this review in 2015 are mentioned in the assessment section of this report (see page 88).

In February 2016, the Board of Directors carried out the annual review of related-party agreements and commitments entered into and approved during previous financial years and which have continued during the 2015 financial year. These are the pension commitments for the benefit of the Deputy Chief Executive Officers and the non-compete agreement between the Company and Mr. Oudéa. The Board acknowledged the end of the regulated agreement entered into with Lorenzo Bini Smaghi and considers that the ongoing commitments and agreement, which remain justified, shall be maintained.

Furthermore, it acknowledged that in 2015, no new related-party agreement was entered into, directly or indirectly, between, on the one hand, the Chief Executive Officer or the Chairman of the Board of Directors, a Deputy Chief Executive Officer, a Director or a shareholder holding more than 10% of Societe Generale's voting rights, and, on the other hand, a French or foreign subsidiary in which Societe Generale holds, directly or indirectly, more than half of the share capital. Pursuant to the law, ordinary agreements entered into under normal conditions are excluded from this assessment.

Finally, for the first time, the banking supervisors (ECB and ACPR) attended a Board of Directors' meeting. The ECB conducted an investigation on governance with European banks, in which Societe Generale participated. A follow-up letter was sent to the Board of Directors, whose recommendations, mainly of a practical nature, will be implemented in 2016. Regarding the Board's organisation, the ECB recommends a differentiation between the composition of the Audit Committee and that of the Risk Committee. This point will be addressed after the 2016 General Meeting.

CHAIRMAN OF THE BOARD OF DIRECTORS

1. Role of the Chairman of the Board of Directors

The Board of Directors appointed Mr. Lorenzo Bini Smaghi Chairman of the Board of Directors following the separation of the offices of Chairman of the Board of Directors and Chief Executive Officer on 19th May 2015.

The duties of the Chairman are set out in Article 5 of the Internal Rules.

Article 5 of the Internal Rules:

5.1 The Chairman calls and chairs the Board of Directors meetings. He sets the timetable and the agenda. He organizes and manages the work of the Board of Directors and reports on its activities to the General Meeting. He chairs the Shareholders' General Meetings.

5.2 The Chairman ensures that the Company's bodies, including the Board committees in which he may attend, operate correctly and consistently with the best principles of corporate governance. He may submit questions to the committees for review. He produces the report on the corporate governance, internal control and risks management.

5.3 He receives any useful information required for its duties. He is regularly informed by the Chief Executive Officer and the other members of the General Management of significant events in the life of the Group. He may ask for the disclosure of any information or document in order to provide clarity to the Board of Directors. For the same purpose, he may interview the Statutory Auditors and, after having informed the Chief Executive Officer, any Group's executive manager.

5.4 He ensures that the Directors are in position to fulfil their duties and that they are provided with the appropriate information.

5.5 He is the only person authorised to speak in the name and on behalf of the Board of Directors, unless exceptional circumstances or specific assignment entrusted to another Director.

5.6 He dedicates his best efforts to promote in all circumstances the image and values of the Company. In agreement with the General Management, he may represent the Group in high-level dealings, notably with major clients, regulators, major shareholders and government authorities, both domestically and internationally.

5.7 He is provided with the material resources required to fulfil his assignments.

5.8 The Chairman has no executive responsibilities, these responsibilities being exercised by the General Management, who proposes and implements the Company's strategy, within the limits defined by French Law and in compliance with the corporate governance rules and directions set by the Board of Directors.

2. Report on the activities of the Chairman of the Board of Directors

As from 19th May 2015, the Chairman of the Board devoted at least two and a half days per week to the Group. He met Directors individually, notably with regard to the assessment of the Board of Directors' performance, including the individual assessment of Directors. He also met the Group's main senior executives (members of the Executive Committee, heads of business lines or functions). He visited certain offices (New York, Luxembourg, London). He attended Board Committees and accompanied the Audit and Internal Control Committee and the Risk Committee during his trip to New York. On several occasions, the Chairman met with banking regulators in Europe. He participated in the annual meetings of the IMF. The Chairman held several meetings with the ECB. The Chairman also participated in numerous public events both within and outside Europe, where he spoke about several themes (macro-economy, banking regulations in particular). The Chairman also expressed his views on several occasions in the media. Finally, he met with clients, investors and shareholders. As part of the preparation for the 2016 General Meeting, he held meetings with the main shareholders and proxies.

THE BOARD COMMITTEES

The Board of Directors was assisted by four Committees in 2015:

- the Audit and Internal Control Committee;
- the Risk Committee;
- the Compensation Committee;
- the Nomination and Corporate Governance Committee.

The duties of the Board's four Committees as from 1st January 2015 are set forth in Articles 10 to 13 of the Internal Rules (see chapter 7):

1. Audit and Internal Control Committee

Societe Generale has had an Audit Committee since 1995. The Committee became the Audit, Internal Control and Risk Committee in 2010. In January 2015, this Committee was divided into an Audit and Internal Control Committee and a Risk Committee in accordance with the CRD4 Directive.

At 31st December 2015, the Committee comprised four independent Directors, Mrs. Hazou, Mrs. Rachou, Mrs. Schaapveld and Mr. Castaigne. It has been chaired by Mrs. Schaapveld since 19th May 2015. Previously, it was chaired by Mr. Wyand.

All its members are particularly qualified in the financial and accounting fields, and in the analysis of internal control, as they hold or have held positions as bankers or as bank chief financial officers, auditors, or chief legal officers.

Article 10 of the Internal Rules:

10.1 - The Audit and Internal Control Committee's mission is to monitor issues concerning the production and control of accounting and financial information, and to monitor the efficiency of the internal control and the risk assessment, monitoring and control systems.

10.2 - In particular, it is responsible for:

a) ensuring monitoring of the process for drawing up financial information, particularly examining the quality and reliability of the systems in place, making suggestions for their improvement and verifying that corrective actions have been implemented if faults are found in the procedure;

b) analysing the draft financial statements to be submitted to the Board of Directors in order to verify, in particular, the clarity of the information provided and to offer an assessment of the relevance and consistency of the accounting methods used to draw up parent company and consolidated financial statements;

c) ensuring the independence of the Statutory Auditors, in particular by reviewing the breakdown of the fees paid by the Group to them as well as to the network to which they may belong to, and through prior approval of all assignments that do not fall within the strict framework of a statutory audit of accounts, but which may be the consequence of, or a supplement to, the same, all other assignments being prohibited; implementing the procedure for selecting the Statutory Auditors and submitting an opinion to the Board of Directors concerning their appointment or renewal as well as their remuneration;

d) examining the work program of the Statutory Auditors and more generally ensuring the supervision of account monitoring by the Statutory Auditors;

e) offering an assessment of the quality of internal control, in particular the consistency of risk assessment, monitoring and management systems, and proposing additional actions where appropriate. To this end, the Committee is responsible in particular for:

- regularly reviewing the internal control and risk control of the business segments, divisions and main subsidiaries;
- reviewing the Group's internal audit program and the Annual Report on Internal Control drawn up in accordance with banking regulations, as well as formulating an opinion on the organisation and operation of the internal control departments;
- reviewing the follow-up letters sent by the French Banking Commission (Commission bancaire) and issuing an opinion on draft responses to these letters.

10.3 - It may interview, under the conditions it determines, in addition to the people listed in Article 9, the Statutory Auditors and the managers in charge of drawing up financial statements, internal control, risk management, compliance control and internal audits. The Statutory Auditors shall be invited to the meetings of the Audit and Internal Control Committee, unless the Committee decides otherwise.

10.4 - The Audit and Internal Control Committee is composed of at least three Directors appointed by the Board of Directors, who have the appropriate financial, accounting, audit or internal control qualifications. At least two thirds of the Committee members are independent as defined in the AFEP-MEDEF Corporate Governance Code.

AUDIT AND INTERNAL CONTROL COMMITTEE (CACI) ACTIVITY REPORT FOR 2015

The Committee met 10 times in 2015, with an attendance rate of 98%, compared with 100% in 2014.

At each account closing period, the Committee interviewed the Statutory Auditors without the presence of management, before hearing the presentation of the accounts made by the Finance Division. One of the Chief Executive Officers attends some of the meetings dedicated to each account approval, and discusses the highlights of the quarter with the Committee. More in-depth presentations are given by other managers on certain subjects relating, notably, to balance sheet management, internal control and the financial aspects of planned acquisitions.

The Committee reviewed the draft annual, half-yearly and quarterly consolidated accounts before their presentation to the Board, and submitted its opinion to the Board on these accounts. It reviewed the 2010-2015 strategic and financial plan. The Committee monitored the liquidity position and the level of equity capital, particularly in the light of the planned changes to the prudential rules.

It ensured that adequate provisions were booked for the principal identified risks and closely monitored any changes in major risks, such as credit risk, market risk, structural interest rate, exchange rate or liquidity risk, and legal risk, as well as changes in significant on- and off-balance sheet items. It also reviewed the operational risk control system, particularly in Corporate and Investment Banking. It reviewed the market risk control procedures and was consulted on the revision of market risk limits determined in this area. It examines the Annual Report on risk measurement and monitoring. It also gave the Compensation Committee its opinion on the incorporation of risk within the compensation structure for regulated employees (financial market professionals and others).

The Committee devoted several points to questions relating to internal control and the monitoring of remediation plans (anti-money laundering in the United States, control of Libor/Euribor commissions and other benchmarks).

The Committee regularly reviewed the work performed by the General Inspection Department and the Internal Control Division. It was kept informed of significant compliance incidents and examined the Annual Report on internal control. It reviewed the schedule for the General Inspection Department and audit, and the follow-up procedures for audit recommendations. It reviewed the activities of the subsidiaries' Audit Committees within the framework of the rules that the Group has determined in this area.

The Committee followed all the liquidity aspects of the Bank very closely. It was also consulted on the draft responses by the Group to the follow-up letters from the ACPR, as well as responses to the ECB and to foreign regulators.

The main topics addressed during the year were as follows:

- review of acquisitions and disposals;
- monitoring of relations with the regulators;
- general organisation of the compliance, global framework, roles and responsibilities;
- Asset Quality Review;
- Enterprise Risk Management (risk culture);
- recovery and resolution plans;
- tax management;
- customer protection;
- litigation management.

Several reviews of business activities were also carried out (Africa, Insurance, Consumer Finance, etc.). The Committee travelled to New York and conducted a review of business activities on the American Continent. The Committee discussed the audit programme and the 2015 budget for the Statutory Auditors' fees.

2. Risk Committee

At 31st December 2015, the Risk Committee comprised four independent Directors, Mrs. Hazou, Mrs. Rachou, Mrs. Schaapveld and Mr. Castaigne. It is chaired by Mrs. Rachou since 19th May 2015. Previously, it was chaired by Mr. Wyand.

All its members are particularly qualified in the financial and accounting fields, and in risk analysis, as they hold or have held positions as bankers or as bank chief financial officers, auditors, or chief legal officers.

Article 11 of the Internal Rules:

11.1 - The Risk Committee advises the Board of Directors on the overall strategy and the appetite to all kinds of risks, both current and future, and helps the Board when it verifies that this strategy is implemented.

11.2 - In particular, it is responsible for:

a) reviewing the risk control procedures and is consulted about setting overall risk limits;

b) reviewing on a regular basis the strategies, policies, procedures and systems used to detect, manage and monitor the liquidity risk and submitting its conclusions to the Board of Directors;

c) formulating an opinion on the Group's global provisioning policy, as well as on specific provisions relating to large sums;

d) reviewing the policies in place and the reports prepared to comply with the banking regulations on internal control;

e) reviewing the policy concerning risk management and the monitoring of off-balance sheet commitments, especially in light of the memoranda drafted to this end by the Finance Division, the Risk Division and the Statutory Auditors;

f) reviewing, as part of its mission, whether the prices for the products and services mentioned in books II and III of the French Monetary and Financial Code and offered to clients are compatible with the Company's risk strategy. When these prices do not correctly reflect the risks, it informs the Board of Directors accordingly and gives its opinion on the action plan to remedy the situation;

g) without prejudice to the Compensation Committee's missions, reviewing whether the incentives provided by the compensation policy and practices are compatible with the Company's situation with regard to the risks it is exposed to, its share capital, its liquidity and the probability and timing of expected benefits.

11.3 - It is provided with all information on the Company's risk situation. It may use the services of the Chief Risk Officer or outside experts.

11.4 - It may interview, under the conditions it determines, in addition to the people listed in Article 9, the Statutory Auditors and the managers in charge of drawing up financial statements, internal control, risk management, compliance control and periodic internal audits.

11.5 - The Risk Committee is composed of at least three Directors appointed by the Board of Directors who have knowledge, skills and expertise concerning risks. At least two thirds of the Committee members are independent as defined in the AFEP-MEDEF Corporate Governance Code.

RISK COMMITTEE ACTIVITY REPORT FOR 2015

The Risk Committee met 10 times during the year. The attendance rate for its members was 95%.

At each meeting, the Risk Committee interviews the Chief Risk Officer about changes in the risk environment and highlights. It regularly reviews:

- the risk overview and risk mapping;
- the risk limits for which it prepares the Board's decisions;
- the liquidity;
- anti-money laundering;
- the reputation dashboard;
- the compliance dashboard.

In 2015, it devoted several points to IT security and information systems (GBIS, BDDF). It was kept informed of the main disputes, including tax disputes. It reviewed the organisation of the Risk Division and the ERM project. It also conducted a review of the Compliance Division. The Risk Committee was entrusted with specific projects (harmonisation, MIF II, subsidiaries, new banking law, etc.). It checked the procedures for incorporating risks and compliance in the determination of variable compensation. It examined specific risk areas (for example electronic trading or desk pools). It also prepared the Board's work on recovery and resolution plans.

The Committee travelled to New York to conduct a review of business activities on the American Continent. During this visit, it received the supervisor of the Group's activities in New York.

3. Compensation Committee

At 31st December 2015, the Compensation Committee comprised four Directors, including three independent Directors (Messrs. Cicurel, Lévy and Mestrallet) and an employee, Mrs. Houssaye. It is chaired by Mr. Lévy, an independent Director. Its members have the skills required to assess the compensation policies and practices, in particular with regard to the Group's risk policy.

Article 12 of the Internal Rules:

12.1 - The Compensation Committee prepares the decisions that the Board of Directors decides concerning compensation, especially those related to the Chairman and the Executive Officers and those that have an impact on risk and the management of risks in the Company.

12.2 - It conducts an annual review of:

- the principles of the Company's compensation policy;
- the compensation, allowances and benefits of any kind granted to the Company's Chairman and the Executive Officers as well as the Effective Senior managers, if they are different;
- the compensation policy for regulated employees as defined in the banking regulations.

12.3 - It controls the compensation of the Chief Risk Officer and the Chief Compliance Officer.

12.4 - It is provided all necessary information to perform its mission and in particular the annual report sent to the European Central Bank.

12.5 - It may be assisted by the internal control services or by outside experts.

12.6 - In particular, the Committee:

- proposes to the Board, consistent with the regulations applicable to lending institutions, the guidelines given by the AFEP-MEDEF Corporate Governance Code and with professional standards, the policy governing the remuneration of the Chairman and the Executive Officers, and especially the criteria for determining the structure and amount of this remuneration, including allowances and benefits in kind, personal protection insurance or pension benefits, as well as any compensation of any kind received from Group companies, and ensures that the policy is properly applied;
- prepares the annual performance appraisal of the Chairman and the Executive Officers;
- submits a proposal to the Board of Directors for the performance share and stock option allocation policy and formulates an opinion on the list of beneficiaries;
- prepares the decisions of the Board of Directors concerning the employee savings plan.

12.7 - It is composed of at least three Directors and includes a Director elected by the employees. At least two thirds of the Committee members are independent as defined in the AFEP-MEDEF Code(1). Its composition enables it to exercise competent and independent judgement on the compensation policies and practices with regard to the management of risks, shareholders' equity and the Company's liquidities.

COMPENSATION COMMITTEE ACTIVITY REPORT FOR 2015

The Compensation Committee met seven times during the year. The attendance rate for its members was 97% (97% in 2014).

During its meetings, the Committee prepared the Board's decisions on the status and compensation of the Chief Executive Officers. It prepared the decisions regarding the monitoring of long-term or deferred compensation. In particular, it prepared the decisions relating to the Chairman's remuneration.

The Committee prepared the assessments of the Chief Executive Officers and recommended their annual targets to the Board.

In accordance with the CRD4 Directive and its transposition into French law, the Compensation Committee ensured that the Group's compensation policies comply not only with regulations, but also with the company's risk management policy and capital targets.

The Committee reviewed the principles of the remuneration policy applicable within the Group, in particular concerning employees whose activities have a significant impact on the Group's risk profile, in accordance with the new regulations in force. It dedicated several meetings to this examination and to ensuring that the structure proposed for regulated employees complies with the new and particularly complex rules. It particularly ensured that the remuneration policy effectively takes into account the risks generated by the activities and that employees comply with risk management policies and professional standards, and consulted the Audit and Internal Control Committee and Risk Committee in this regard. The Committee also relied on work by external and internal control bodies. Lastly, it reviewed the annual report on remuneration.

The remuneration policy is described in detail on page 90 and following.

Lastly, the Committee proposed the share (or share equivalents) allocation plans to the Board.

The Committee prepared the Board's work on gender equality within the company.

(1) The AFEP-MEDEF Code does not take employees into account in the calculation of the proportion of independents on the Committees.

4. Nomination and Corporate Governance Committee

At 31st December 2015, the Nomination and Corporate Governance Committee comprised three independent Directors: Messrs. Cicurel, Lévy and Mestrallet. It is chaired by Mr. Mestrallet (since 19th May 2015, Mr. Folz previously). Its members have the skills required to assess the nomination and corporate governance policies and practices.

Article 13 of the Internal Rules:

13.1 - The Nomination and Corporate Governance Committee:

a) identifies and recommends to the Board of Directors the applicants qualified to perform Director functions;

b) without prejudice to the other provisions applicable in this area, proposes to the Board of Directors a target objective concerning the balanced representation of women and men on the Board of Directors. It develops a policy designed to achieve this objective;

c) periodically assesses, and at least once a year, the structure, size, composition and effectiveness of the Board of Directors' work regarding the missions entrusted to it and submits any useful recommendations to the Board of Directors;

d) periodically reviews the Board of Directors' policies concerning the selection and nomination of Effective Senior managers, Deputy Executive Officers and the Chief Risk Officer, and formulates recommendations in this area;

13.2- In particular, the Committee:

a) is responsible for submitting proposals to the Board of Directors on the nomination of Directors as well as on the succession of the Chairman and the Executive Officers, especially where a position becomes vacant unexpectedly, after carrying out any necessary inquiries;

b) provides the Board of Directors with proposals for appointments to the Board's Committees;

c) carries out preparatory work for the Board of Directors' review of corporate governance issues. It assesses the Board of Directors' performance every year;

d) submits a proposal to the Board of Directors concerning its presentation in the Registration Document and notably the list of independent Directors;

e) is informed prior to the appointment of any member of the Group's Executive Committee and any corporate department heads who do not sit on this Committee. It is informed of the list of replacements for these Senior officers.

13.3 - It is comprised of at least three Directors. At least two thirds of the Committee members are independent as defined in the AFEP-MEDEF Corporate Governance Code.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE ACTIVITY REPORT FOR 2015

The Nomination and Corporate Governance Committee held five meetings in 2015. The attendance rate was 88% (95% in 2014).

It prepared the governance decisions taken at the Board of Directors meeting of 15th January 2015:

- separation of the offices of Chairman and Chief Executive Officer;
- organisation of the Committees;
- proposals for appointments to the positions of Chairman/Chief Executive Officer/Committee Chairman;
- selection of Directors to participate in the General Meeting.

It prepared the Board's review of the Corporate Governance section of the 2015 Annual Report, in particular the section concerning the assessment of Directors' independence. The Committee prepared the work of the Board of Directors' self-assessment of the Board's operation (see below). The Committee Chairman prepared the evaluation of the Board of Directors and its members based on individual interviews with the Directors. As part of the process for selecting Directors for 2016, he was assisted by an outside firm.

It examined the succession plan for the Chief Executive Officers and Directors in order to be in a position to make a proposal to the Board at the appropriate time. It was also kept informed of the forward-looking changes to the Executive Committee and Management Committee, including in particular the diversity of appointments made.

ASSESSMENT OF THE BOARD OF DIRECTORS AND ITS MEMBERS

Each year since 2000, the Board of Directors has devoted part of a meeting to discussing its operation based on an assessment performed every three years by a specialised external consultant, and the other years based on interviews or questionnaires overseen by the Nomination and Corporate Governance Committee. In both cases, the answers are presented on an anonymous basis in a summary document that serves as a basis for the Board's discussions.

For 2015, given the changes made to the governance system, the Board decided to depart from the three-yearly recourse to an external firm and perform an assessment overseen by the Nomination and Corporate Governance Committee, on the basis of a report prepared by the Chairman of the Nomination and Corporate Governance Committee and the Chairman of the Board of Directors. All the Directors took part in the process via an interview. The interview focused both on an assessment of the Board and an individual assessment of the Directors. The Board of Directors discussed this assessment on the basis of a report submitted by the Committee on this assessment in January 2016.

The Chairman of the Board of Directors and the Chairman of the Nomination and Corporate Governance Committee also conducted individual interviews with each Director in order to assess their individual contribution to the Board's work.

The Directors have a unanimously positive opinion on the operation and organisation of the Board of Directors. The interactions with the General Management and the Chairman are deemed to be excellent.

In particular, the Directors observed that:

- The composition of the Board is appropriate;
- Regarding the individual assessment, it is very positive.

Several areas for improvement were identified for 2016:

- A balance between the subjects addressed, leaving more room to discuss strategy, human resources, IT and benchmarking;
- Increased training initiatives (notably prudential regulations, market risks, etc.);
- With regard to the next appointments of Directors, priority should be given to persons having banking and financial expertise.

TRAINING

New directors receive training at their request and are introduced to staff within the Group. In addition, the purpose of the annual seminar and some of the subjects addressed at Board meetings is to provide Directors with information needed to perform their duties (for example information on regulatory framework or changes in the competitive environment). Two training sessions were organised in 2015 on the mechanisms for the accounting of market risks and prudential regulations concerning insurance (Solvency II). A specific training plan was prepared for Directors representing the employees; a governance training programme was delivered in November 2015 and the training material was distributed to the Board of Directors.

SPECIFIC CONDITIONS RELATING TO SHAREHOLDER PARTICIPATION IN THE GENERAL MEETING

The By-laws (See Chapter 7) define the conditions for shareholders' participation in the General Meeting. A summary of these rules appears in Chapter 7 of the Registration Document.

Any shareholder may participate in the General Meeting online under the conditions disclosed in the notice of meeting published in the *Bulletin des Annonces Légales Obligatoires* (French Mandatory Legal Announcements Gazette).

ATTENDANCE FEES PAID TO COMPANY DIRECTORS

The annual amount of the attendance fees was set at EUR 1,250,000 by the General Meeting of 24th May 2011.

The rules governing the allocation of attendance fees between the Directors are determined by Article 15 of the Internal Rules (See Chapter 7). They were reviewed to take into account the change in governance that has been effective since 19th May 2015. As of the General Meeting of 19th May 2015, the fixed portion of attendance fees is pro rated as follows:

- 1 portion for each Director;
- 0.5 additional portion for the members of the Nomination and Corporate Governance Committee and the members of the Compensation Committee;
- 1 additional portion for the Chairman of the Nomination and Corporate Governance Committee and the Chairman of the Compensation Committee;
- 1 additional portion for the members of the Risk Committee and the members of the Audit and Internal Control Committee;
- 2 additional portions for the Chairman of the Audit and Internal Control Committee and the Chairman of the Risk Committee.

The variable portion of attendance fees is divided up at the end of the year, in proportion to the number of Board and Committee meetings attended by each Director.

The fixed portion of attendance is equal to 40%, after the allocation of a set amount to the Chairman of the Audit and Internal Control Committee and the Chairman of the Risk Committee. The Chairman and the Chief Executive Officer do not receive any attendance fees.

COMPENSATION AND BENEFITS IN KIND AWARDED TO CHIEF EXECUTIVE OFFICERS, AND DISCLOSURE OF INFORMATION AS PROVIDED FOR IN ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE

The information in the Chairman's Report that describes the principles and rules approved by the Board of Directors to calculate the compensation and benefits in kind awarded to the Chief Executive Officers is included in this Chapter under "Remuneration principles" (See page 90).

The section entitled "Information required by Article L. 225-100-3 of the French Commercial Code" is included in Chapter 7 on page 461.

3. REMUNERATION OF GROUP SENIOR MANAGEMENT

REMUNERATION OF CHIEF EXECUTIVE OFFICERS

Remuneration principles

The compensation policy of Chief Executive Officers is determined by the Board of Directors and is based on the proposal of the Compensation Committee, which meets several times a year to discuss it. Alongside the regulatory framework, it takes into account the changes in Societe Generale's environment, the implementation of Group strategy in the long term in the interest of its shareholders, clients and employees, and practices of financial institutions in Europe and of comparable sized groups in France.

This policy considers the completeness of the components of the compensation and the other advantages granted, if applicable, in the overall appreciation of the remuneration of the Chief Executive Officers. It ensures that these different elements are balanced, in the general interest of the Group. Besides financial performance criteria, it integrates extra-financial elements, particularly in terms of social and environmental responsibility, when determining variable remuneration.

Furthermore, the compensation of the Chief Executive Officers complies with:

- Directive CRD4 of 26th June 2013, the aim of which is to impose remuneration policies and practices compatible with effective risk management. Directive CRD4 was transposed into national law and its policies have been in effect since 1st January 2014;
- the recommendations of the AFEP-MEDEF code.

Remuneration of the Non Executive Chairman

The remuneration of Mr. Lorenzo Bini Smaghi is made up of his fixed salary, amounting to EUR 850,000 gross per year, unchanged since he was appointed Chairman of the Board on 19th May 2015.

To guarantee total independence in fulfilling his mandate, he receives neither variable compensation nor attendance fees.

He is provided with company accommodation to carry out his functions in Paris. No other compensation or benefits are granted.

Remuneration of General Management

The remuneration of Chief Executive Officers is broken down into three components:

- **Fixed Remuneration (FR)** rewards experience and responsibilities, and takes into account market practices;
- **Annual Variable Remuneration (AVR)** rewards performances achieved during the year and the contribution of Chief Executive Officers to the success of the Societe Generale Group;
- **Long-Term Incentives (LTIs)** aim to strengthen the link between Chief Executive Officers and shareholders' interests and to provide incentive to deliver long-term performance. Vesting of LTIs is based on the Group's performance as measured by internal and external criteria over periods of four and six years.

Pursuant to CRD4, variable remuneration (annual variable remuneration plus long-term incentives) is capped at 200% of fixed compensation. Furthermore, Chief Executive Officers are prohibited from using hedging or insurance strategies during the vesting and holding periods.

Chief Executive Officers have not received stock options since 2009.

The standardised presentation of the remuneration of Chief Executive Officers is provided on pages 96 to 98.

Fixed remuneration in respect of 2015

In line with the recommendations of the AFEP-MEDEF code, the fixed remuneration of Chief Executive Officers is only reviewed at relatively long intervals, to ensure consistency with events affecting the company and market practices.

Societe Generale's Board of Directors, during its meeting of 10th February 2016, maintained the fixed remuneration of General Management.

The fixed remuneration of Mr. Frédéric Oudéa, Chief Executive Officer, thereby amounts to EUR 1,300,000 and that of Messrs. Séverin Cabannes and Bernardo Sanchez Incera, Deputy Chief Executive Officers, to EUR 800,000. These amounts have remained unchanged since September 2014 and were confirmed on 19th May 2015 when the functions of Chairman of the Board of Directors and Chief Executive Officer were separated.

Annual variable remuneration in respect of 2015

GENERAL PRINCIPLES

The annual variable remuneration is evaluated through two elements:

- a quantitative portion, based on the achievement of objectives linked to the Company's annual financial performance. Indicators are primarily determined according to the budget targets for the Group and the business lines within each CEO's scope of supervision. The results do not include solely accounting-based results linked to the revaluation of the Group's own financial liabilities or credit risk. It represents a maximum of 60% of the annual variable remuneration;

- a qualitative portion, based on the achievement of key objectives underpinning the success of the Company's strategy and set in advance for the fiscal year. It represents a maximum of 40% of the annual variable remuneration.

In order to ensure sound risk management over the long term while aligning Chief Executive Officers with shareholders' interests, and in accordance with Directive CRD4, the payment of at least 60% of annual variable remuneration is deferred over three years *prorata temporis* and combines payments in cash and shares or share equivalents.These rules establish a structure where variable compensation fluctuates and is primarily linked to the performance of the Group and that of its share price.

CEILING

In compliance with the AFEP-MEDEF code, since 1st September 2014 annual variable remuneration has been capped at 135% of annual fixed remuneration for the Chief Executive Officer and 115% for the Deputy Chief Executive Officers.

CRITERIA FOR DETERMINING AND APPRECIATING PERFORMANCE IN RESPECT OF FISCAL YEAR 2015

For the **Chief Executive Officer**, annual variable remuneration was evaluated through the following criteria, in accordance with the rules defined by the Board of Directors meeting of 12th March 2015:

- a quantitative portion measured according to the achievement of Group targets in terms of earnings per share, gross operating income and cost/income ratio;
- a qualitative portion evaluated according to specific predefined indicators covering the implementation of the strategy for the Group and the business lines, in particular Russia, organisation optimisation and cost control, regulatory compliance and risk management, particularly operational risks, customer satisfaction, deployment of the new leadership model, and corporate and social responsibility (CSR).

For the **Deputy Chief Executive Officers**, the economic criteria concern both the Group as a whole and their specific area of responsibility. In this way, the annual variable remuneration was evaluated on the following criteria:

- a quantitative portion measured according to the achievement of Group targets in terms of earnings per share, gross operating income and cost/income ratio, in addition to the fulfilment of budget targets within the relevant scope of responsibility, in terms of gross operating income, net income before tax and cost/income ratio;
- a qualitative portion was determined according to specific predefined indicators, in line with those for the Chief Executive Officer (see above).

The targets for 2015 were defined precisely and approved by the Board of Directors meeting of 12th March 2015; they were not made public for confidentiality reasons related to the Group's strategy.

The Board of Directors meeting of 10th February 2016 observed a significant increase in quantitative performances, reaching a level close to that reached in 2013, the results of the year 2014 having been exceptionally affected by the decision to impair the goodwill allocated to the International Banking & Financial Services activities in Russia.

The Board of Directors meeting of 10th February 2016, upon the recommendation of the Compensation Committee, observed the following achievement rates:

For the Chief Executive Officer, 80% of the quantitative targets had been met. The increase in performance achieved can be attributed mainly to good sales performance in all business lines, particularly Retail Banking activities, and to the increased financial solidity of the Group, beyond the regulatory requirements.

Target achievement rates are presented in the table below:

Criterion	Weight	Achievement
EPS	33.33%	93%
Gross operating income	33.33%	74%
Cost/income ratio	33.33%	72%
Total	**100 %**	**80 %**

With regard to the qualitative objectives it was allocated for 2015, the Board set the achievement rate at 90%, particularly considering the acceleration of the Group's digital transformation, the ongoing control of costs and risks and the continued cultural transformation carried out using a balanced client-focused model and guided by its values of team spirit, innovation, responsibility and commitment. Lastly, the Board highlighted the progress made in terms of social and environmental responsibility, which is visible in the evaluations by the extra-financial rating agencies and global green indices.

Consequently, his annual variable remuneration amounted to EUR 1,474,200, corresponding to an overall achievement rate of 84%.

His compensation for 2015 (defined as the sum of his fixed salary paid in 2015 and his annual variable remuneration for 2015), amounting to EUR 2.8 million, represents 50 times the average gross compensation of an employee of Societe Generale SA France.

For the Deputy Chief Executive Officers, the achievement rates for each of the financial targets set for each business division under supervision were precisely defined by the Finance Division and validated by the Board of Directors; they were not made public for confidentiality reasons related to the Group's strategy.

The annual variable remuneration granted in respect of 2015 was calculated as a percentage of the average fixed remuneration for the year, as follows:

- EUR 712,080 for Mr. Séverin Cabannes, based on an overall achievement rate of 77% (quantitative portion 69% and qualitative portion 90%).
- EUR 759,920 for Mr. Bernardo Sanchez Incera, based on an overall achievement rate of 83% (quantitative portion 81% and qualitative portion 85%).

HISTORY OF ANNUAL VARIABLE REMUNERATION GRANTED TO CHIEF EXECUTIVE OFFICERS

	Gross annual variable remuneration in previous years							Gross annual variable remuneration for 2015 fiscal year	
(In EUR)*	2008	2009	2010	2011	2012	2013	2014	Total amount	o/w component paid in cash in 2016
M. Oudéa	0(1)	0(1)	1,196,820	682,770	1,194,600	1,406,070	948,767	**1,474,200**	294,840
M. Cabannes	0(2)	320,000	665,281	310,144	670,176	705,120	539,978	**712,080**	142,416
M. Sanchez Incera	Non applicable(3)	Non applicable(3)	667,662	391,440	560,112	619,718	494,632	**759,920**	151,984

(*) Total calculated on value at grant date, in EUR. For 2015, this concerns the value as decided by the Board of Directors meeting of 10th February 2016.

(1) Mr. Frédéric Oudéa waived his variable remuneration for fiscal years 2008 and 2009.

(2) Mr. Séverin Cabannes waived his variable remuneration for fiscal year 2008.

(3) Mr. Sanchez Incera was appointed Chief Executive Officer of the Societe Generale Group on 1st January 2010.

Vesting and payment conditions

In compliance with the standards applicable to Bank Directors (Directive CRD4), the Board of Directors defined the following vesting and payment conditions for annual variable remuneration:

- a vested portion in March 2015, representing 40% of the total amount granted, half of this amount being converted into a number of share equivalents non-transferable for one year;
- an unvested portion, representing 60% of the total amount granted, two-thirds of which in shares(1) or share equivalents, subject to two performance conditions: Group profitability and Core Tier One level. An additional six-month retention period applies after each vesting.

The amount of the variable portion granted in shares or share equivalents is converted based on a rate determined by the Board of Directors every year in March. This rate corresponds to the trade-weighted average based on the last 20 trading days prior to the Board meeting.

While the mandate is ongoing, vesting of the deferred annual variable remuneration is also subject to a condition of presence. The exceptions to this condition are as follows: retirement, death, disability, incapacity to carry out functions and termination of mandate justified by a strategic divergence with the Board of Directors.

For the current period beyond the end of the mandate, the condition of presence is no longer applicable. However, if the Board observes, after the departure of the Director, that a decision taken during his mandate has very significant consequences on the company's results or on its image, it may decide on the total or partial remission of the payment of the deferred variable remuneration.

The annual variable remuneration granted in share equivalents gives entitlement, during the holding period, to the payment of an amount equivalent to the payment of the dividend, if applicable. No dividend is paid for the duration of the vesting period.

The variable compensation paid is reduced by the amount of any attendance fees received by the Deputy Chief Executive Officers either from Societe Generale companies or non-Group companies in which they are Directors. The Chief Executive Officer does not receive any attendance fees.

Long-Term Incentives

Since 2012, the Chief Executive Officers have been eligible for a long-term incentive plan consisting of shares or share equivalents in order to involve them more closely with the Company's long-term progress and to align their interests with those of the shareholders.

In line with previous years, the Board of Directors meeting of 10th February 2016 decided to implement this LTI plan, in respect of 2015, the details of which are as follows:

- shares or share equivalents(1) granted in two instalments, with vesting periods of four and six years, followed by a one-year retention period, thus increasing the indexing periods to five and seven years;
- definitive vesting depending on presence and performance conditions. Indeed, vesting is based on the relative performance of the Societe Generale share as measured by the increase in Total Shareholder Return (TSR) compared to the TSR of eleven European peers over the entire vesting period. All the shares or share equivalents will thus not vest unless Societe Generale's TSR is in the upper quartile of the sample; if it is slightly above the median value, the vesting rate is 50% of the total number of shares or share equivalents granted; finally, no share or share equivalent will vest if the TSR performance is too low.

The complete vesting chart is shown below:

SG Rank	Ranks 1*, 2 and 3	Rank 4	Rank 5	Rank 6	Ranks 7, 8 and 9	Ranks 10, 11 and 12
In % of the maximum number granted	100%	83.3%	66.7%	50%	25%	0

* Highest rank in the sample.

(1) This will be determined by the Board of Directors meeting of 18th May 2016 depending on the approval of the resolution authorising the allocation of free shares by shareholders during the General Meeting held on the same day.

The peer sample comprises the following banks: Barclays, BBVA, BNP Paribas, Crédit Agricole, Crédit Suisse, Deutsche Bank, Intesa Sanpaolo, Nordea, Santander, UBS and Unicredit.

Furthermore, the final payment value of shares shall be limited to EUR 74 per share, i.e. 1.21 times the value of the net asset per share of Societe Generale group at 31st December 2015.

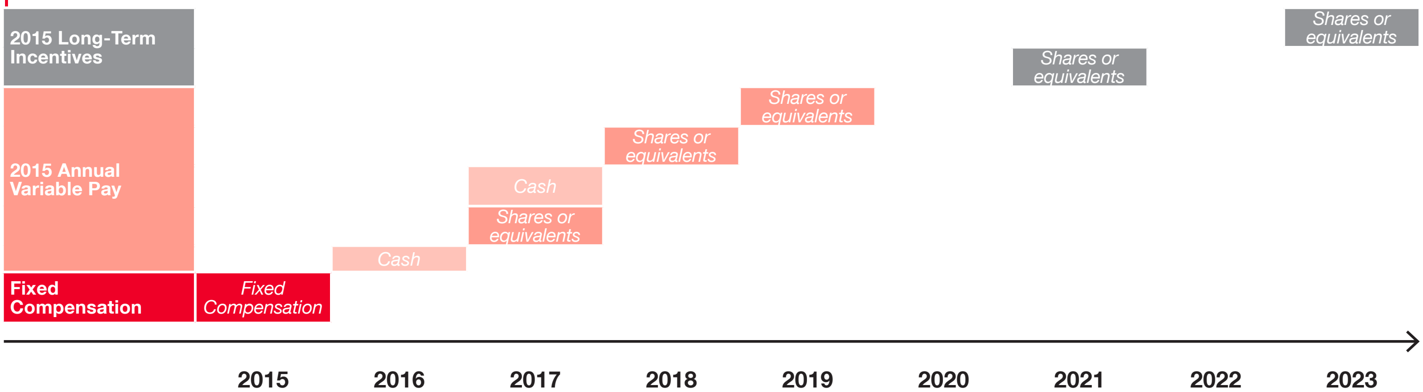
Finally, in the absence of the Group's profitability (as measured by Group net income, excluding strictly accounting-related impacts associated with revaluation of own debt and the Debt Value Adjustment) for the year preceding the definitive vesting of long-term incentives, no payment will be due regardless of the performance of the Societe Generale share.

The table below indicates the number of shares or share equivalents granted to each Chief Executive Officer under the plan with respect to 2015 and their book value:

	Book value	Maximum number granted
Frédéric Oudéa*	EUR 850,500	44,988
Séverin Cabannes	EUR 567,000	29,992
Bernardo Sanchez Incera	EUR 567,000	29,992

* Based on the share price on the day preceding the Board of Directors meeting which determined the allocation of the LTI.

2015 TOTAL COMPENSATION - PAYMENT OR SHARE DELIVERY TIMELINE



Shareholding and ownership obligations(1)

In 2002, the Board of Directors decided that the Group's Chief Executive Officers must hold a minimum number of Societe Generale shares. In order to comply with AMF recommendations and align the interests of the Executive Officers with those of the business, the Board of Directors increased the required minimum number of shares at its meeting of 7th March 2011, respectively raising it to:

- 80,000 shares for the Chief Executive Officer;
- 40,000 shares for the Deputy Chief Executive Officers.

Chief Executive Officers who are also former employees may hold shares directly or indirectly through the Company Savings Plan.

This minimum must be reached by the end of a five-year term of office. Until then, the Chief Executive Officer must keep 50% of the vested shares granted through Societe Generale free share plans and all shares resulting from the exercise of stock options, after deducting the cost of exercising said options and the corresponding social security charges and taxes.

In addition, and in accordance with the law, Chief Executive Officers are required to hold a certain percentage of vested shares granted through Societe Generale performance share plans or resulting from the exercise of stock options in a registered account until the end of their term of office. For shares, this percentage has been set by the Board at 20% of the vested shares of each grant and, for stock options, at 40% of the gains made on exercising the options, net of tax and any other mandatory deductions and minus any capital gains used to finance the purchase of the shares.

The Chief Executive Officers are therefore required to hold a large and increasing number of shares and are prohibited from hedging their shares or options throughout the vesting and holding period.

Each year, the Chief Executive Officers must provide the Board of Directors with the necessary information to ensure that these obligations are met in full.

In their statements to the Board, the Chief Executive Officers confirmed that they have not hedged their Societe Generale shares or Fund E shares and undertook not to do so in the future.

(1) AFEP-MEDEF code

Post-employment benefits: pensions, severance pay, non-compete clause

PENSION

As Frédéric Oudéa terminated his employment contract by resigning when he was appointed Chairman and Chief Executive Officer in 2009, he no longer enjoys the right to any supplementary pension from Societe Generale.

SUPPLEMENTARY PENSION ALLOCATION PLAN(1)

Mr. Cabannes and Mr. Sanchez Incera retain the benefits of the supplementary pension allocation plan for senior managers that applied to them as employees prior to their appointment as Chief Executive Officers.

This supplementary plan was introduced in 1991. Conforming to the provisions of Article L137-11 of the French Social Security Code, it provides senior executives appointed as of this date, upon claiming their French Social Security pension, with a total pension equal to the product of the following:

- the average, over the last ten years of the career, of the proportion of basic salaries exceeding "Tranche B" of the AGIRC pension increased by a variable part limited to 5% of the basic fixed salary;
- the rate equal to the number of years of professional service at Societe Generale divided by 60, corresponding to an acquisition of potential rights of 1.67% a year, the years of service taken into account not exceeding 42.

The AGIRC "Tranche C" pension acquired in respect of their professional service at Societe Generale is deducted from this total pension. The supplementary amount covered by Societe Generale is increased for beneficiaries who have raised at least three children, as well as for those who retire after the legal retirement age set by Social Security. It may not be less than one-third of the full-rate service value of the AGIRC "Tranche B" points acquired by the senior manager in question since gaining "Outside Classification" status.

The rights are subject to the employees being employed by the Company upon claiming their pension.

Each year, potential rights are calculated according to seniority and projected salary at the age of retirement, based on recognised actuarial principles. They are subject to prefinancing with an insurance company, the premiums of which are subject to the contribution defined in Article L. 137-11 of the French Social Security Code.

At 31st December 2015, on the basis of the seniority acquired and the reference compensation of Mr. Cabannes at this date, potential pension rights, irrespective of conditions regarding achievement of the commitment, and taking into account a retirement age assumption of 63 years, represent an annual pension estimated at EUR 113,000 (i.e. 7.5% of his reference compensation as defined by the AFEP-MEDEF corporate governance code).

At 31st December 2015, on the basis of the seniority acquired and the reference compensation of Mr. Sanchez Incera at this date, potential pension rights, irrespective of conditions regarding achievement of the commitment, and taking into account a retirement age assumption of 63 years, represent an annual pension estimated at EUR 54,000 (i.e. 3.5% of his reference compensation as defined by the AFEP-MEDEF corporate governance code).

IP VALMY SUPPLEMENTARY PENSION FUND

Mr. Cabannes and Mr. Sanchez Incera retain the benefits of the supplementary defined contribution plan that applied to them as employees prior to their appointment as Chief Executive Officers.

This defined contribution plan, established within the framework of Article 83 of the French General Tax Code, was implemented in 1995. Membership is compulsory for all employees with at least one year's seniority in the company and allows beneficiaries to acquire annual deferred life annuity rights of 0.1% of their remuneration, capped at two annual social security caps. This plan is financed 1.5% by the company and 0.5% by employees. It is insured with the company IP Valmy.

At 31st December 2015, Messrs. Cabannes and Sanchez Incera had acquired deferred life annuity rights of respectively EUR 753 and EUR 398 per annum.

SEVERANCE PAY

The Chief Executive Officer is not entitled to severance pay.

Mr. Cabannes and Mr. Sanchez-Incera do not enjoy any provision for compensation in the event they are required to step down from their position as Chief Executive Officer. Although the employment contracts they held prior to their appointment are suspended during their term of office, the compensation provided for in said contracts shall remain due in the event of their unilateral termination, based on the remuneration in force on the date it was suspended. In any event, such compensation shall not exceed two years of total remuneration.

NON-COMPETE CLAUSE

In the event Frédéric Oudéa ceases to hold the office of Chief Executive Officer, he is bound by a non-compete clause prohibiting him from accepting a position with a listed insurance company or credit institution either in France or abroad, or with an unlisted credit institution in France. In exchange, he may continue to receive his fixed salary. The parties will, however, be entitled to waive this clause. The non-compete clause is valid for a period of 18 months and compensated in the amount of Mr. Oudéa's fixed salary. The length of the clause is below the 24-month limit recommended by the AFEP-MEDEF code.

The Deputy Chief Executive Officers are not bound by any non-compete clause.

Other benefits of Chief Executive Officers

The Chief Executive Officers have their own company car and insurance, and enjoy the same benefits in terms of health coverage and death/invalidity insurance as the employees.

No other benefit is granted to the Chief Executive Officers.

(1) Related-party agreements with Mr. Cabannes and Mr. Sanchez Incera approved respectively by the General Meeting of 19th May 2009 and 25th May 2010.

REMUNERATION OF THE OTHER MEMBERS OF THE EXECUTIVE COMMITTEE WHO ARE NOT CHIEF EXECUTIVE OFFICERS

Remuneration

The remuneration of the other members of the Executive Committee is established in accordance with the Capital Requirements Directive 4 (CRD4). It is set by the General Management and reviewed by the Compensation Committee. It is made up of two components:

- a fixed salary, determined according to each member's responsibilities and taking into account market practices;
- annual variable remuneration, set at the discretion of the General Management, which depends on both the Group's results and the individual's quantitative and qualitative performance over the previous fiscal year.

Moreover, remunerations granted in respect of 2015 to Risk and Compliance Directors have been approved by the Board of Directors. Under the rules set forth by European Directive CRD4, the structure of this variable remuneration includes a non vested component fully subject to continued employment, performance, and appropriate risk and compliance management conditions. It is deferred over five years and is allocated for at least 50% in Societe Generale shares or share equivalents (representing 50% of the vested component and 60% of the unvested component).

The component of variable compensation deferred over five years, i.e. the Long-Term Incentive, accounts for 40% of the unvested portion. It is subject to a demanding condition, namely the relative performance of the Societe Generale share measured by the increase in Total Shareholder Return (TSR) compared to 11 European peers over the entire vesting period.

In addition to this remuneration, senior managers are also entitled to the general incentive and profit-sharing schemes established under the Company's collective agreements.

Finally, Executive Committee members have their own company car.

The remuneration granted to the other members of the Executive Committee in respect of 2015 was as follows (in millions of euros):

(In millions of euros)	Basic salary	Variable remuneration		Total remuneration
		Vested portion in cash (not deferred)	Deferred portion and LTIs	
Other members of the Executive Committee at 31st December 2015(1)	4.4	1.6	6	12

(1) These amounts include the pay of Ms. Guillaumin, Ms. Mercadal-Delassalles and of Messrs. Briatta, Goutard, Hauguel, Heim, Henry, Ottenwaelter, Parer, Suet and Valet, for the period during which they were members of the Executive Committee.

Societe Generale shareholding obligations

The minimum number of shares that Executive Committee members are required to hold depends on their average annual total compensation. It is set at a maximum of 80,000 shares, in line with the Chief Executive Officer's requirement.

Until the minimum shareholding level is met, senior managers must keep half of their shares acquired under share allocation plans. Shares may be held directly or indirectly through the company savings plan.

TRANSACTIONS CARRIED OUT BY CHIEF EXECUTIVE OFFICERS AND DIRECTORS IN SOCIETE GENERALE SHARES

Summary statement published in compliance with Article 223-26 of the General Regulations of the AMF.

(In EUR)	Nature de l'opération	Date	Montant
Barbara DALIBARD, Director, has performed one transaction:	*Acquisition of 1,000 shares of Societe Generale*	22.07.15	46,000
Lorenzo BINI SMAGHI, Chairman of the Board of Directors, performed one transaction:	*Acquisition of 1,000 shares of Societe Generale*	06.11.15	45,190
Gérard MESTRALLET, Director, performed one transaction:	*Acquisition of 1,200 shares of Societe Generale*	25.11.15	52,440

STANDARD TABLES IN ACCORDANCE WITH AMF RECOMMENDATIONS

Table 1

SUMMARY OF REMUNERATION AND STOCK OPTIONS, SHARES AND SHARE EQUIVALENTS ALLOCATED TO EACH CHIEF EXECUTIVE OFFICER[1]

(In EUR)	2014 fiscal year	2015 fiscal year
Mr. Lorenzo BINI SMAGHI[2], Chairman of the Board as of 19th May 2015	0	553,562
Remuneration due for the fiscal year (detailed in Table 2)	0	0
Value of options granted in respect of the fiscal year (detailed in Table 4)	0	0
Value of shares or share equivalents granted under the Long-Term Incentive Plan in respect of the fiscal year	0	0
Total	**0**	**553,562**
Mr. Frédéric OUDÉA, Chairman and Chief Executive Officer, then Chief Executive Officer from 19th May 2015		
Remuneration due for the fiscal year (detailed in Table 2)	2,254,692	2,780,125
Value of options granted in respect of the fiscal year (detailed in Table 4)	0	0
Value of shares or share equivalents granted under the Long-Term Incentive Plan in respect of the fiscal year[3]	850,500	850,500
Total	**3,105,192**	**3,630,625**
Mr. Séverin CABANNES, Deputy Chief Executive Officer		
Remuneration due for the fiscal year (detailed in Table 2)	1,246,389	1,518,491
Value of options granted in respect of the fiscal year (detailed in Table 4)	0	0
Value of shares or share equivalents granted under the Long-Term Incentive Plan in respect of the fiscal year[3]	521,640	567,000
Total	**1,768,029**	**2,085,491**
Mr. Bernardo SANCHEZ INCERA, Deputy Chief Executive Officer		
Remuneration due for the fiscal year (detailed in Table 2)	1,232,593	1,566,639
Value of options granted in respect of the fiscal year (detailed in Table 4)	0	0
Value of shares or share equivalents granted under the Long-Term Incentive Plan in respect of the fiscal year[3]	567,000	567,000
Total	**1,799,593**	**2,133,639**

(1) Remuneration expressed in euros, gross, before tax.

(2) These amounts include only the remuneration received by Mr. Bini Smaghi as Chairman of the Board of Directors since 19th May 2015, date of his appointment. For the remuneration received before 19th May 2015 as Director, see table 3.

(3) This plan is detailed in the chapter on the remuneration of Chief Executive Officers, in pages 90 and following.

Table 2

SUMMARY OF THE REMUNERATION OF EACH CHIEF EXECUTIVE OFFICER[1]

(In EUR)	2014 fiscal year		2015 fiscal year	
	Amounts paid	Amounts due for the fiscal year	Amounts paid	Amounts due for the fiscal year
Mr. Lorenzo BINI SMAGHI, Chairman of the Board[2]				
- fixed salary	0	0	526,528	526,528
- non-deferred annual variable remuneration	0	0	0	0
– deferred annual variable remuneration	0	0	0	0
- multi-annual variable remuneration	0	0	0	0
-exceptional remuneration	0	0	0	0
- attendance fees	0	0	0	0
– benefits in kind[3]	0	0	27,034	27,034
Total	**0**	**0**	**553,562**	**553,562**
Mr. Frédéric OUDÉA, Chief Executive Officer				
– fixed salary	1,100,000	1,100,000	1,300,000	1,300,000
– non-deferred annual variable remuneration[4]	281,214	189,753	189,753	294,840
– deferred annual variable remuneration[4]	1,818,808	759,014	1,072,957[7]	1,179,360
– multi-annual variable remuneration	0	0	0	0
– additional remuneration[5]	200,000	200,000	0	0
– exceptional remuneration	0	0	0	0
– attendance fees	0	0	0	0
– benefits in kind[6]	5,925	5,925	5,925	5,925
Total	**3,405,947**	**2,254,692**	**2,568,635**	**2,780,125**
Mr. Séverin CABANNES, Deputy Chief Executive Officer				
– fixed salary	700,000	700,000	800,000	800,000
– non-deferred annual variable remuneration[4]	125,308	107,996	92,947	142,416
– deferred annual variable remuneration[4]	787,602	431,982	546,671[7]	569,664
– multi-annual variable remuneration	0	0	0	0
– exceptional remuneration	0	0	0	0
– attendance fees	15,716	0	15,050	0
– benefits in kind[6]	6,411	6,411	6,411	6,411
Total	**1,635,037**	**1,246,389**	**1,461,080**	**1,518,491**
Mr. Bernardo SANCHEZ INCERA, Deputy Chief Executive Officer				
– fixed salary	733,338	733,338	800,000	800,000
– non-deferred annual variable remuneration[4]	110,953	98,926	63,186	151,984
– deferred annual variable remuneration[4]	752,639	395,706	513,722[7]	607,936
– multi-annual variable remuneration	0	0	0	0
– exceptional remuneration	0	0	0	0
– attendance fees	12,991	0	35,740	0
– benefits in kind[6]	4,623	4,623	6,719	6,719
Total	**1,614,544**	**1,232,593**	**1,419,367**	**1,566,639**

(1) Remuneration expressed in euros, gross, before tax. The Long-Term Incentives received by Chief Executive Officers are detailed in tables 1 and 7.

(2) These amounts include only the remuneration received by Mr. Bini Smaghi as Chairman of the Board of Directors since 19th May 2015, date of his appointment. For the remuneration received before 19th May 2015 as Director, see table 3.

(3) Provision of company accommodation.

(4) The criteria used to calculate annual variable remuneration are detailed in the chapter on the remuneration of Chief Executive Officers. For 2015, the amounts due correspond to the value in euros as decided by the Board of Directors meeting of 10th February 2016.

(5) This additional compensation was awarded to Mr. Oudéa when he had to terminate his employment contract due to his appointment as Chairman and Chief Executive Officer. This compensation ended on 31st August 2014.

(6) Provision of a company car.

(7) See the table below for a detailed breakdown of the amounts paid.

BREAKDOWN OF DEFERRED ANNUAL VARIABLE REMUNERATION PAID IN 2015 TO THE CHIEF EXECUTIVE OFFICERS

(In EUR)	Deferred annual variable remuneration paid in 2015 in respect of the fiscal year				Total paid in 2015
	2011[(1)]	2012[(2)]	2013[(3)]	2013[(4)]	
Applicable performance condition and status of condition	**Core Tier 1* > 9% at 31/12/2014 Condition met**	**Core Tier 1* > 9% at 31/12/2014 Condition met**	**N/A**	**Core Tier 1** > 8% at 31/12/2014 and Group Net Income 2014>0 Condition met**	
Mr. Oudéa	237,353	333,399	253,208	248,997	**1,072,957**
Mr. Cabannes	107,795	187,018	126,985	124,873	**546,671**
Mr. Sanchez Incera	136,078	156,300	111,600	109,744	**513,722**

* Core Tier 1 ratio measured under Basel 2 conditions.

** Core Tier 1 ratio measured under Basel 3 conditions.

(1) Third and last instalment of the unvested portion of the annual variable remuneration granted in respect of fiscal year 2011, indexed to the Societe Generale share price.

(2) Value of shares delivered in October 2015, vested in March 2015 in respect of fiscal year 2012, including the dividend paid during the retention period.

(3) Value of shares delivered in March 2015, vested in March 2014 in respect of fiscal year 2013, including the dividend paid during the retention period.

(4) Value of shares delivered in October 2015, vested in March 2015 in respect of fiscal year 2013, including the dividend paid during the retention period.

Table 3

TABLE OF ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE DIRECTORS

(In EUR)	Amounts received in 2014		Amounts received in 2015		Fees/Remuneration	
Non-Executive Directors	**Balance for the 2013 fiscal year**	**Interim payment for the 2014 fiscal year**	**Balance for the 2014 fiscal year**	**Interim payment for the 2015 fiscal year**	**For fiscal year 2014**	**For fiscal year 2015***
BINI SMAGHI Lorenzo[7]						
Attendance fees			19,144	19,949	19,144	19,949
Related-party agreement[6]					80,000	120,000
CASTAIGNE Robert						
Attendance fees	70,089	43,904	67,780	39,298	111,684	119,012
Other remuneration	0	0	0	0	0	0
CICUREL Michel						
Attendance fees	45,556	26,654	51,259	26,798	77,913	82,201
Other remuneration	0	0	0	0	0	0
DALIBARD Barbara						
Attendance fees[1]						31,092
Other remuneration						0
DELABRIÈRE Yann						
Attendance fees	27,493	15,970	28,273	19,949	44,243	44,260
Other remuneration	0	0	0	0	0	0
FOLZ Jean-Martin						
Attendance fees	50,901	31,940	56,545	33,048	88,485	33,048
Other remuneration	0	0	0	0	0	0
HAZOU Kyra						
Attendance fees	53,404	43,904	67,780	41,581	111,684	121,295
Other remuneration	0	0	0	0	0	0
HOUSSAYE France						
Attendance fees[2]	30,261	26,654	51,259	29,081	77,913	85,892
Societe Generale salary					53,041	50 212
LEPAGNOL Béatrice						
Attendance fees[3]	30,261	17,306	31,146	19,949	48,451	51,041
Societe Generale salary					39,080	37 320
LEVY Jean-Bernard						
Attendance fees	38,702	27,242	48,771	33,048	76,013	100,607
Other remuneration	0	0	0	0	0	0
LLOPIS RIVAS Ana Maria						
Attendance fees	30,261	17,306	31,146	19,949	48,451	51,041
Other remuneration	0	0	0	0	0	0
LULIN Elisabeth						
Attendance fees	39,460					
Other remuneration	0					
MARTEL Thierry						
Attendance fees[4]	15,767					
Other remuneration	0					
MESTRALLET Gérard						
Attendance fees[1]						74,340
Other remuneration						0
OSCULATI Gianemilio						
Attendance fees	74,174	20,773	37,689		58,462	
Other remuneration	0	0	0		0	
RACHOU Nathalie						
Attendance fees	74,174	43,904	67,780	41,581	111,684	163,002
Other remuneration	0	0	0	0	0	0

(In EUR)	Amounts received in 2014		Amounts received in 2015		Fees/Remuneration	
Non-Executive Directors	**Balance for the 2013 fiscal year**	**Interim payment for the 2014 fiscal year**	**Balance for the 2014 fiscal year**	**Interim payment for the 2015 fiscal year**	**For fiscal year 2014**	**For fiscal year 2015***
SCHAAPVELD Alexandra						
Attendance fees	18,703	31,836	46,485	41,581	78,321	163,002
Other remuneration	0	0	0	0	0	0
WYAND Anthony						
Attendance fees	171,815	131,455	166,096	110,217	297,551	110,217
Other remuneration	0	0	0	0	0	0
TOTAL (fees)					**1,250,000**	**1,250,000**
Non-Voting Director						
MATSUO Kenji						
Remunération(5)	10,553					
Other remuneration	0					

* The balance of the attendance fees earned for the 2015 fiscal year was paid to Board members at the end of January 2016.

(1) No interim payment for new Directors.

(2) Paid to Societe Generale trade union SNB.

(3) Paid to Societe Generale trade union CFDT.

(4) Paid to Groupama.

(5) Paid to Meiji Yasuda Life Insurance.

(6) This agreement is detailed in the Statutory Auditors' special report on related-party agreements and commitments, in pages 113 to 114.

(7) This table does not include the amounts received by Mr. Bini Smaghi since his appointment as Chairman of the Board of Directors on 19th May 2015. For his remuneration received after 19th May 2015, see Table 2.

Table 4

SHARE PURCHASE OR SUBSCRIPTION OPTIONS AWARDED DURING THE FISCAL YEAR TO EACH CHIEF EXECUTIVE OFFICER BY THE ISSUER AND BY ANY GROUP COMPANY

The Board of Directors did not award any options in 2015.

Table 5

SHARE PURCHASE OR SUBSCRIPTION OPTIONS EXERCISED DURING THE FISCAL YEAR BY EACH CHIEF EXECUTIVE OFFICER

The Chief Executive Officers did not exercise any options in 2015.

Table 6

SHARES GRANTED DURING THE FISCAL YEAR TO EACH CHIEF EXECUTIVE OFFICER

The Board of Directors did not award any Societe Generale options in 2015.

Tableau 7

PERFORMANCE SHARES RECEIVED DURING THE FISCAL YEAR BY EACH CHIEF EXECUTIVE OFFICER[(1)]

	Grant date	**Number of shares received during the fiscal year**
M. BINI SMAGHI	N/A	N/A
M. OUDÉA	14.03.2013	7,999
	13.03.2014	11,948
M. CABANNES	14.03.2013	4,487
	13.03.2014	5,992
M. SANCHEZ INCERA	14.03.2013	3,750
	13.03.2014	5,266

(1) Deferred annual variable remuneration granted in 2013 and 2014 in respect of 2012 and 2013 fiscal years.

Note : Shares from the repurchase program.

SHARE EQUIVALENTS RECEIVED DURING THE FISCAL YEAR BY EACH CHIEF EXECUTIVE OFFICER[(1)]

	Grant date	**Number of share equivalents received during the fiscal year**	**Amount paid *(In EUR)***
Mr. Bini Smaghi	N/A	N/A	N/A
Mr. Oudéa	02.05.2012	37,500	1,566,975
Mr. Cabannes	02.05.2012	25,000	1,044,650
M. Sanchez Incera	02.05.2012	25,000	1,044,650

(1) First instalment of the LTI granted by the Board of Directors meeting of 2nd May 2012 in the form of share equivalents, the vesting of which is entirely subject to the relative performance of the Societe Generale share price in relation to that of its peers. The share performance evaluated early 2014 placed Societe Generale at first place in the sample.

Table 8

RECORD OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED INFORMATION ON SUBSCRIPTION OR PURCHASE OPTIONS(1)

Date of General Meeting	27.05.2008	27.05.2008	30.05.2006
Date of Board meeting	09.03.2010	09.03.2009	21.03.2008
Total number of shares(2) available for subscription or purchase	1,000,000	1,344,552(6)	2,328,128
of which number of shares available for subscription or purchase by Chief Executive Officers(3)			
Frédéric Oudéa	0	0	52,739
Séverin Cabannes	0	0	17,030
Bernardo Sanchez Incera	0	0	0
of which number of shares available for subscription or purchase by Executive Committee members in office at the grant date	415,596	155,289	177,205
Total number of beneficiaries	684	778	1,830
of which Executive Committee members in office at the grant date	10	7	10
Starting date for exercising options	9.03.2014	31.03.2012	21.03.2011
Expiry date	8.03.2017	8.03.2016	20.03.2015
Subscription or purchase price (EUR)(4)	41.2	23.18	63.6
Exercise conditions (where the plan includes several instalments)			
Fair value (% of the share price at the grant date)	26%	27%	
Number of shares subscribed at 31/12/2015	21,243	266,942	0
Total number of cancelled or lapsed subscription or purchase options	656,899	912,898	2,328,128
Subscription or purchase options outstanding at end of fiscal year	321,858	164,712	0
Potential dilutive effect(5)	0.04%	0.02%	0%

(1) Personnel costs generated by these plans are presented in Note 5.3 to the consolidated financial statements (p. 351).

(2) Exercising one option gives entitlement to one Societe Generale share. This table takes into account adjustments performed following capital increases. This line does not take into account options exercised since the grant date.

(3) Mr. Oudéa and Mr. Cabannes were appointed as Chief Executive Officers in 2008. Mr. Sanchez-Incera was appointed as Chief Executive Officer in 2010.

(4) The subscription or purchase price is equal to the average market price of the Societe Generale share during the twenty trading days preceding the meeting of the Board of Directors.

(5) The dilutive effect is the result of dividing the remaining number of options that may be subscribed for by the number of shares making up the capital stock.

(6) Includes the 320,000 options granted to the Chief Executive Officers who gave them up.

Table 9

SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO THE TOP TEN EMPLOYEES WHO ARE NON-CHIEF EXECUTIVE OFFICERS AND OPTIONS EXERCISED BY THESE EMPLOYEES

	Total number of options granted/ shares subscribed or purchased	**Weighted average price *(in EUR)***
Options awarded during the fiscal year by the issuer and any company included in the scope for the allocation of options, to the ten employees of the issuer and any company included in this scope, whose number of options awarded is highest*	0	0
Options held in respect of the issuer and the companies referred to previously and exercised during the fiscal year by the ten employees of the issuer and those companies, whose number of options purchased or subscribed is highest	60 068	43,5

* Societe Generale did not grant stock options in 2015.

Table 10

RECORD OF PERFORMANCE SHARES AWARDED INFORMATION ON PERFORMANCE SHARES

Date of General meeting	20.05.2014	22.05.2012	22.05.2012	25.05.2010	25.05.2010	25.05.2010
Date of Board meeting	12.03.2015	13.03.2014	14.03.2013	02.03.2012	07.03.2011	02.11.2010
Total number of shares granted	1,233,505	1,010,775	1,846,313	2,975,763	2,351,605	5,283,520(6)
Of which number of shares granted to Chief Executive Officers(3)						
Frédéric Oudéa	-	-	-	-	34,461(2)	-
Séverin Cabannes	-	-	-	-	19,156(2)	-
Bernardo Sanchez Incera	-	-	-	-	19,225(2)	
Total number of beneficiaries	6,733	6,082	6,338	6,363	5,969	
Vesting date	31.03.2017 (R) 31.03.2019 (NR)	31.03.2016 (R) 31.03.2018 (NR)	31.03.2015 (R) 31.03.2017 (NR)	31.03.2014 (R) 31.03.2016 (NR)	31.03.2013 (R) 31.03.2015 (NR)	29.03.2013 (R) 31.03.2015 (NR) (1st instalment) 31.03.2014 (R) 31.03.2016 (NR) (2nd instalment)
Holding period end date(1)	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015	29.03.2015 31.03.2016
Performance(4)	yes	yes	yes	yes	yes	yes
Fair value *(in EUR)*(5)	36.4 for French residents 34.9 for non-French residents	37.8 for French residents 38.1 for non-French residents	26.1 for French residents 27.1 for non-French residents	21.9	39.9	35.8 for French residents 34.6 for non-French residents (1st instalment) 34.6 for French residents 33.2 for non-French residents (2nd instalment)
Number of shares vested at 31.12.2015	148	106	1,201,218	2,211,016	1,811,424	3,090,096
Total number of cancelled or lapsed shares	17,492	35,595	100,622	180,536	540,181	863,536
Performance shares outstanding at year-end	1,215,865	975,074	544,473	584,211	0	1,329,888

R = French tax residents.

NR = Non-French tax residents.

Personnel costs generated by these plans are presented in Note 5.3 to the consolidated financial statements (p. 351).

(1) Only for French tax residents.

(2) As the performance condition applicable for this grant based on the Group's ROE was not met, the rights to these shares were forfeited.

(3) For the Chief Executive Officers, see also Tables 6 and 7 of the 2016 Registration Document.

(4) The applicable conditions of performance are described in the "Corporate Governance, Employee share plans" section of the present document.

(5) The valuation method used to calculate the fair value is that of arbitrage.

(6) "Free share plan" grated to all employees of the Group i.e. some 159,000 people concerned in 79 countries, described on p. 351.

Note: Shares granted in application of Article L. 225-197-1 et seq. of the French Commercial Code.

Table 11

POSITION OF CHIEF EXECUTIVE OFFICERS

	Term of office		Employment contract(1)(4)		Supplementary pension plan(2)		Compensation or benefits due or likely to be due as a result of leaving office or changing position		Compensation relating to a non-compete clause(3)	
	début	fin	oui	non	oui	non	oui	non	oui	non
Lorenzo Bini Smaghi, Chairman of the Board	2015(5)	2019		X		X		X		X
Frédéric Oudéa, Chief Executive Officer	2008(6)	2019		X		X		X	X	
Séverin Cabannes, Deputy Chief Executive Officer	2008	2019	X		X			X		X
Bernardo Sanchez Incera, Deputy Chief Executive Officer	2010	2019	X		X			X		X

(1) According to AFEP-MEDEF recommendations, the following Chief Executive Officers may not hold an employment contract for the duration of their term of office: the Chairman of the Board of Directors, the Chairman and Chief Executive Officer, and the Chief Executive Officer in companies with a Board of Directors.

(2) Details of supplementary pension plans can be found on page 94.

(3) Details of Frédéric Oudéa's compensation relating to a non-compete clause can be found on page 94.

(4) The employment contracts of Messrs. Cabannes and Sanchez-Incera have been suspended for the duration of their term of office.

(5) Mr. Lorenzo Bini Smaghi was appointed Chairman of the Board on 19th May 2015.

(6) Mr. Oudéa was appointed Chief Executive Officer in May 2008, then Chairman and Chief Executive Officer in May 2009 and Chief Executive Officer on 19th May 2015.

REMUNERATION COMPONENTS DUE OR GRANTED FOR FISCAL YEAR 2015 TO CHIEF EXECUTIVE OFFICERS AND SUBMITTED TO A SHAREHOLDER VOTE

Table 1

Mr. **Lorenzo BINI SMAGHI**, Chairman of the Board as of 19th May 2015

Remuneration components due or granted for the fiscal year 2015		**Description**
Fixed salary	EUR 526,528	At its meeting of 15th January 2015, the Board of Directors of Societe Generale decided to separate the offices of Chairman and Chief Executive Officer. At the end of the General Meeting of 19th May 2015, Lorenzo Bini Smaghi was appointed Chairman of the Board of Directors. The Board of Directors decided that Mr. Lorenzo Bini Smaghi would receive a fixed, gross annual salary of EUR 850,000.
Annual variable remuneration	N/A	Mr. Lorenzo Bini Smaghi does not receive variable remuneration.
Attendance fees	N/A	Mr. Lorenzo Bini Smaghi does not receive attendance fees.
Value of benefits in kind	EUR 27,034	He is provided with accommodation to carry out his functions in Paris.

Table 2

Mr. **Frédéric OUDÉA**, Chairman and Chief Executive Officer, then Chief Executive Officer from 19th May 2015

Remuneration components due or granted for the fiscal year 2015		Description
Fixed salary	EUR 1,300,000	Gross fixed salary paid in 2015, in accordance with the decision of the Board of Directors of 31st July 2014. It was confirmed in May 2015 when the functions of Chairman of the Board and Chief Executive Officer were separated. This amount replaces his previous fixed salary of EUR 1,000,000, unchanged since 2011, and the indemnity of EUR 300,000 granted in 2009 to compensate for losing the benefits of the supplementary pension plan when his employment contract was terminated.
Annual variable remuneration		Frédéric Oudéa benefits from an annual variable remuneration which is broken down into two sub-components. A 60% portion is based on financial targets and a 40% portion on qualitative targets. These elements are described on page 90 of the 2016 Registration Document. This annual variable remuneration is capped at 135% of the fixed remuneration.
o/w non-deferred annual variable *o/w deferred annual variable*	EUR 294,840 (nominal amount) EUR 1,179,360 (nominal amount)	**Evaluation of 2015 performance -** Given the quantitative and qualitative criteria defined by the Board of Directors in March 2015 and the achievement rates observed in fiscal year 2015, Mr. Oudéa's annual variable remuneration was set at EUR 1,474,200(1). This corresponds to an overall target achievement rate of 84% of the maximum annual variable remuneration (see page 90 of the 2016 Registration Document). In accordance with the Capital Requirements Directive CRD4 applicable to credit institutions, **the payment conditions for annual variable remuneration** are as follows: ■ 60% of annual variable remuneration is conditional upon achievement of Group profitability and Core Tier 1 targets as determined for fiscal years 2016, 2017 and 2018. Two thirds of this is converted into Societe Generale shares or share equivalents (this will be determined by the Board of Directors meeting of 18th May 2016 depending on the shareholders' approval of the resolution authorising the allocation of free shares at the General Meeting held on the same day), transferable for 3 or 5 years prorata temporis; ■ the remaining 40% of this annual variable remuneration is vested immediately, with half of the amount paid in March 2016 and the other half converted into Societe Generale share equivalents subject to a one-year retention period.
Multi-annual variable remuneration	N/A	Frédéric Oudéa does not receive any multi-annual variable remuneration.
Exceptional compensation	N/A	Frédéric Oudéa does not receive any exceptional compensation.
Value of options granted during the fiscal year	N/A	Frédéric Oudéa has not been awarded any stock options since 2009.
Value of shares granted or equivalents under a long-term incentive plan in respect of the fiscal year	EUR 850,500 (IFRS2 book value at 9th February 2016 and communicated to the Board for its meeting of 10th February 2016) This amount corresponds to a grant of 44,988 shares or share equivalents	Since 2012, the Chief Executive Officers have been eligible for a long-term incentive plan consisting of shares or share equivalents in order to involve them more closely with the Company's long-term progress and to align their interests with those of the shareholders. The details of the plan granted in respect of 2015 are as follows: ■ 44,988 shares or share equivalents (this will be determined by the Board of Directors meeting of 18th May 2016 depending on the approval by shareholders of the resolution authorising the allocation of free shares during the General Meeting held on the same day) granted in two instalments, with vesting periods of four and six years, followed by a one-year retention period after each vesting period, thus increasing the indexing periods to five and seven years; ■ definitive vesting depending on presence and performance conditions. This is measured by the increase in Societe Generale's Total Shareholder Return (TSR) compared to that of 11 European peers over the entire vesting period. All the shares or share equivalents will thus not vest unless Societe Generale's TSR is in the upper quartile of the sample; if it is slightly above the median value, the vesting rate is 50% of the total number of shares or share equivalents granted; finally, no share or share equivalent will vest if the TSR performance is too low. In the absence of the Group's profitability (as measured by Group net income, excluding strictly accounting-related impacts associated with revaluation of own debt) for the year preceding the definitive vesting of long-term incentives, no payment will be due regardless of the performance of the Societe Generale share. Lastly, the Board of Directors decided to cap the final acquisition value to EUR 74 per share, i.e. 1.21 times the value of the net asset per share of the Societe Generale Group at 31st December 2015.
Attendance fees	N/A	
Value of benefits in kind	EUR 5,925	Frédéric Oudéa is provided with a company car.

(1) Nominal value as decided by the Board of Directors on 10th February 2016.

Remuneration components due or granted for the fiscal year that are or were put to a shareholder vote in accordance with the procedure governing related-party agreements or commitments	Amounts or book value put to a vote	Description
Severance pay	N/A	Frédéric Oudéa is not entitled to severance pay.
Non-compete clause	No amount due in respect of the fiscal year 2015	In the event Frédéric Oudéa ceases to hold the office of Chief Executive Officer, he is bound by a non-compete clause prohibiting him from accepting a position with a listed insurance company or credit institution either in France or abroad, or with an unlisted credit institution in France. The parties will, however, be entitled to waive this clause. The non-compete clause is valid for a period of 18 months and compensated in the amount of Mr. Oudéa's fixed salary. The length of the clause is below the 24-month limit recommended by the AFEP-MEDEF code. In accordance with the procedure for related-party agreements, this commitment was authorised by the Board of Directors on 24th May 2011 and approved by the General Meeting on 22nd May 2012 (4th resolution).
Supplementary pension plan	N/A	Frédéric Oudéa does not have a supplementary pension plan from Societe Generale.

Table 3

Mr. **Séverin CABANNES**, Deputy Chief Executive Officer

Remuneration components due or granted for the fiscal year 2015		Description
Fixed salary	EUR 800,000	Gross fixed salary paid in 2015
Annual variable remuneration		Séverin Cabannes benefits from an annual variable remuneration which is broken down into two sub-components: a 60% portion based on financial targets, and a 40% portion based on qualitative targets. The elements are described on page 90 of the 2016 Registration Document. This annual variable remuneration is capped at 115 % of fixed remuneration.
o/w non-deferred annual variable *o/w deferred annual variable*	EUR 142,416 (nominal amount) EUR 569,664 (nominal amount)	**Evaluation of 2015 performance -** Given the quantitative and qualitative criteria defined by the Board of Directors in March 2015 and the achievement rates observed in fiscal year 2015, Mr. Cabannes' annual variable remuneration was set at EUR 712,080[1]. This corresponds to an overall target achievement rate of 77% of the maximum annual variable remuneration (see page 90 of the 2016 Registration Document). In accordance with the Capital Requirements Directive CRD4 applicable to credit institutions, **the payment conditions for annual variable remuneration** are as follows: ■ 60% of annual variable remuneration is conditional upon achievement of Group profitability and Core Tier 1 targets as determined for fiscal years 2016, 2017 and 2018. Two thirds of this is converted into Societe Generale shares or share equivalents (this will be determined by the Board of Directors meeting of 18th May 2016 depending on the shareholders' approval of the resolution authorising the allocation of free shares at the General Meeting held on the same day), transferable for 3 or 5 years prorata temporis; ■ the remaining 40% of annual variable remuneration is vested immediately, with half paid in March 2016 and the other half converted into SG share equivalents subject to a one-year retention period.
Multi-annual variable remuneration	N/A	Séverin Cabannes does not receive any multi-annual variable remuneration.
Exceptional compensation	N/A	Séverin Cabannes does not receive any exceptional compensation.
Value of options granted during the fiscal year	N/A	Séverin Cabannes has not been awarded any stock options since 2009.
Value of shares granted or equivalents under a long-term incentive plan in respect of the fiscal year	EUR 567,000 (IFRS2 book value at 9th February 2016 and communicated to the Board for its meeting of 10th February 2016) This amount corresponds to a grant of 29,992 shares or share equivalents	Since 2012, the Chief Executive Officers have been eligible for a long-term incentive plan consisting of shares or share equivalents in order to involve them more closely with the Company's long-term progress and to align their interests with those of the shareholders. The details of the plan granted in respect of 2015 are as follows: ■ 29,992 shares or share equivalents (this will be determined by the Board of Directors meeting of 18 May 2016 depending on the approval by shareholders of the resolution authorising the allocation of free shares during the General Meeting held on the same day) followed by a one-year retention period after each vesting period, thus increasing the indexing periods to five and seven years; ■ definitive vesting depending on presence and performance conditions. This is measured by the increase in Societe Generale's Total Shareholder Return (TSR) compared to that of 11 European peers over the entire vesting period. All the shares or share equivalents will thus not vest unless Societe Generale's TSR is in the upper quartile of the sample; if it is slightly above the median value, the vesting rate is 50% of the total number of shares or share equivalents granted; finally, no share or share equivalent will vest if the TSR performance is too low. In the absence of the Group's profitability (as measured by Group net income, excluding strictly accounting-related impacts associated with revaluation of own debt or Debt Value Adjustment) for the year preceding the definitive vesting of long-term incentives, no payment will be due regardless of the performance of the Societe Generale share. Lastly, the Board of Directors decided to cap the final acquisition value to EUR 74 per share, i.e. 1.21 times the value of the net asset per share of the Societe Generale Group at 31st December 2015.
Attendance fees	EUR 15,050	Variable compensation paid to Deputy Chief Executive Officers is reduced by the amount of any attendance fees received from other Societe Generale Group companies.
Value of benefits in kind	EUR 6,411	Séverin Cabannes is provided with a company car.

(1) Nominal value as decided by the Board of Directors on 10th February 2016.

Remuneration components due or granted for the fiscal year that are or were put to a shareholder vote in accordance with the procedure governing related-party agreements or commitments	Amounts or book value put to a vote	Description
Severance pay	N/A	Séverin Cabannes is not entitled to severance pay for the termination of his corporate office.
Non-compete clause	No amount due in respect of the fiscal year 2015	Séverin Cabannes is not bound by a non-compete clause.
Supplementary pension plan	N/A	Séverin Cabannes retains the benefits of the supplementary pension allocation plan for senior managers that applied to him as an employee prior to his appointment as Chief Executive Officer. This supplementary plan was introduced in 1991. Conforming to the provisions of Article L137-11 of the French Social Security Code, it provides beneficiaries with an annual pension to be covered by SG, as described on p. 94. This allowance depends in particular on the seniority within Societe Generale and the proportion of fixed salaries exceeding “Tranche B” of the Agirc pension. Each year, potential rights are calculated according to seniority and projected salary at the age of retirement, based on recognised actuarial principles. At 31st December 2015, on the basis of the seniority acquired and the reference compensation of Mr. Cabannes at this date, potential pension rights, whether payment conditions are met or not, and taking into account a retirement age assumption of 63 years, represent an annual pension estimated at EUR 113,000 (i.e. 7.5 % of his reference compensation as defined by the AFEP-MEDEF Corporate Governance Code). In accordance with the procedure for related-party agreements, this commitment was authorised by the Board of Directors on 12th May 2008 and approved by the General Meeting on 19th May 2009 (7th resolution). Mr. Cabannes also retains the benefits of the supplementary defined contribution plan that applied to him as an employee prior to his appointment as Chief Executive Officer. This defined contribution plan, established within the framework of Article 83 of the French General Tax Code, was implemented in 1995. Membership is compulsory for all employees with at least one year’s seniority in the company and allows beneficiaries to acquire annual deferred life annuity rights of 0.1% of their remuneration, capped at two annual social security caps. This plan is financed 1.5% by the company and 0.5% by employees. At 31st December 2015, Mr. Cabannes had acquired deferred life annuity rights of EUR 753 per annum.

Table 4

Mr. **Bernardo SANCHEZ INCERA**, Deputy Chief Executive Officer

Remuneration components due or granted for the fiscal year 2015		**Description**
Fixed salary	EUR 800,000	Gross fixed salary paid in 2015
Annual variable remuneration		Bernardo Sanchez Incera benefits from an annual variable remuneration which is broken down into two sub-components: a 60% portion based on financial targets, and a 40% portion based on qualitative targets. The elements are described on page 90 of the 2016 Registration Document. This annual variable remuneration is capped at 115 % of the fixed salary.
o/w non-deferred annual variable *o/w deferred annual variable*	EUR 151,984 (nominal amount) EUR 607,936 (nominal amount)	**Evaluation of 2015 performance -** Given the quantitative and qualitative criteria defined by the Board of Directors in March 2015 and the achievement rates observed in fiscal year 2015, Mr. Sanchez Incera's annual variable remuneration was set at EUR 759,920[1]. This corresponds to an overall target achievement rate of 83% of the maximum annual variable remuneration (see page 90 of the 2016 Registration Document). In accordance with the Capital Requirements Directive CRD4 applicable to credit institutions, **the payment conditions for this annual variable remuneration** are as follows: ■ 60% of the annual variable remuneration is conditional upon achievement of Group profitability and Core Tier 1 targets as determined for fiscal years 2016, 2017 and 2018. Two thirds of this is converted into Societe Generale shares or share equivalents (this will be determined by the Board of Directors meeting of 18th May 2016 depending on the approval by shareholders of the resolution authorising the allocation of free shares during the General Meeting held on the same day), transferable for 3 or 5 years prorata temporis; ■ the remaining 40% of annual variable remuneration is vested immediately, with half paid in March 2016 and the other half converted into Societe Generale share equivalents subject to a one-year retention period.
Multi-annual variable remuneration	N/A	Bernardo Sanchez Incera does not receive any multi-annual variable remuneration.
Exceptional compensation	N/A	Bernardo Sanchez Incera does not receive any exceptional compensation.
Value of options granted during the fiscal year	N/A	Bernardo Sanchez Incera has not been awarded any stock options since 2010.
Value of shares granted or equivalents under a long-term incentive plan in respect of the fiscal year	EUR 567,000 (IFRS2 book value at 9th February 2016 and communicated to the Board for its meeting of 10th February 2016) This amount corresponds to a grant of 29,992 shares or share equivalents	Since 2012, the Chief Executive Officers have been eligible for a long-term incentive plan consisting of shares or share equivalents in order to involve them more closely with the Company's long-term progress and to align their interests with those of the shareholders. The details of the plan granted in respect of 2015 are as follows: ■ 29,992 shares or share equivalents (this will be determined by the Board of Directors meeting of 18th May 2016 depending on the approval by shareholders of the resolution authorising the allocation of free shares during the General Meeting held on the same day) followed by a one-year retention period after each vesting period, thus increasing the indexing periods to five and seven years; ■ definitive vesting depending on presence and performance conditions. This is measured by the increase in Societe Generale's Total Shareholder Return (TSR) compared to that of 11 European peers over the entire vesting period. All the shares or share equivalents will thus not vest unless Societe Generale's TSR is in the upper quartile of the sample; if it is slightly above the median value, the vesting rate is 50% of the total number of shares or share equivalents granted; finally, no share or share equivalent will vest if the TSR performance is too low. In the absence of the Group's profitability (as measured by Group net income, excluding strictly accounting-related impacts associated with revaluation of own debt or Debt Value Adjustment) for the year preceding the definitive vesting of long-term incentives, no payment will be due regardless of the performance of the Societe Generale share. Lastly, the Board of Directors decided to cap the final acquisition value to EUR 74 per share, i.e. 1.21 times the value of the net asset per share of the Societe Generale group at 31st December 2015.
Attendance fees	EUR 35,740	Variable compensation paid to Deputy Chief Executive Officers is reduced by the amount of any attendance fees received from other Societe Generale Group companies.
Value of benefits in kind	EUR 6,719	Bernardo Sanchez Incera is provided with a company car.

(1) Nominal value as decided by the Board of Directors on 10th February 2016.

Remuneration components due or granted for the fiscal year that are or were put to a shareholder vote in accordance with the procedure governing related-party agreements or commitments	Amounts or book value put to a vote	Description
Severance pay	N/A	Bernardo Sanchez Incera is not entitled to severance pay for the termination of his corporate office.
Non-compete clause	N/A	Bernardo Sanchez Incera is not bound by a non-compete clause.
Supplementary pension plan	No amount due in respect of the fiscal year 2015	Mr. Sanchez Incera retains the benefits of the supplementary pension allocation plan for senior managers that applied to him as an employee prior to his appointment as Chief Executive Officer. This supplementary plan was introduced in 1991. Conforming to the provisions of Article L137-11 of the French Social Security Code, it provides beneficiaries with an annual pension to be covered by Societe Generale, as described on p. 94. This allowance depends in particular on the seniority within Societe Generale and the proportion of fixed salaries exceeding “Tranche B” of the Agirc pension. Each year, potential rights are calculated according to seniority and projected salary at the age of retirement, based on recognised actuarial principles. At 31st December 2015, on the basis of the seniority acquired and the reference compensation of Mr. Sanchez Incera at this date, potential pension rights, whether payment conditions are met or not, and taking into account a retirement age assumption of 63 years, represent an annual pension estimated at EUR 54,000 (i.e. 3.5 % of his reference compensation as defined by the AFEP-MEDEF Corporate Governance Code). In accordance with the procedure for related-party agreements, this commitment was authorised by the Board of Directors on 12th January 2010 and approved by the General Meeting on 25th May 2010 (8th resolution). Mr. Sanchez Incera also retains the benefits of the supplementary defined contribution plan that applied to him as an employee prior to his appointment as Chief Executive Officer. This defined contribution plan, established within the framework of Article 83 of the French General Tax Code, was implemented in 1995. Membership is compulsory for all employees with at least one year’s seniority in the company and allows beneficiaries to acquire annual deferred life annuity rights of 0.1% of their remuneration, capped at two annual social security caps. This plan is financed 1.5% by the company and 0.5% by employees. At 31st December 2015, Mr. Sanchez Incera had acquired deferred life annuity rights of EUR 398 per annum.

EMPLOYEE SHARE PLANS

General policy

The Group has suspended grants of stock purchase or subscription options since 2011. Free shares have been issued in France since 2006 and abroad since 2009, as authorised at the General Meeting. The Board of Directors, following the recommendations of the Compensation Committee, has defined the following policy:

performance shares are granted with the aim of motivating, rewarding and securing the long-term loyalty of three categories of employees:

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

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

Vesting conditions and history of performance conditions

Vesting conditions for options and shares were tightened during the General Meeting in May 2010. Consequently, as of 2011, grants are wholly contingent on continued employment within the Group at the vesting date and on collective performance, regardless of the category or level of the beneficiary. Between 2006 and 2010, Group performance conditions were applied to certain grants to Group senior managers, managers and experts. In accordance with AFEP-MEDEF recommendations, Group performance conditions applied to Group senior managers are demanding and established in advance.

The table below presents a history of performance conditions applied to free share plans.

HISTORY OF PERFORMANCE CONDITIONS FOR PLANS AT VESTING DATE

Year of plan	Description of performance conditions	Condition met
Plan 2006	Average ROE for 2006-2007 and 2006-2008 (depending on vesting period)	No
Plan 2007	Average ROE for 2007-2008 and 2007-2009 (depending on vesting period)	No
Plan 2008	2009 and 2010 EPS (depending on vesting period)	No
Plan 2009	Average EPS for 2009-2011	No
Plan 2010	2012 ROE and relative TSR	No
Plan 2011	2012 ROE and relative TSR	No
	2012 EPS and relative TSR	No
	2012 Group net income	Yes
Plan 2012	2013 Group net income	Yes
Plan 2013	2014 Group net income	Yes
Plan 2014	2015 Group net income	Yes

The two performance conditions of the "Free share plan" granted in November 2010 to all employees of the Group were met.

The first one was based on the positive Group net income for fiscal year 2012. The second condition was contingent on the improvement of customer satisfaction worldwide between 2010 and 2013 in the Group's three core businesses.

2015 Plan

Based on a proposal by the Compensation Committee, the Board of Directors at its meeting of 12th March 2015 granted performance shares to certain members of staff in accordance with the 18th resolution of the General Meeting of 20th May 2014. The 6,733 plan beneficiaries were granted a total of 1,250,000 shares, i.e. 0.16 % of the share capital.

The Chief Executive Officers and members of the Group Management Committee were not beneficiaries of the plan. Plan beneficiaries comprised 2,608 women and 4,125 men belonging to other employee categories (including non-executives) working in nearly 75 different countries; 38% work outside France.

All free share grants are conditional on employment with the Group during the entire vesting period and are also subject to a performance condition. For plan beneficiaries, the performance condition is based on Societe Generale Group's net income, and for Boursorama Group employees on Boursorama Group's net income.

There are two vesting periods according to whether the shares are allocated to beneficiaries who are French tax residents or non-French tax residents, this status being assessed on the grant date. For the former, the shares vest after two years. In accordance with French legislation, the shares may not be transferred or sold for two years following their vesting. For the latter, the shares vest after four years.

4. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

ERNST & YOUNG et Autres

1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1

DELOITTE & ASSOCIÉS

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

SOCIÉTÉ GÉNÉRALE

Société Anonyme
17, cours Valmy
92972 Paris-La Défense

General Meeting of Shareholders to approve the financial statements for the year ended December 31, 2015

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms, conditions and the reasons for the company's interest of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code (Code de Commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code (Code de Commerce) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the general meeting of shareholders

In accordance with Article L. 225-38 of the French Commercial Code we inform you that we have not been advised of any agreements or commitment authorised during the year to be submitted for the approval of the General Meeting of Shareholders.

Agreements and commitments already approved by the general meeting of shareholders

AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS

a) which were executed during the year

In accordance with article R. 225-30 of the French Commercial Code, we were informed that the following agreements and commitments, already approved by the General Meeting of Shareholders in previous years, were executed during the year.

1- With Mr. Lorenzo Bini Smaghi, Director (Chairman of the Board since May 19, 2015)

Nature and purpose

Service agreement signed on July 31, 2014 to prepare two study reports for the Board of Directors and Executive Management.

Conditions

The Board of Directors asked Mr. Lorenzo Bini Smaghi to prepare two study reports for the members of the Board of Directors and Executive Management in order to further analyse legislative and regulatory changes in the financial sector and their impacts on Group Société Générale, particularly at the international level.

The service agreement was approved by your Board of Directors on July 31, 2014 and approved by your General Meeting of Shareholders on May 19, 2015. It entered into effect on August 1, 2014 and ended on April 30, 2015.

The expense recorded in 2015 for this service amounts to €120K.

(b) which were not executed during the year

In addition, we have been advised that the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years were not implemented during the year.

1- With Mr. Frédéric Oudéa, Chief Executive Officer

Nature and purpose

Non-compete clause for Mr. Frédéric Oudéa.

Conditions

The non-compete clause for Mr. Frédéric Oudéa had been authorized by your board of directors on May 24, 2011 and approved by the General Meeting of Shareholders on May 22, 2012.

Under the condition that he will not be employed for an eighteen-month period following the termination of his terms of office, in a listed bank or insurance Company in or outside France, or in a non-listed bank in France, Mr. Frédéric Oudéa will be entitled, during the same period, to a compensation to be paid on a monthly basis, equal to his basic salary. Parties will however have a right to waive such clause.

2- With Messrs. Bernardo Sanchez Incera and Séverin Cabannes, Deputy Chief Executive Officers

Nature and purpose

Supplementary pension plan for Messrs. Bernardo Sanchez Incera and Séverin Cabannes.

Conditions

The payment of pension benefits to Mr. Bernardo Sanchez Incera was authorized by your Board of Directors on January 12, 2010 and approved by your Shareholders' Meeting held on May 25, 2010.

The payment of pension benefits to Mr. Séverin Cabannes was authorized by your Board of Directors on May 12, 2008 and approved by your Shareholders' Meeting held on May 19, 2009.

Under the terms of this plan, Messrs. Bernardo Sanchez Incera and Séverin Cabannes retain the benefits of the supplementary pension allocation plan for senior managers which applied to them as employees prior to their initial appointment as Deputy Chief Executive Officers. This supplementary plan was introduced in 1991. It provides its beneficiaries, upon the liquidation of their French Social Security pension, with a total pension equal to the product of the followings:

- the average, over the last ten years of the career, of the proportion of basic salaries exceeding "Tranche B" of the AGIRC pension increased by a variable part limited to 5% of the basic fixed salary;
- the rate equal to the ratio between the number of years of professional service within your company and 60.

The AGIRC "Tranche C" pension vested in respect of his professional services within your Company is deducted from this total pension. The additional allocation to be paid by your Company is increased for beneficiaries who have brought up at least three children, as well as for those retiring after the legal retirement age set by French Social Security. It may not be less than a third of the full rate service value of the AGIRC "Tranche B" points vested by the manager since his appointment in the "Outside Classification" category of your company.

The rights are subject to the employee being present in the Company upon liquidation of his pension.

Paris-La Défense and Neuilly-sur-Seine, March 7, 2016
The statutory auditors

French original signed by

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

5. REPORT OF THE CHAIRMAN ON INTERNAL CONTROL AND RISK MANAGEMENT

This report has been prepared in compliance with Article L. 225-37 of the French Commercial Code[1]. It summarises the internal control procedures of the consolidated Societe Generale Group and is in no way intended to give a detailed description of the situation of the Group's activities and subsidiaries or of the practical implementation of the procedures. The Chairman of each French limited liability company carrying out a public offering, and that is a subsidiary of the Group, is required to draft a specific report.

Given the extent and diversity of the risks inherent in banking, internal control is a vital instrument in risk management policy that plays an important role in ensuring the sustainability of activities. It forms part of a strict regulatory framework defined at a national level, and is also the focus of various projects at an international level (Basel Committee, European Union). Internal control concerns all personnel in all areas of the Group. While the primary responsibility therein lies with the operational staff, a number of Corporate Divisions are also involved, notably the Risk Division, the Group Corporate Secretary (notably in charge of compliance control), all of the Group's Finance Divisions, and the Internal Audit Division. These entities all contributed to the production of this report. The report was approved by the Board of Directors after being examined by the Audit and Internal Control Committee.

TYPES OF RISKS

Given the diversity and evolution of the Group's activities, risk management involves the following main categories:

- **Credit and counterparty risk (including country risk):** risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes counterparty risk linked to market transactions (replacement risk) and securitisation activities. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of counterparties.

  Country risk arises when an exposure (loan, security, guarantee or derivative) becomes liable to negative impact from changing political, economic, social and financial conditions in the country of exposure.
- **Market risk**: risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets, including real estate assets.
- **Structural interest and exchange rate risk**: risk of losses of interest margin or value of the fixed rate structural position arising from variations in interest or exchange rates. Structural interest and exchange rate risk arises from commercial activities and from transactions entered into by the Corporate Centre.
- **Liquidity risk**: risk of the Group not being able to meet its cash or collateral requirements as they arise and at a reasonable cost.
- **Operational risks** (including accounting and environmental risks): risk of losses arising from inadequacies or failures in internal procedures, systems or staff, or from external events, including low-probability events that entail a high risk of loss.
- **Non-compliance risk** (including legal and tax risks): risk of legal, administrative or disciplinary sanction, or of material financial losses, arising from failure to comply with the provisions governing the Group's activities.
- **Reputational risk**: risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Group's ability to maintain or engage in business relationships and to sustain access to sources of financing.
- **Strategic risk**: risks inherent in the choice of a given business strategy or resulting from the Group's inability to execute its strategy.
- **Business risk**: risk of losses if costs exceed revenues.
- **Risk related to insurance activities**: through its insurance subsidiaries, the Group is also exposed to a variety of risks linked to the insurance business. In addition to balance sheet management risks (interest rate, valuation, counterparty and exchange rate risk), these risks include premium pricing risk, mortality risk and structural risk of life and non-life insurance activities, including pandemics, accidents and catastrophes (such as earthquakes, hurricanes, industrial disasters, terrorist attacks and military conflicts).

The Group is also exposed to the following risks:

- **Risk related to the investment portfolio**: risk of unfavourable changes in the value of the Group's investment portfolio.
- **Risk related to specialised finance activities**: through its Specialised Financial Services activities, mainly in its operational vehicle leasing subsidiary, the Group is exposed to residual value risk (when the net resale value of an asset at the end of the lease is less than estimated).

THE GROUP'S RISK APPETITE

Societe Generale defines risk appetite as the level of risk, by type and by business, that the Group is prepared to incur given its strategic targets. Risk appetite is defined using both quantitative and qualitative criteria.

The Risk Division and the Finance Division, in coordination with the business lines, have jointly carried out measures as part of the Group Risk Appetite approach, consisting in formally defining a three-year overview including:

- targets for certain key Group indicators (financial solidity, profitability, solvency, leverage and liquidity);
- risk/return ratios for the different Group businesses; and
- the Group's risk profile, by risk type (credit, market, operational and structural).

The Risk Appetite approach takes into account earnings sensitivities to business cycles and credit, market and operational events under both a core budgetary macroeconomic scenario and a macroeconomic scenario of severe but plausible stress.

The Risk Appetite definition is one of the strategic oversight tools available to the Group governing bodies. It underpins the budgeting process and draws on the global stress test system (described below), which is also used to ensure capital adequacy under stressed economic scenarios.

Governing bodies discuss it at different key moments:

- during approval of the risk appetite targets by the Board of Directors, after presentation to the Board's Risk Committee in the middle of the year with a view to incorporation in the budget;
- during the finalisation of the budget process, the Board of Directors, based on the Executive Committee's recommendations and after examination by the Board of Directors' Risk Committee, approves the trajectory in relation to various Group key indicators and their adequacy given the established risk appetite targets.

Furthermore, the positioning of businesses in terms of risk/return ratio as well as the Group's risk profile by type of risk are analysed and approved by the Board of Directors' Risk Committee.

The Group's risk appetite strategy is implemented by General Management in collaboration with the Executive Committee and applied by corporate and operating divisions through an appropriate operational steering system for risks, covering:

- governance (decision-making, management and supervisory bodies);
- management (identification of risk areas, authorisation and risk-taking processes, risk management policies through the use of limits and guidelines, resource management); and
- supervision (budgetary monitoring, reporting, leading risk indicators, permanent controls and internal audits).

Essential indicators for determining Risk Appetite and their adaptations are regularly supervised over the year in order to detect any events that may result in unfavourable developments on the Group's risk profile. Such events may give rise to remedial action, up to the deployment of the recovery plan in the most severe cases.

Risk Appetite Statement

Societe Generale has a balanced universal banking model with a strong foothold in Europe and a global presence in certain areas of expertise. This is reflected in:

- a well-balanced capital allocation between the Group's businesses (Retail Banking, International Financial Services, Investment Banking and Investor Solutions), with Retail Banking activities holding a predominant place. Global Markets receive a limited capital allocation;
- a geographically balanced model with a high percentage of revenues generated in mature countries. The Group develops a diversified portfolio of businesses dedicated to individual customers in Europe and Africa. For business, corporate and investor customers, the Group pursues activities across the world in which it has recognised expertise.

The Group's growth strategy focuses on its existing areas of expertise, its quality customer base and the search for synergies within the Group.

Societe Generale strives for sustainable profitability consistent with its cost of capital and a universal banking model. To this end, the Group:

- seeks to contain the volatility of its results;
- calibrates its capital and liquidity ratios to ensure a significant safety margin relative to the minimum regulatory requirements;
- maintains a rating in line with its principal peers, providing access to financing that is compatible with the growth of its activities;

- monitors the stability and diversification of its funding sources;
- ensures sufficient resilience in scenarios of liquidity shortages;
- tightly controls its structural interest-rate and foreign-exchange risks.

Societe Generale aims to maintain a quality credit portfolio with a high proportion of Investment Grade securities and a diversified customer base of individuals, professionals, businesses and financial institutions:

- for the same types of products, applied credit standards are identical, regardless of whether they will be redistributed or not;
- any commitment implying a credit risk is based on in-depth knowledge of the customer and its business, and an understanding of the purpose and nature of the transaction, as well as the sources of income that will allow the loan to be reimbursed.

Counterparty ratings, based on internal models that comply with Basel principles and parameters, are one of the key criteria underpinning the credit policy.

As a general rule, collateral is not the principal criterion of the lending decision.

Risks of individual concentration are strictly managed.

With the exception of small loan transactions, the Group prefers to share its operations' credit risk through syndication, while maintaining a final portion as a sign of commitment to its customers and to continue monitoring originated exposures over time.

- concentration by sector and by type of counterparty or business is monitored periodically, in particular through stress tests, and may result in the setting of limits;
- lastly, the loan approval process for individual customers in Retail Banking is based on decisions and recommendations drawn from analytical and business intelligence tools used within the Group and designed with the aid of statistical models.

Global Markets, focusing on the needs of the Group's customers, are subject to strict controls:

- market risk is controlled in the form of a global stress test limit applied to all activities, rounded out by a range of more specific limits, such as Value at Risk (VaR) and Stressed Value at Risk (SVaR) limits, limits on long-term positions or nominal limits;
- the Group's appetite for market risk, characterised by a Revenue/Consumption of limits ratio in stress tests, is stable overall;
- market risk limits are determined in particular according to the manoeuvrability of positions (nature and complexity of the product, maturity, size of SG's position relative to the market and participation effect), and according to the risk/reward performance of the transaction or the activity and the market conditions
- these limits are rounded out by alert thresholds to avoid any risk of breaches.

Societe Generale aims to contain operational risk losses to a maximum of 1% of recurrent revenues.

The Group's activities strictly comply with provisions relating to banking and financial activities, be they legislative or regulatory in nature, professional or ethical rules, or internal rules, at the national and international levels. In particular:

- the Group ensures that compliance rules are rigorously respected, especially in the area of anti-money laundering and counter-terrorism financing, embargo directives and international financial sanctions, the fight against corruption and its tax code of conduct commitments;
- the Group monitors the loyalty of the behaviour of its employees with regard to customers and all its stakeholders, as well as the integrity of its banking and financial practices.

Societe Generale considers its reputation to be an asset of great value that must be protected to ensure the Group's sustainable development. The prevention and detection of the risk of harm to its reputation are integrated within all the Group's operating practices:

- the protection of the Group's reputation notably involves making its employees aware of the values of responsibility, ethical behaviour and commitment;
- lastly, in a spirit of social and environmental responsibility, the Group has pledged to comply with a body of business conduct principles formalised in a collection of internal instructions applicable to the entire Group.

RISK MAPPING FRAMEWORK AND STRESS TESTS

Group risk mapping framework

This procedure aims at identifying and estimating the main risks of potential loss expected for the year to come, in all risk categories: credit risks, market risks, operational and structural risks. These risks are placed on a grid relating impact and probability of occurrence for each of them. A loss level is assigned to each *scenario,* combining statistical approaches using historical data, and independent expert analyses. These scenarios are categorised on a scale representing three distinct levels of stress: base case, stress and extreme stress. It may relate to isolated losses that are material because of their extent (for example, the default of a major counterparty), or to events involving many counterparties (for example, contagion affecting a sector of activity or several sectors, within a country or specific region).

The risk map is presented annually to the members of the Board of Directors' Risk Committee and to the members of the Board of Directors.

Stress tests

Stress tests or crisis simulations are used to measure the potential impact of a downturn in activity on the behaviour of a portfolio, activity or entity. At Societe Generale, they are used to help identify, measure and manage risk, and to assess the Group's capital adequacy with regard to risks. Accordingly, they are an important indicator of the Group's resilience, activities and portfolios, and a core component in the definition of its risk appetite. The Group's stress test framework covers credit risk, market risk, operational risk, liquidity risk and structural interest rate and exchange rate risks. Stress tests are based on extreme but plausible hypothetical economic scenarios defined by Group's economists. These scenarios are translated into impacts on the Group's activities, taking into account the potential countermeasures and systematically combining quantitative methods with an expert judgement (risk, finance or business lines).

As such, the stress test framework in place includes:

- an annual global stress test which is integrated into the budget process as part of preparing the Group Risk Appetite and Internal Capital Adequacy Assessment Process (ICAAP) for the European Central Bank and the French Prudential Supervision and Resolution Authority. It is used in particular to check the Group's compliance with the prudential ratios.
- It covers all of the Group's activities and is based on two global three-year horizon macroeconomic scenarios: a core budgetary macroeconomic scenario and a macroeconomic scenario of severe but plausible stress. For each case, (core and stressed), potential losses relating to credit, market and operational risks are estimated over three years;
- specific credit stress tests (on portfolios, countries, activities, etc.), both recurrent or on request, which complement the global analysis with a more granular approach and allow the identification, measurement and operational management of risk.

Credit risk is modelled based on the historical relationship between portfolio performance and relevant economic variables (gross domestic product, unemployment, exchange rates, property prices, etc.). In line with the regulatory Pillar, stress tests systematically take into account the potential impact of the Group's main counterparties' performance against a stressed market backdrop:

- specific market stress tests which estimate the loss resulting from an extreme change in market parameters (indexes, credit spreads, etc.). This stress test risk assessment is applied to all the Group's market activities. It is based on a set of historical (three) and hypothetical (15) scenarios, which apply shocks to all substantial risk factors, including exotic parameters (see 4.6 "Market risks" section in this report);
- operational risk stress tests which use scenario analyses and the modelling of losses to calibrate the Group's capital in terms of operational risk, and which are used to appreciate the exposure to operational loss linked to the severity of economic scenarios, including exposure to rare and extreme losses not covered by the historical period;
- stress tests to analyse the Group's structural fixed-rate position value and interest rate margin sensitivity to structural interest rate risk. The Group measures these sensitivities to different interest rate yield curve configurations (steepening and flattening);
- liquidity stress tests to ensure that the time period during which the Group may continue to operate is respected in a stressed market environment.

Along with the internal stress test exercises, the Group is part of a selection of European banks that participate in the large-scale international stress tests supervised by the European Banking Authority and European Central Bank.

RISK PLAYERS AND MANAGEMENT

The implementation of a high-performance and efficient risk management system in all businesses, markets and regions in which the bank operates is a critical undertaking for Societe Generale Group, as well as the balance between strong risk culture and the development of its activities.

The Enterprise Risk Management Programme (ERM)

The ERM programme is closely monitored at the highest level of the bank: it is supervised by General Management, with the participation of members of the Executive Committee, and is the subject of regular reporting to the Board of Directors' Risk Committee.

The first phase of the ERM programme was carried out between 2011 and 2015. It has improved the consistency and effectiveness of the Group's risk management system by fully integrating risk prevention and management within the day-to-day management of the bank's businesses.

Players involved in risk management

Two main bodies govern Group risk management: the Board of Directors and General Management.

The Board of Directors, and more specifically its Risk Committee, approves the Group Risk Appetite exercise and regularly conducts a thorough analysis of the risk management, prevention and assessment system.

A risk dashboard is submitted to it. In particular, the Board of Directors ensures the adequacy of the Group's risk management infrastructure, monitors changes in the cost of risk and approves the risk limits for market risks. Presentations on the main aspects of, and notable changes to, the Group's risk management strategy are made to the Board of Directors by the General Management at least once a year (more often if circumstances require it).

Within the Board of Directors, the Risk Committee is more specifically responsible for examining the consistency of the internal risk monitoring framework and their compliance with this framework and with the applicable laws and regulations.

The Board of Directors' Audit and Internal Control Committee ensures that the risk control systems are operating effectively.

ROLE OF THE BOARD OF DIRECTORS' RISK COMMITTEE

The Risk Committee advises the Board of Directors on the overall strategy and the appetite to all kinds of risks, both current and future, and helps the Board when it verifies that this strategy is implemented. In particular, it is responsible for:

- reviewing the risk control procedures and is consulted about setting overall risk limits;
- reviewing on a regular basis the strategies, policies, procedures and systems used to detect, manage and monitor the liquidity risk and submitting its conclusions to the Board of Directors;
- formulating an opinion on the Group's global provisioning policy, as well as on specific provisions relating to large sums;
- reviewing the policies in place and the reports prepared to comply with the banking regulations on internal control;
- reviewing the policy concerning risk management and the monitoring of off-balance sheet commitments, especially in light of the memoranda drafted to this end by the Finance Division, the Risk Division and the Statutory Auditors;
- reviewing, as part of its mission, whether the prices for the products and services mentioned in books II and III of the French Monetary and Financial Code and offered to clients are compatible with the Company's risk strategy. When these prices do not correctly reflect the risks, it informs the Board of Directors accordingly and gives its opinion on the action plan to remedy the situation;
- without prejudice to the Compensation Committee's missions, reviewing whether the incentives provided by the compensation policy and practices are compatible with the Company's situation with regard to the risks it is exposed to, its share capital, its liquidity and the probability and timing of expected benefits.

It is provided with all information on the Company's risk situation. It may use the services of the Chief Risk Officer or outside experts. It may interview, under the conditions it determines, in addition to the people listed in Article 9 of the Internal Rules of the Board of Directors, the Statutory Auditors and the managers in charge of drawing up financial statements, internal control, risk management, compliance control and periodic internal audits.

The committee met 10 times in 2015.

ROLE OF THE BOARD OF DIRECTORS' AUDIT AND INTERNAL CONTROL COMMITTEE

This Committee's mission is to monitor issues concerning the production and control of accounting and financial information, and to monitor the efficiency of the internal control and risk assessment, monitoring and management systems.

In particular, it is responsible for:

- monitoring the process of preparing financial information, in particular examining the quality and reliability of the systems in place and making suggestions for their improvement, and verifying that corrective actions have been implemented if faults are found in the procedure;
- analysing the draft financial statements to be submitted to the Board, in order in particular to verify the clarity of the information provided and to offer an assessment of the relevance and consistency of the accounting methods used to draw up parent company and consolidated financial statements;
- ensuring the independence of Statutory Auditors, in particular by reviewing the breakdown of the fees paid by the Group to them as well as to the network to which they may belong and through prior approval of all assignments that do not fall within the framework of a statutory audit of accounts, but which may be the consequence of, or a supplement to, the same, all other assignments being prohibited;
- implementing the procedure for selecting the Statutory Auditors and submitting an opinion to the Board of Directors concerning the appointment or renewal of such as well as their remuneration;
- examining the work programme of the Statutory Auditors and more generally ensuring the supervision of account monitoring by the Statutory Auditors;
- offering an assessment of the quality of internal control, in particular the consistency of risk assessment, monitoring and management systems, and proposing additional actions where appropriate. To this end, the Committee is responsible primarily for:
  - regularly reviewing the internal control and risk control of the business segments, divisions and main subsidiaries,
  - reviewing the Group's internal audit programme and the Annual Report on Internal Control drawn up in accordance with banking regulations, as well as formulating an opinion on the organisation and operation of the internal control departments,
  - reviewing the follow-up letters sent by the French Prudential and Resolution Supervisory Authority and formulating an opinion on the draft responses to these letters.

It gives the Board of Directors its opinion on the section of the Registration Document dealing with these issues and produces an Annual Activity Report, submitted to the Board for its approval, which is then inserted in the Registration Document.

Aside from the persons referred to in Article 9 of the Internal Rules of the Board of Directors, the Committee may interview, under conditions it shall establish, the Statutory Auditors and the managers in charge of drawing up financial statements, internal control, risk management, compliance control and internal audits. The Statutory Auditors shall be invited to the meetings of the Audit and Internal Control Committee unless the Committee decides otherwise.

The committee met 10 times in 2015.

Chaired by the General Management, the specialised committees of the Group Executive Committee responsible for central oversight of internal control and risk management are:

- the **Risk Committee**, which met 17 times in 2015, discusses Group's risk strategy, in particular the management of the different risks (credit, country, market and operational risks) as well as the structure and implementation of the risk monitoring system. The Group also has a Large Exposures Committee, which focuses on reviewing large individual exposures;
- the **Finance Committee**, which, as part of the Group's financial policy oversight, validates the structural risk monitoring and control system and reviews the Group's structural risks evolution through reports consolidated by the Finance Division;
- the **Group Internal Control Coordination Committee**, which manages the consistency and effectiveness of the internal control mechanism as a whole.
- the **Compliance Committee**, established in 2015, meets quarterly in order to define the main orientations of the Group in terms of compliance.
- the **Company's Strategic Architecture Committee** (CSAE) defines the company's architecture of data, reference systems, operational processes and information systems. It ensures the consistency between Group projects and the defined Group architecture.

Under the authority of the General Management, the Group's Corporate Divisions, which are independent from the Core Businesses, contribute to the management and internal control of risks. They are the second line of defense, the first one being ensured by businesses.

The Corporate Divisions provide the Group's Executive Committee with all the information needed to assume its role of managing the Group's strategy, under the authority of the Chief Executive Officer.

With the exception of the Core Businesses' Finance Departments, all the Corporate Divisions report directly to the Group's General Management or to the Group Corporate Secretary (who in turn reports directly to the General Management), also responsible for compliance within the Group.

- The main responsibilities of the Risk Division are to contribute to the development of the Group's activities and profitability by defining the Group's Risk Appetite (broken down by business) under the aegis of the General Management and in collaboration with the Finance Department and Core Businesses, and to establish a risk management and monitoring system.

  In exercising its functions, the Risk Division reconciles independence from and close cooperation with the Core Businesses, which are primarily responsible for the transactions that they initiate.

  Accordingly, the Risk Division:

  - oversees hierarchically or functionally the Group's Risk function. To this end, the Head of Risk Management is responsible for the Group's Risk function as defined by the Order of 3rd November 2014 relating to the internal control of companies in banking, payment services, and investment services,
  - is co-responsible, with the Finance Division, for setting the Group's risk appetite which is then submitted to the executive body and to the Boards of Directors for their approval,
  - identifies all Group risks,
  - implements a governance and monitoring system for these risks, including cross-business risks, and regularly reports on their nature and extent to the General Management, the Board of Directors and the supervisory authorities,
  - contributes to the definition of risk policies, taking into account the aims of core businesses and the relevant risk issues,
  - defines and validates risk analysis, assessment and approval methods and procedures,
  - validates transactions and limits proposed by business managers,
  - defines and validates the risk monitoring information system, and ensures its suitability for the needs of businesses.
- The **Group Finance Division**, in addition to its financial management responsibilities, also carries out extensive accounting and finance controls. As such:
  - the **Mutualised Accounting Activities Department** is responsible for accounting, regulatory and tax production for entities under its responsibility (o/w Societe Generale); it is also responsible for coordinating the continuous improvement and management process set up for entities in its perimeter.
  - the missions of the **ALM Department**, **Balance Sheet and Global Treasury Management Department** and **Strategic Financial Management Department** are detailed in the Structural and liquidity risks section, page 122 of this report.
- The **Finance Departments of Core Businesses**, which report hierarchically to the Core Businesses' managers and functionally to the Group Finance Division, ensure that the accounts are prepared correctly at the local level and control the quality of the information in the consolidated financial reports submitted to the Group.

  Starting on 1st January, 2016, they will report hierarchically to the Group Finance Division and functionally to the managers of the Core Businesses.
- The **Group Compliance Division** reports to the Corporate Secretary, who is also Head of Compliance, and ensures that the Group's banking and investment activities are compliant with all laws, rules and ethical principles applicable to them. It also ensures the prevention of reputational risk.
- The **Group Legal Department** reports to the Corporate Secretary and monitors the security and legal compliance of the Group's activities, relying if necessary on the legal departments of the Group's subsidiaries and branches.
- The **Group Tax Department** reports to the Corporate Secretary and monitors compliance with all applicable tax laws in France and abroad.
- The **Group Human Resources Division** monitors, amongst others, the implementation of compensation policies.
- The **Group Corporate Resources Division** is specifically responsible for information system security.
- The **Group Internal Audit Division** is in charge of internal audits, under the authority of the Head of Group Internal Audit.

In performing their missions, the Risk Division, Compliance Division and Information System Security department rely on functions in businesses and Corporate Divisions, formed by representatives who report to them directly or functionally. According to the latest voluntary census (at the end of December 2015), employees in full time-equivalent (FTE):

- working in the Group Risk function represented about 5,100 FTE (including 812 FTE within the Group Risk Division);
- working in the Compliance function were about 1,421 FTE;
- working in the Information System Security function were about 290 FTE.

Risk management

CREDIT RISK

Validation of credit risk is part of the Group's risk management strategy in accordance with its risk appetite. Societe Generale's credit policy is based on the principle that any undertaking entailing a credit risk must be based on a sound knowledge of the client and its business, an understanding of the purpose and nature of the transaction, and the sources of debt repayment. Credit decisions must also ensure that the transaction structure will minimise the risk of loss if the counterparty defaults.

Limits are set for certain countries, geographic regions, sectors, products or types of customers in order to minimise the most significant risks. In addition, major concentration risks are analysed on a regular basis for the entire Group.

Together with Core Businesses the Risk Division has defined a control and monitoring system based on the credit risk policy in order to supervise credit risk management in the Group. The credit risk policy is reviewed on a regular basis by the Board of Directors' Risk Committee.

Within the Risk Division, credit risk supervision is organised by business division (French Networks, International Banking and Financial Services, Global Banking and investor Solutions) and is supplemented by departments with a more cross-business approach (monitoring of country risk and risk linked to financial institutions). The Market Risk Department defines the methods to evaluate counterparty risk on market transactions.

Within the Risk Division, each of these departments is responsible for:

- setting global and individual credit limits by client, client group or transaction type;
- authorising transactions submitted by the sales departments;
- validating credit score or internal client rating criteria;
- monitoring and supervising large exposures and specific credit portfolios;
- approving specific and general provisioning policies.

In addition, a specific department performs comprehensive portfolio analyses and provides the associated reports, including those for the supervisory authorities. A monthly report on the Risk Division's activity is presented to the Risk Committee and specific analyses are submitted to the General Management.

MARKET RISK

Although primary responsibility for managing risk exposure lies with the front office managers, the supervision system comes under the Market Risk Department of the Risk Division, which is independent from businesses.

This department:

- ensures the existence and implementation of an effective market risks monitoring system based on suitable limits;
- assesses the limit requests submitted by the different businesses within the system of the overall set of limits authorised by the Board of Directors and the General Management, and follows their consumption;
- proposes appropriate market risk limits by Group activity to the Group Risk Committee;
- defines risk measurement methods, approves the valuation models used to calculate risk and results, and defines provisions for market risk (reserves and adjustments to earnings).

To carry out these different tasks, the Market Risk Department uses the data and analysis provided by the Finance Department of Global Banking and Investor Solutions, which monitors independently market positions on a permanent and daily basis, notably through:

- the daily calculation and certification of market risk indicators based on formal and secure procedures;
- reporting and first-level analysis of these indicators;
- the daily monitoring of limits set for each activity, in conjunction with the Market Risk Department;
- the verification of the market parameters used to calculate risks and results in line with the methodologies defined by the Market Risk Department;
- the monitoring and control of the gross nominal value of positions. This system is based on alert levels applied to all instruments and desks which are defined in collaboration with the Market Risk Department, and contributes to the detection of possible rogue trading operations.

The Finance Department of Global Banking and Investor Solutions, in conjunction with the Market Risk Department, defines the architecture and functionalities of the information system used to produce the risk indicators for market operations to ensure that it meets the needs of business lines.

A daily report on the use of limits on VaR (Value at Risk), stress tests (extreme scenarios) and other major market risks metrics (sensitivity, nominal, etc.) at various levels (either Societe Generale, Global Banking and Investor Solutions, or Global Markets) is submitted to the General Management and the managers of the business lines, in addition to a monthly report which summarises the key events in the area of market risk management.

RISK QUANTIFICATION PROCEDURES AND METHODOLOGIES

Societe Generale has been authorised by its supervisory authorities to calculate its capital requirements:

- for credit risk by using the internal ratings-based approach (IRB method) for most of its exposures to credit risk.

  Currently the standard approach is used for certain selected activities and exposures. They have a limited impact on the Group's regulatory capital. The system for monitoring rating models is operational, as required by Basel 2. This system is described in detail in Chapter 4 of this Registration Document;
- for market risk by using internal models (VaR – Value at Risk, Stressed VaR, IRC – Incremental Risk Charge and CRM – Comprehensive Risk Measure).

These models cover almost all of the transactions involved. Only some transactions are still calculated using the standard method. Over the last several years, the Group has completed significant projects to improve its calculation system, which have been approved by the Autorité de Contrôle Prudentiel et de Résolution (ACPR – French Prudential and Resolution Supervisory Authority);

- for counterparty risk on market transactions by using the internal model since 2013 to calculate the EEPE (Effective Expected Positive Exposure) indicator. Based on this new indicator, the Exposure at Default (EAD) linked to the counterparty risk has been calculated since June 2012 for "simple" products and since December for derivatives. This new method is used for more than 90% of transactions. The Group uses the marked-to-market valuation method for the rest of these transactions;
- for operational risks by using the Advanced Measurement Approach (AMA).

Lastly, its information systems are regularly upgraded to accommodate changes in the products processed and the associated risk management techniques, both locally (within the banking entities) and centrally (Risk Division).

STRUCTURAL AND LIQUIDITY RISKS

The Group aims to minimise structural interest rate and exchange rate risks as much as possible within consolidated entities. Wherever possible, commercial transactions are therefore hedged against interest rate and exchange rate risks. Any structural interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group in accordance with the structural risk appetite. As for exchange rates, the Group's policy is to keep an exchange rate position that reduces its solvability ratio sensitiveness to exchange rate fluctuations.

Structural risks are managed by the **Asset and Liability Management Department of the Group Finance Division** through the definition of the Group's risk appetite. It is also in charge of risk limits definition for the business divisions and affiliates. This department defines the normative principles and modelling methods which are applicable to all entities. It also develops monitoring indicators and global stress test scenarios for structural risks. Lastly, the ALM Department checks that the business lines and affiliates comply with the established limits.

The second line of defence tasks focused on the validation of the Group's ALM models and the resulting monitoring are carried out by the Group Risk Division. They were grouped together in the **ALM Risks Control Department** in September 2015. This department advises on the methodologies, indicators, feeding and back testing procedures of ALM models. The Department analyses the propositions of the ALM department concerning the risk indicators, stress test scenarios and structural risk limits. As second line of defence, it also ensures that all these control systems are followed and reviews them on a regular basis in coordination with the first-level control teams.

Each entity carries out first-level controls on structural risks and is responsible for regularly assessing incurred risks, producing the risk report, and developing and implementing hedging options. Each entity is required to comply with Group standards and to adhere to the limits assigned to it.

Given that liquidity is a scarce resource, the Group's objective is to finance its activities at the best possible rates under normal conditions while maintaining adequate buffers to cover outflows in periods of liquidity stress. The Group also aims to ensure the stability of its financing activities by managing its dependency on market funding according to its needs, and to keep its short-term and long-term ratings near its targets. The scope of the Group's short and long-term financing plan, which supplements customer deposits, is conservative with reduced concentration in the short term while ensuring diversification in terms of products and regions. Liquidity is managed in compliance with regulatory requirements, with the risk appetite and budgetary targets being set by the Board.

The **Finance Division's Strategic Financial Steering Department** is responsible for steering scarce resources in accordance with the Group's risk appetite and budgetary targets

The **Finance Division's Balance Sheet and Global Treasury Management Department** is responsible for managing the Group's balance sheet and liquidity, in particular by implementing financing plans and resilience plans in accordance with the targets set.

OPERATIONAL RISK (INCLUDING RISKS RELATED TO INFORMATION SYSTEMS)

Societe Generale has no appetite for operational risk. The Group aims to contain operational losses within a limit of maximum 1% of recurring income. To this end, the Group has an active prevention policy which consists of securing operational processes and promoting a risk culture within the organisation.

The Operational Risk Department ensures the cross-business monitoring and management of these risks within the Group, and is responsible for all reporting on that issue to the General Management, Board of Directors and the banking supervisory authorities. It also endeavours to improve the consistency and integrity of the risk prevention system. Procedures and tools have been rolled out within the Group in order to identify, evaluate (both quantitatively and qualitatively) and manage operational risk:

- Risk and Control Self-Assessment, the aim of which is to identify and measure the Group's exposure to the different categories of operational risk in order to accurately map the levels of intrinsic and residual risk, having taken into account the quality of risk prevention and control systems;
- Key Risk Indicators (KRIs), which provide upstream alerts as to the risks of operating losses;
- scenario analyses, which consist in estimating infrequent but severe potential losses to which the Group could be exposed;
- data collection and analysis on internal losses and losses incurred in the banking industry following the materialisation of operational risks;
- monitoring of major action plans within the Group regarding operational risks.

The Business Continuity and Crisis Management function reports to the Operational Risk Department. It is committed to improving the Group's business continuity and crisis plans, notably by testing them on a regular basis, and to boosting the incorporation of this issue within the Group by the implementation of appropriate tools and measures.

A manager in charge of information systems security and operational risks linked to information systems is responsible for coordinating the overall risk management system in this field at Group level.

The system of management, monitoring and communication related to information system security and risks is coordinated at the Group level by the Head of Information System Security and Operational Risk Management within the Human Resources Division. This system has been rolled out within each of the core businesses, business lines and entities.

At the operating level, the Group relies on a Computer Emergency Response Team that manages incidents, monitors developments in information system security and combats cybercrime using a multitude of information and supervision sources both internal and external to the Group.

Security risk management systems used by the bank come from best practices (ISO 27002 and security standards of the French National Agency for Information Systems Security) and are subject to constant monitoring by the Information Security function. These systems can be grouped into four broad categories: Awareness, Prevention, Detection and Response.

The General Management and all businesses validate the guidelines for implementing the Information Security Masterplan. Its deployment, initiated in 2014, is based on four strategic areas:

- the securing of the most sensitive Group applications;
- the securing of sensitive data, the enhancement of our detection capabilities and response to cyber attacks;
- the securing of our customers' online transactions;
- the increase of our employees' and customers' awareness of the risks of cybercrime.

The Information Security Masterplan, broken down into five major programmes in the Business Divisions and Corporate Divisions, is subject to quarterly monitoring for the benefit of the Board in order to measure progress and adjust the allocated resources. It is regularly updated to reflect technological developments, the emergence of new threats (e.g. targeted computer attacks on an institution) or new uses (e.g. cloud computing).

A central team is responsible for IT operational risks not related to information security. In 2015, a review of the IT and ISS first-level control standard led to the simplification of labels for a better applicability and coverage of major risks. A scenario analysis dedicated to advanced cyber attacks (APT - Advanced Persistent Threat) was developed to take into account this specific threat in the calculation of regulatory capital dedicated to operational risk.

NON-COMPLIANCE RISK

The Group's Corporate Secretary is responsible for monitoring Group compliance. He also ensures Group legal and tax security compliance.

He is assisted by:

- The **Compliance Department**, which verifies that all laws, regulations and ethical principles applicable to the Group's banking and investment services activities are observed, and that all staff respect codes of good conduct and individual compliance. To do so, it coordinates the compliance function. It also monitors the prevention of reputational risk.

  The Compliance Department is organised in three cross-disciplinary departments (Financial Security, Standards and Governance, Steering and Control) and four teams dedicated to checking business line compliance, reporting directly to the Head of the Department. The Compliance Department strives to build the compliance function by relying on a coordinated network of compliance officers covering all of the Group's entities, to provide the function with a consistent framework of standards, to raise awareness and train its participants in preventing non-compliance risks, and to implement standard checks throughout the whole Group for major non-compliance risks.
- The **Group Compliance Committee**, which meets monthly and gathers the Compliance officers from the Core Businesses and Corporate Divisions, as well as the heads of Internal Control Coordination, Internal Audit, the Operational Risk Department and the Legal Department. The Committee examines current compliance issues, keeps up to date with the major changes in regulation and makes sure that compliance discrepancies, reported in accordance with the collecting procedure in the whole Group, are covered by appropriate corrective actions.
- The **Legal and Tax Departments**, which monitor the legal and tax compliance and security of all of the Group's activities.

  These Corporate Divisions have a hierarchical or functional authority on departments exercising the same type of function in branches. The Corporate Division teams drive the guidelines set out in the legal and fiscal policies and are responsible for compliance monitoring and training, as well as for the distribution of relevant information throughout the Group.

COMPENSATION POLICY AND RISK

Since the end of 2010, within the regulatory framework defined by the European Capital Requirements Directive CRD3, Societe Generale has implemented specific governance to determine variable compensation. In addition to financial market professionals, the rules established by this directive now also apply to all persons whose activity is liable to have a material impact on the risk profile of the institutions that employ them, including those carrying out control functions.

According to the principles approved by the Board of Directors, based on the proposal of the Compensation Committee, the mechanisms and processes relating to the compensation of such employees take into account not only the financial result generated by the transactions they perform, but also the way that this result is generated through the control and management of all risks as well as the observance of risk and compliance policies. The compensation paid to employees performing control functions is independent of the results of the transactions they control, but is rather based on criteria specific to their activity.

The variable part of the compensation includes a non-deferred portion and a deferred portion awarded over three years *prorata temporis* under conditions of presence, performance and possible claw-back. Fifty per cent at least of this compensation is awarded in the form of equity or equity-equivalent instruments. These terms of payment aim to align the compensation with the company's performance and risk horizon.

The Risk Division and Compliance Division contribute to the definition and application of this policy.

The regulatory framework defined by the European Directive CRD4 has been in force since 1st January 2014. It does not change the rules to determine the variable compensation of those whose activity is liable to have a material impact on the Group's risk profile and of control functions. The principles and governance described above remain applicable within the Group.

REPUTATIONAL RISK

Every quarter, the Compliance Department, using information from the Core Businesses and Corporate Divisions, in particular the Group Communication Division, draws up a risk reputation dashboard. This dashboard is communicated quarterly to the members of the Compliance Committee and twice a year to the members of the Audit and Internal Control Committee.

Moreover, the business line compliance officers take part in various events (new product committees, *ad hoc* committees, etc.) organised to approve new types of transactions, products, projects or clients, and must prepare a written notice of their assessment of the level of reputational risk.

RISK RELATED TO NEW PRODUCTS AND ACTIVITIES

Each division must submit all new products, projects, businesses or activities to a **New Product Committee** jointly managed by the Risk Division and the Core Businesses/Corporate Divisions. The aim is to ensure the following, prior to the launch of a new product, project, business or activity:

- all associated risks are fully identified, understood and correctly addressed;
- compliance issues are assessed with respect to the laws and regulations in force, the codes of good professional conduct and the Group's reputational risk;
- all the support functions are committed and do not or no longer have any reservations.

This committee is underpinned by a very large definition of a new product, which ranges from the creation of a new product to the adaptation of an existing product to a new environment or the transfer of activities involving new teams or new systems.

Throughout the whole Group, 647 New Product Committee meetings were held in 2015.

INTERNAL CONTROL

Framework

Internal control is part of a strict regulatory framework applicable to all banking institutions.

In France, the conditions for conducting internal controls in banking institutions are defined in the Order of 3rd November 2014 relating to the internal control of companies in banking, payment services, and investment services firms under the control of the French Prudential and Resolution Authority. This text, which applies to all credit institutions and investment companies, defines the concept of internal control, together with a number of specific requirements relating to the assessment and supervision of the various risks inherent in the activities of the companies in question, and the procedures under which the supervisory body must assess and evaluate how the internal control is carried out.

The Basel Committee defined the four principles – independence, universality, impartiality, and sufficient resources – which must form the basis of internal control carried out by credit institutions.

At Societe Generale, these principles are applied primarily through directives, one of which establishes the general framework for the Group's internal control, another of which constitutes the Group

Audit Charter, while the others relate to the management of credit risks, market risks, operational risks, structural interest rate risks, exchange rate risks and liquidity risks, compliance control and reputational risk control.

Internal control covers all resources that enable General Management to ascertain whether the transactions carried out and the organisation and procedures in place within the Company are compliant with the legal and regulatory provisions in force, professional and ethical practices, internal regulations and the policies defined by the Company's executive body. Internal control aims to:

- prevent malfunctions;
- measure and exercise sufficient control over the risks involved;
- ensure the adequacy and effectiveness of internal processes, including those which help safeguard assets;
- detect irregularities;
- guarantee the reliability, integrity and availability of financial and management information;
- check the quality of information and communication systems.

The internal control system is based on five key principles:

- the completeness of the scope of controls, which concern all risk types and apply to all the Group's entities;
- the proportionality of controls to the magnitude of the risks involved;
- the individual responsibility of operational staff in managing the risks they take and controlling the transactions they process;
- the responsibility of functions, with regard to their expertise and independence, in defining normative controls and;
- the independence of level 2 permanent control and internal audit.

The internal control system is organised according to the "three lines of defence" model in accordance with the texts of the Basel Committee:

- as a first line of defence, the operational management is responsible for risks, their prevention and management, as well as for implementing corrective or remedial actions;
- the second line of defence is provided by the expert functions, which provide the necessary expertise to define the first line of defence controls. They include teams dedicated to the performance of second-level permanent controls;
- the third line of defence is provided by internal audit.

Internal control is based on a body of standards and procedures

All Societe Generale Group activities are governed by rules and procedures covered by a set of documents referred to collectively as the "Normative Documentation". This documentation includes any documents:

- setting forth rules for action and behaviour applicable to Group staff;
- defining the structures of the businesses and the sharing of roles and responsibilities;
- describing the management rules and internal procedures specific to each business and activity.

The Normative Documentation primarily includes:

- Directives, which define the governance of the Societe Generale Group, the structures and duties of its Core Businesses and Corporate Divisions, as well as the operating principles of the cross-business systems and processes (Codes of Conduct, Charters, etc.);
- Instructions, which set out the operating framework of an activity and the management principles and rules applicable to products and services rendered, and also define internal procedures.

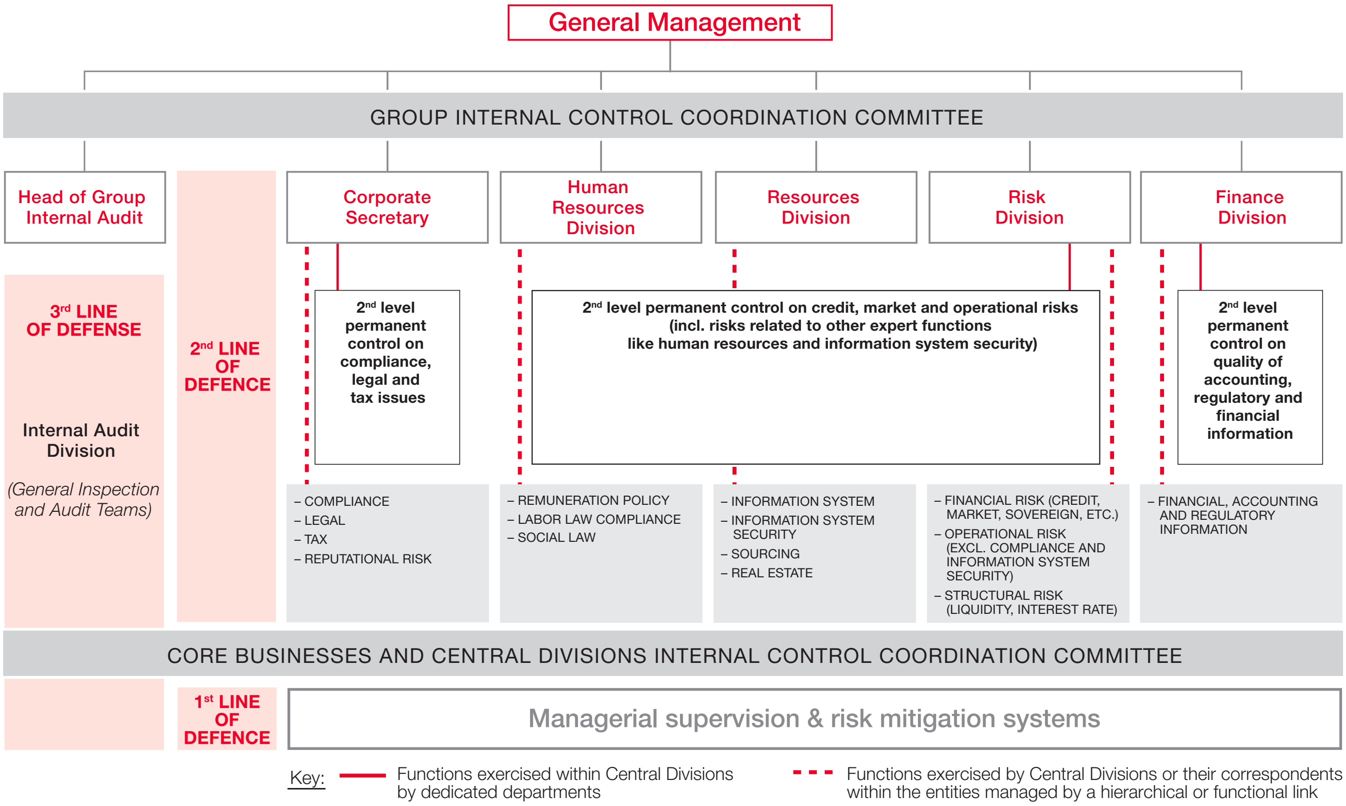
The Normative Documentation has force of law within the Group. It falls under the responsibility of the Group Corporate Secretary, who serves as Group Head of Compliance vis-à-vis Societe Generale's supervisory bodies in France and abroad.

In addition to the Normative Documentation, operating procedures specific to each Group activity are applied. The regulations and procedures in force are designed to follow basic rules of internal control, such as:

- segregation of functions;
- immediate, irrevocable recording of all transactions;
- reconciliation of information from various sources.

COORDINATION OF THE INTERNAL CONTROL SYSTEM OCCURS AT THE GROUP LEVEL AND IS ROLLED OUT IN EACH BUSINESS DIVISION AND CORPORATE DIVISION

In accordance with the provisions of the Order of 3rd November 2014 relating to the internal control of companies in banking, payment services, and investment services firms under the control of the French Prudential and Resolution Authority, the internal control system includes both permanent controls and internal audits.



A Deputy Chief Executive Officer is responsible for ensuring the overall consistency and effectiveness of the internal control system. This Deputy Chief Executive Officer also chairs the Group Internal Control Coordination Committee (Group ICCC), comprised of the Corporate Secretary, the Chief Risk Officer, the Chief Financial Officer, the Group Chief Information Officer, the Head of Human Resources, the Head of Group Internal Audit, and the Head of Internal Control Coordination.

Every year, the Head of Internal Control presents the Group's Annual Report on Internal Control and Risk Management drawn up in accordance with Articles 258 to 266 of the Order of 3rd November 2014 to the members of the Executive Committee.

The Group Internal Control Coordination Committee met 13 times in 2015. The Committee reviewed the risk and control management system of all Core Businesses and Corporate Divisions. In addition, the Committee addressed the following issues in 2015:

- monitoring of regulatory reports on transactions in GBIS;
- monitoring of back office indicators in GBIS;
- overview of professional authorisations, certifications and licences;
- management of conflicts of interest;
- coordination of risk assessment schedules within the Group in 2015;
- monitoring of the programme for compliance with the Volcker rule and the French banking law on the separation and regulation of banking activities;
- archiving process: risks and control;
- effectiveness of the system for compliance with embargo directives and international sanctions;
- monitoring of the Group's fraud exposure;
- monitoring of the implementation of FATCA regulations;
- progress of the MIFID 2 project;
- the fight against cyber crime;
- the conclusion of discussions on the new product committees' functioning;
- the normative documentation system and its architecture regarding internal control;
- implementation of risk management and internal control systems: progress of ongoing projects;
- validation of updates to the Group Key Controls;
- review of the consistency of internal control and risk managements systems.

Furthermore, a presentation on the progress of internal control system reinforcement to the members of the Company's Strategic Architecture Committee has completed meetings of the Group ICCC on internal control and risk management systems.

The structure implemented at the Group level to coordinate the actions of participants in internal control is rolled out in all Core Businesses and Corporate Divisions. All of the Group's Core Businesses and Corporate Divisions have an Internal Control Coordination Committee. Chaired by the head of the Business or Corporate Division, these Committees bring together the competent heads of internal audit and permanent control for the Business or Corporate Division in question, as well as the Head of Group Internal Control Coordination and the heads of the Group-level control functions.

Permanent control system

The Group's permanent control system is based on:

- first-level permanent control, under the responsibility of Core Businesses and Corporate Divisions, forms the cornerstone of the permanent control system. It aims to ensure, at the operational level, the security, quality, regularity and validity of transactions completed.

  In 2015, Societe Generale continued:

  - to review the relevance of controls, based on an end-to-end process analysis,
  - the implementation, in specific cases and under the authority of the relevant managers, of resources dedicated to performing controls, in order to secure the most critical processes,
  - the implementation within the entities of a function responsible for the design, performance and reporting of controls, together with the awareness-raising and training of employees with respect to control issues.
- second-level permanent control, independent from the business lines, comes under three Corporate Divisions (Corporate Secretary, Risk Division and Finance Division) and continued to gather momentum in 2015.

FIRST-LEVEL PERMANENT CONTROL

The first-level permanent control, performed by operational staff on all transactions completed, consists of:

- risk mitigation systems: they are security rules and controls, automated or not, fully integrated into the processing of transactions, and local controls included in operating methods;
- managerial supervision: management must regularly check the effective performance of the systems within their scope. They are responsible for the quality of their production. Managers can also rely on the controls performed by dedicated teams.

Core Businesses and Corporate Divisions define and implement a first-level permanent control system for their entire scope. They regularly assess its relevance and make the necessary improvements in accordance with changes to their activities and the associated risks within their scope.

The library of the normative controls (BCN for "Bibliothèque des Contrôles Normatifs") structures the Group's first-level permanent control system and helps to ensure its overall consistency. It groups together all the control objectives set by a function in order to control the risks inherent in its area of expertise. The key controls are rolled-out into managerial supervision controls in the Core Businesses and the Corporate Divisions; such a roll-out should be validated by the expert functions.

SECOND-LEVEL PERMANENT CONTROL

The second-level permanent control, an integral part of the second line of internal defence, aims to ensure that first-level controls are in place, effective and properly executed. This review and further in-depth checks result in the formulation of a qualified opinion on the effectiveness of first-level controls. At the Group level, second-level permanent controls are carried out within the teams reporting to the Corporate Divisions in charge of the following three functions:

- the Finance function, where the second-level permanent control mission covers the quality of accounting, regulatory, and financial information;
- the Compliance function, where the second-level control mission covers compliance controls and includes legal and tax controls other than accounting or operational controls;
- the Risk function, where the control mission covers credit and market risks, structural risks, operational risks – which include in particular risks specific to the various businesses (and particularly fraud) – as well as risks related to purchasing, communication, real estate, human resources, processes and information systems.

Internal audit

Placed under the responsibility of the Group Head of Inspection and Audit, the Internal Audit Division (hereafter "DCPE") comprises General Inspection, Internal Audit and cross-business functions, the latter providing operational support to Inspection and Audit teams. To fulfil its mandate, the Group's Internal Audit Division has adequate resources, from a qualitative and quantitative point of view. The Group's Internal Audit Division has some 1,300 staff.

As the third line of defence, DCPE performs independent audits on the Group's operating entities, carried out in an objective, rigorous and impartial manner in line with professional standards. The Group's Internal Audit Division covers all Group entities and activities and may focus on any aspect of their operations, without any restriction. As part of its missions the Group Inspection and Internal Audit department verifies the compliance of transactions carried out, the level of risk actually incurred, the proper application of procedures, and the effectiveness and appropriate nature of the Group's permanent control system. DCPE also evaluates the sensitivity of the audited entity's management to risks and evaluates compliance with the Group's rules of conduct and expected professional practices.

Within DCPE, each Internal Audit department is in charge of a specific scope in line with the Group's organisation. In France, Internal Audit teams report directly into the Group Head of Inspection and Audit. Abroad, Internal Audit teams have a strong functional reporting line (control over staffing, audit plans, audit assignments) into the management of DCPE.

General Inspection teams have a comprehensive mandate and perform strategic audits as well as consulting assignments on a worldwide basis. As part of their audits, General Inspection teams put special emphasis on assessing management's actions. General Inspection is also involved in strategic projects at group level and may intervene on any specific issue at the request of the Group's General Management.

In order to fulfil their mandate, General Inspection and Audit teams work together on the annual risk assessment in order to define the intervention plan for the upcoming year. DCPE teams regularly work together on joint assignments. They issue recommendations in order to correct flaws identified in risk management and generally improve operations and risk management within the Group. DCPE teams are subsequently in charge of monitoring the effective implementation of these recommendations.

The Internal Audit Division comprises four distinct Audit divisions aligned with the Group's organisation:

- **Retail Banking Africa and France**: handles the audit of Retail Banking activities in France as well as the audit of the activities of International Banking and Financial Services (IBFS) business in France and all activities of the Group in Africa, the Mediterranean and the French Overseas Territories;
- **Europe and Russia IBFS**: in charge of the audit of the Group's activities in Russia, in all Central and Eastern European countries as well as in the following countries in Western and Southern Europe: Germany, Austria, the Netherlands, Norway, Denmark, Sweden, Finland and Italy;
- **Global Banking and Investor Services**: responsible for the audit of GBIS activities in France as well as for the audit of the Group's activities in the United Kingdom, Luxembourg, Asia, the Americas and the Middle East;
- **Information Systems, Corporate Divisions and Specialised Audits**: newly created, this department is responsible for the audit of the Group's IT infrastructure and IT security, as well as the audit of the Group's Corporate Divisions and associated Group functions. It also comprises specialised audit teams (audit of accounting and prudential norms, legal and tax audit, audit of risks associated with internal models).

The IT audit teams are organised as a global function with strong expertise on IT security and the ability to interact with all teams within the Internal Audit Division.

Besides covering the audit of the divisions within their scope, the teams in charge of the audit of Corporate Divisions also monitor other audit teams on matters related notably to compliance and finance on a Group-wide basis.

The Group Head of Inspection and Audit reports directly to the Group's Chief Executive Officer, with whom the former has regular meetings. The Group Head of Inspection and Audit participates in meetings organised by the Group's Executive Committee, chaired by the Chief Executive Officer, in his/her areas of expertise.

The Group Head of Inspection and Audit meets with the Chairman of the Board of Directors on a regular basis, as well as with the chairpersons of the Audit and Internal Control Committee and Risk Committee respectively. He/she is a permanent member of both committees and attends their meetings in line with Articles 10 and 11 of the Internal Rules of the Board of directors.

On a regular basis, the Group Head of Inspection and Audit informs the Group's General Management as well as the Audit and Internal Control Committee of the main findings of its audits in order to provide an overview of risk management within the Group, the status of implementation of recommendations, and reports on the completion of the annual intervention plan. The annual intervention plan is approved by General Management and presented to the Audit and Internal Control committee for validation once a year. Lastly, the Group Head of Inspection and Audit presents the internal audit section of the Annual Report on Internal Control to the Audit and Internal Control committee, as required by the provisions of the Order of 3rd November 2014 relating to the internal control of companies in banking, payment services, and investment services firms under the control of the French Prudential and Resolution Authority.

The Internal Audit Division participates in the Internal Control Coordination Committees and Audit committees at various Group levels (Core Business or Corporate Division, Business Line, subsidiary, etc.). It reports on its audit activity, as well as on the audit plan and the monitoring of recommendations. It may also present any matters requiring the attention of these committees.

The Group Head of Inspection and Audit is also in regular contact with the Group's Statutory Auditors and representatives of the regulators. DCPE provides the European Central Bank ("ECB") and the Autorité de Contrôle Prudentiel et de Resolution ("ACPR") with quarterly reports on the completion of the audit plan, the main findings of its audits and the monitoring of recommendations. The audit plan is presented annually to the ECB and ACPR.

In all subsidiaries or countries where the Group is present, the DCPE representative is in regular contact with the management of the local Group entity, members of the audit committees and local regulators in line with the by-laws and regulations applicable locally.

CONTROL OF THE PRODUCTION AND PUBLICATION OF FINANCIAL AND MANAGEMENT INFORMATION

The players involved

There are many participants in the production of financial data:

- the **Board of Directors**, and more specifically i**ts Audit and Internal Control Committe**e, have the task of examining the draft financial statements which are to be submitted to the Board, as well as verifying the conditions under which they were prepared and ensuring not only the relevance but also the consistency of the accounting principles and methods applied. It also approves the Group's financial communication. The Statutory Auditors meet with the Audit, Internal Control and Risk Committee during the course of their assignment;
- the **Group Finance Division** gathers all accounting and management data compiled by the subsidiaries and Core Businesses in a series of standardised reports. It consolidates and verifies this information so that it can be used in the overall management of the Group and disclosed to third parties (supervisory bodies, investors, etc.);
- the **Finance Divisions of subsidiaries and Core Businesses** carry out certification on the accounting data and entries booked by the back offices and on the management data submitted by the front offices. They are accountable for the financial statements and regulatory information required at the local level and submit

reports (accounting data, finance control, regulatory reports, etc.) to the Group Finance Division. Practically, they can perform these activities on their own or delegate the production under their responsibility to Shared Service Centres operating in finance and placed under Group Finance Division governance. Within the Finance Department of Global Investment and Banking Solutions, Product Control departments are more specifically responsible for guaranteeing, independently of the businesses, the production and validation of market activities' income statement and balance sheet. In particular, they are in charge of validating the valuations of the financial instruments traded and of reconciling the economic results produced by the front office with the accounting results produced by the back office;

- the **Risk Division** consolidates the risk monitoring data from the Group's Core Businesses and subsidiaries in order to control credit, market and operational risks. This information is used in Group communications to the Group's governing bodies and to third parties. Furthermore, in collaboration with the Group Finance Division, it is responsible for the Basel 3 approval process, including producing solvency ratios;
- the back offices are responsible for all support functions to front-offices and ensure contractual settlements and deliveries. They check that financial transactions are economically justified, book transactions and manage means of payment.

Beyond consolidating accounting and financial information as described above, the Group Finance Division is charged with significant control responsibilities:

- monitoring the financial aspects of the Group's capital transactions and its financial structure;
- managing its assets and liabilities, and consequently defining, managing and controlling the Group's financial position and structural risks;
- ensuring that the regulatory financial ratios are respected;
- defining accounting standards, frameworks, principles and procedures for the Group, and ensuring that they are observed;
- verifying the accuracy of all financial and accounting data published by the Group.

Accounting standards

Local financial statements are drawn up in accordance with local accounting standards, and the consolidated Group financial statements are prepared in accordance with the standards defined by the Group Finance Division, which are based on IFRS as adopted by the European Union. The Group Finance Division has its own standards unit, which monitors the applicable regulations and drafts new internal standards to comply with any changes in the regulatory framework.

Procedures for producing financial and accounting data

Each entity within the Group prepares its own accounting and management statements on a monthly basis. This information is then consolidated each month at the Group level and published for the markets on a quarterly basis. Data reported are subject to analytical reviews and consistency checks performed by Core Business Finance Departments or by delegation under their responsibility by Shared Service Centres operating in finance and sent to the Group Finance Division. The Group Finance Division transmits the consolidated financial statements, management reports and regulatory statements to General Management and any interested third parties.

In practice, procedures have been tailored to the growing complexity of products and regulations. Moreover, specific action plans can be implemented where necessary.

Internal control procedures governing the production of financial and accounting data

Accounting data are compiled independently of the front offices.

Accounting and management data are compiled by the back and middle offices and product control teams independently of the sales teams, thereby guaranteeing that information is both accurate and objective. These teams carry out a series of controls defined by Group procedures on financial and accounting data:

- daily verification of the economic justification of all of the reported information;
- reconciliation, within the specified deadlines, of accounting and management data using specific procedures.

Given the increasing complexity of the Group's financial activities and organisation, staff training and IT tools are upgraded on a permanent basis to make sure the production and verification of accounting and management data are effective and reliable.

SCOPE OF CONTROL

In practice, the internal control procedures implemented in the Group's businesses are designed to guarantee the quality of financial and accounting information, and notably to:

- ensure that the transactions entered in the Group's accounts are exhaustive and accurate;
- validate the valuation methods used for certain transactions;
- ensure that transactions are correctly assigned to the corresponding fiscal period and recorded in the accounts in accordance with the applicable accounting regulations, and that the accounting aggregates used to prepare the Group financial statements are compliant with the regulations in force;
- ensure the inclusion of all entities that must be consolidated in accordance with Group regulations;
- check that the operational risks associated with the production and transmission of accounting data through the IT system are correctly controlled, that the necessary adjustments are accurately performed, that the reconciliation of accounting and management data is satisfactory, and that the flows of cash payments and other items generated by transactions are exhaustive and adequate.

CONTROL BY THE FINANCE DEPARTMENTS OF CORE BUSINESSES

The Finance Department of each subsidiary verifies the accuracy and consistency of the financial statements with respect to the relevant accounting frameworks (local standards and IFRS for subsidiaries, as well as French standards for branches). It performs Level 1 and 2 controls to guarantee the accuracy of disclosed information.

The data received for consolidation from each subsidiary are supplied from corporate accounting data by the subsidiaries, after they are locally brought into compliance with Group accounting principles.

Each subsidiary must be able to explain the transition from the parent company financial statements to the financial statements reported through the consolidation tool.

The Finance Departments of Core Businesses also help to ensure the quality and accuracy of financial statements falling within their scope of activity. As such, their main assignments in terms of accounting control are:

- to ensure each data producer has adequate resources in view of the challenges involved;
- to supervise the implementation of audit recommendations and the progress of the relevant action plans;
- to define the procedures for implementing key controls and to certify their results on a quarterly basis.

CONTROL BY THE SHARED SERVICE CENTRES OPERATING IN FINANCE

Shared Service Centres operating in finance must perform first-level controls on the accounts they produce. They have implemented a process monitoring system that includes the monitoring of key indicators for operational risks. They monitor the account certification process in order to provide all the necessary information to the Finance Departments of the Core Businesses;

SUPERVISION BY THE GROUP FINANCE DIVISION

Once the statements produced by the entities have been restated according to Group standards, they are entered into a central database and processed to produce the consolidated statements.

The department in charge of consolidation checks that the consolidation scope is compliant with the applicable accounting standards and performs multiple verifications on data received for consolidation. These controls imply:

- confirming that the data collected are properly aggregated;
- verifying recurring and non-recurring consolidation entries;
- the exhaustive treatment of critical points in the consolidation process;
- the treatment of any residual differences in reciprocal/intercompany accounts.

Ultimately, the department ensures that the overall consolidation process was conducted properly by performing analytical reviews of the summary data and verifying the consistency of the main aggregates of the financial statements. Changes in shareholders' equity, goodwill, provisions and any deferred taxes consolidated in the fiscal year are also analysed.

The Group Finance Division also has a dedicated team responsible for second-level accounting and regulatory permanent controls covering the quality of the accounting, regulatory and financial information of Societe Generale SA. It is also responsible for coordinating the entire system governing second-level controls within the Group. The objective is to ensure:

- that the first-level controls are defined, executed and effective, and that the anomalies identified lead to corrective actions.
- the proper application of Group accounting standards on specific matters or through interventions as part of acquisition operations, and to ensure the homogeneity of the transactions across all businesses.

This team is also in charge of managing and coordinating the system for certifying first-level key controls on a quarterly basis.

Accounting audit system

CONTROLS BY ALL OPERATIONAL STAFF INVOLVED IN THE PRODUCTION OF ACCOUNTING, FINANCIAL AND MANAGEMENT DATA

The operational staff monitor their activity via a permanent supervision process, under the direct responsibility of their management teams, repeatedly verifying the quality of the controls carried out on accounting data and the associated accounting treatment.

CONTROLS BY THE AUDIT TEAMS AND SPECIALISED AUDIT TEAMS OF THE INTERNAL AUDIT DIVISION

As part of their assignments, audit teams verify the quality of the control environment contributing to the quality of the accounting and management data produced by the audited entities. They check a certain number of accounts, assess the reconciliations between accounting and management data, and the quality of the permanent supervision procedures for the production and control of accounting data. They also assess the performance of IT tools and the accuracy of manual processing.

The team in charge of auditing the Corporate Divisions is also responsible for auditing the Group Finance Division. Placed under the responsibility of a dedicated business correspondent, the team coordinates and monitors all audits related to accounting and financial matters on a Group-wide basis.

The team in charge of auditing accounting standards is part of the Internal Audit department covering the Group's Corporate Divisions. Its mandate is:

- to provide its expertise in identifying the Group's main accounting risks;
- to carry out audits to verify the proper application of the Group's accounting standards in areas deemed to be the most significant for the accuracy of the Group's accounting information;
- to provide training sessions and create methodologies to help share expertise in the auditing of accounting risks.

Based on their audit findings, the teams issue recommendations to the parties involved in the production and control of accounting, financial and management data in order to improve this process through more specific initiatives targeted towards particular entities or activities.

CONTROLS CARRIED OUT BY THE GENERAL INSPECTION DEPARTMENT

General Inspection teams generally perform accounting audits as part of their assignments, and may also conduct specific audits to check the quality of the controls carried out by staff responsible for producing accounting, financial and management data.

PREVENTATIVE RECOVERY AND RESOLUTION PLANS

In 2011, the G20 countries adopted the principles described by the Financial Stability Board governing the development and long-term success of credible resolution and recovery plans for systemic banks. The European Directive defining the recovery and resolution system common to the European Union was transposed into the French Monetary and Financial Code in August 2015.

The Group's recovery plan strengthens its resilience by describing as a preventative measure the provisions that would allow it to face a deep crisis independently. The plan includes all the elements necessary for the effective management of a severe financial crisis: vigilance and warning system, crisis management plan, crisis communication, list of recovery options which; depending on the case, would re-establish a healthy financial situation.

The resolution plan prepared by Societe Generale includes the information required for the resolution authorities to devise strategies and actions that could be undertaken in order to protect activities essential to the economy, starting for example with deposits and means of payment, while also safeguarding as much as possible the value of the Group's various components and limiting the final losses borne by investors and shareholders.

The Group's recovery and resolution plans are updated annually. Strictly confidential, they are regularly supplemented to reflect changes in applicable regulations and the work of competent authorities. Furthermore, they will be submitted to the Collèges de supervision et de resolution of the French banking authority in order to be evaluated.

6. STATUTORY AUDITORS' SPECIAL REPORT ON THE REPORT OF THE CHAIRMAN ON INTERNAL CONTROL AND RISK MANAGEMENT

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

DELOITTE & ASSOCIÉS

185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex
S.A. au capital de € 1 723 040

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG et Autres

1/2, place des Saisons
92400 Courbevoie - Paris-La-Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

Statutory auditors' report, prepared in accordance with article L. 225-235 of the French commercial code (Code de commerce), on the report prepared by the chairman of the board of directors of Société Générale

To the Shareholders,

In our capacity as statutory auditors of Société Générale and in accordance with article L. 225-235 of the French commercial code (Code de commerce), we hereby report on the report prepared by the chairman of your company in accordance with article L. 225-37 of the French commercial code (Code de commerce) for the year ended December 31, 2015.

It is the chairman's responsibility to prepare and submit for the board of directors' approval a report on the internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French commercial code (Code de commerce) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by article L. 225-37 of the French commercial code (Code de commerce). It should be noted that our role is not to verify the fairness of this other information.

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

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;

- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairman of the board of directors in accordance with article L. 225-37 of the French commercial code (Code de commerce).

Other information

We confirm that the report prepared by the chairman of the board of directors also contains the other information required by article L. 225-37 of the French commercial code (Code de commerce).

Neuilly-sur-Seine and Paris-La Défense, March 7, 2016
The statutory auditors

French original signed by

DELOITTE & ASSOCIES
José-Luis Garcia

ERNST & YOUNG et Autres
Isabelle Santenac

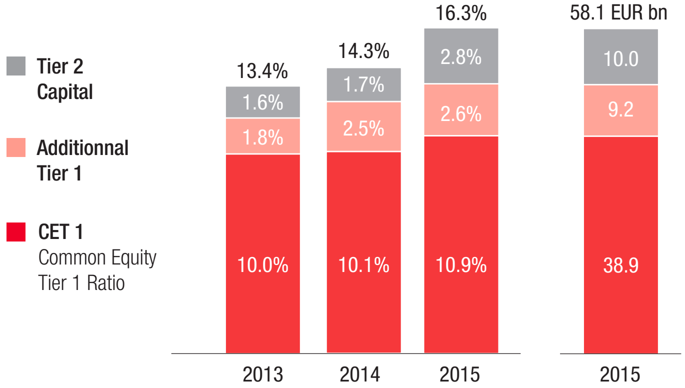
4

RISKS AND CAPITAL ADEQUACY

This section includes the information on the risk management linked to financial instruments, as well as the information on capital management and the compliance with regulatory ratios, required by IFRS as adopted by the European Union. The typology of the risks is described in the chapter 3 of the present Registration document (Corporate governance) page 115.
Some of these information belong to the notes to the consolidated financial statements and has been audited by statutory auditors; they are identified by the mention "Audited I" (the symbol ▲ indicates the end of the audited part).
All the elements relative to the Pillar 3 and to the prudential disclosures is available on the www.societegenerale.com web site, section Investors, Registration document and Pillar 3.

1. KEY FIGURES

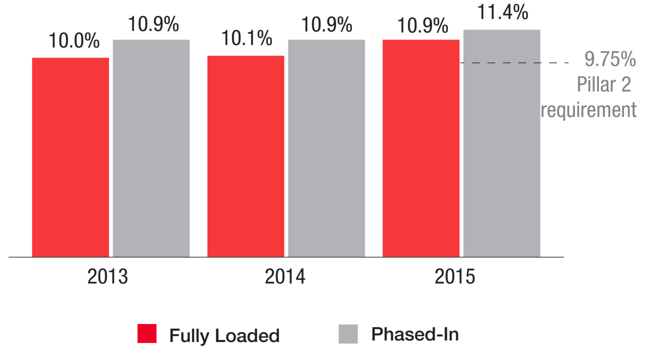
TOTAL CAPITAL RATIO[1]



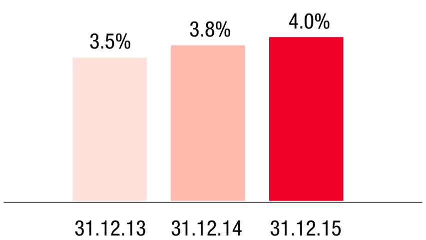
Global sensitivity to structural interest rate risk (in % of Group regulatory capital)

< 1.5 %	< 1.5 %	< 1.5 %

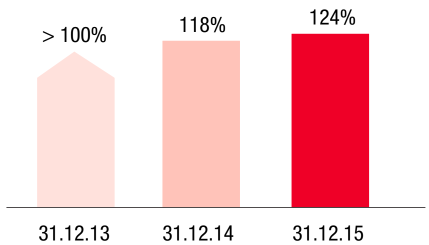
PHASED-IN AND FULLY LOADED CET 1 RATIO[1]



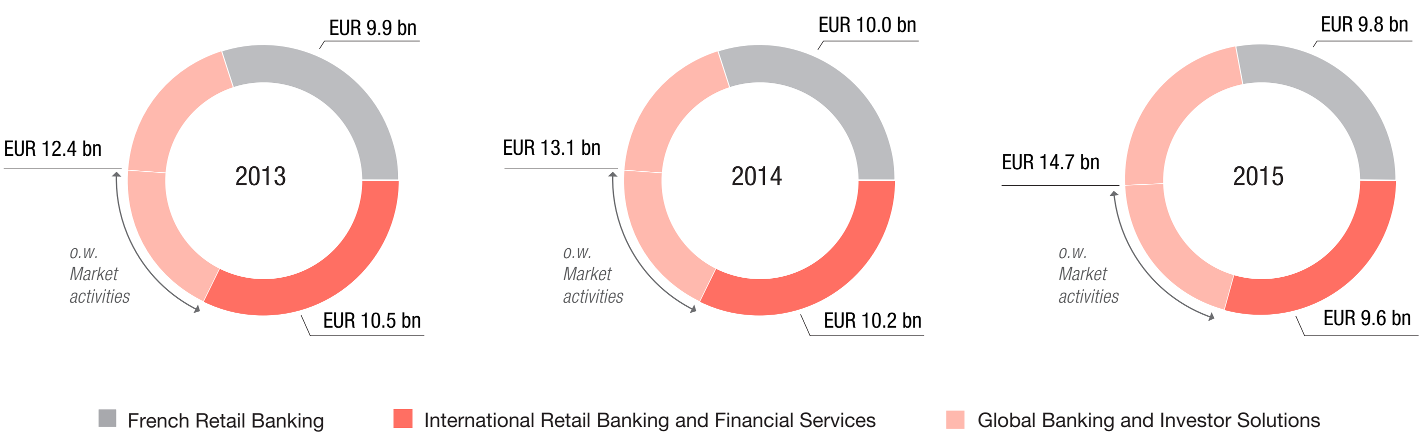
LEVERAGE RATIO[1][2]



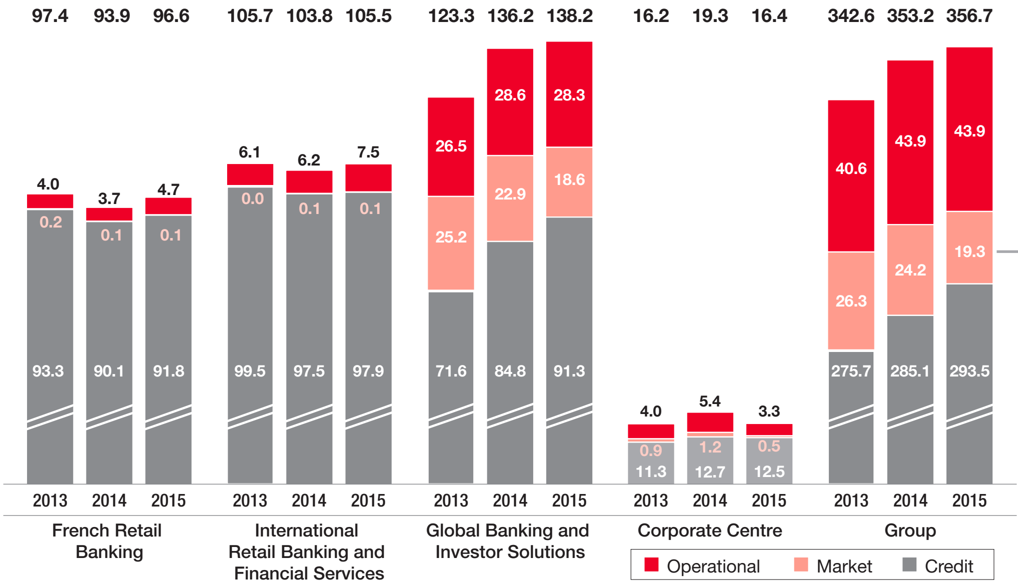
LIQUIDITY COVERAGE RATIO (LCR)



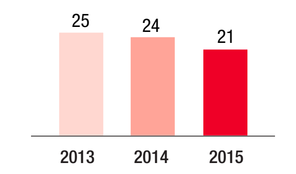
BASEL 3 CAPITAL ALLOCATED TO BUSINESSES (ANNUAL AVERAGE)



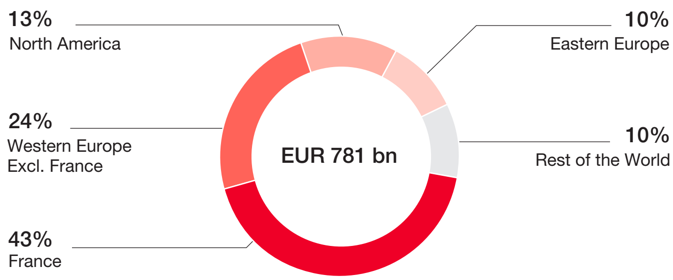
RISK WEIGHTED ASSETS (END OF PERIOD, IN EUR BN)



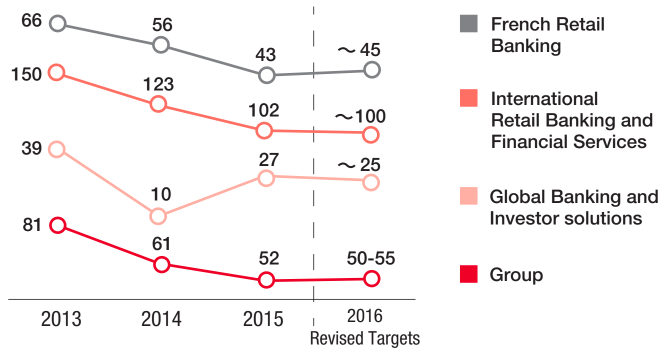
AVERAGE ANNUAL VAR (IN EUR M)



GEOGRAPHICAL BEAKDOWN OF GROUP CREDIT RISK EXPOSURE (EAD AT 31ST DEC. 12)



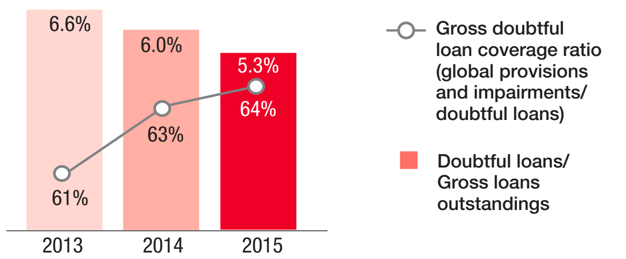
COMMERCIAL COST OF RISK IN BASIS POINTS[4]



EAD ADDITIONAL INDICATORS

	31.12.2015	31.12.2014	31.12.2013
Total Group exposure (EAD)[3] *in EUR m*	781	722	650
Group exposure to industrialised countries (%)	87%	86%	86%
Group exposure to investment grade counterparties (%)	64%	64%	65%

GROSS DOUBTFUL LOANS



(1) Disclosed ratios are fully loaded, calculated according to CRR/CRD4 rules published on 26th June 2013, including the Danish compromise for Insurance.
(2) Fully loaded ratio calculated according to CRR rules published in October 2014 (Delegated Act). Leverage Ratio calculated based on previous rules for 2013.
(3) EAD are presented according to the Capital Requirement Directive as transcripted in French Law.
(4) Calculated by dividing the annual provision and impairment charge by the average end-of-period outstanding amounts of the four quarters closed before current quarter.

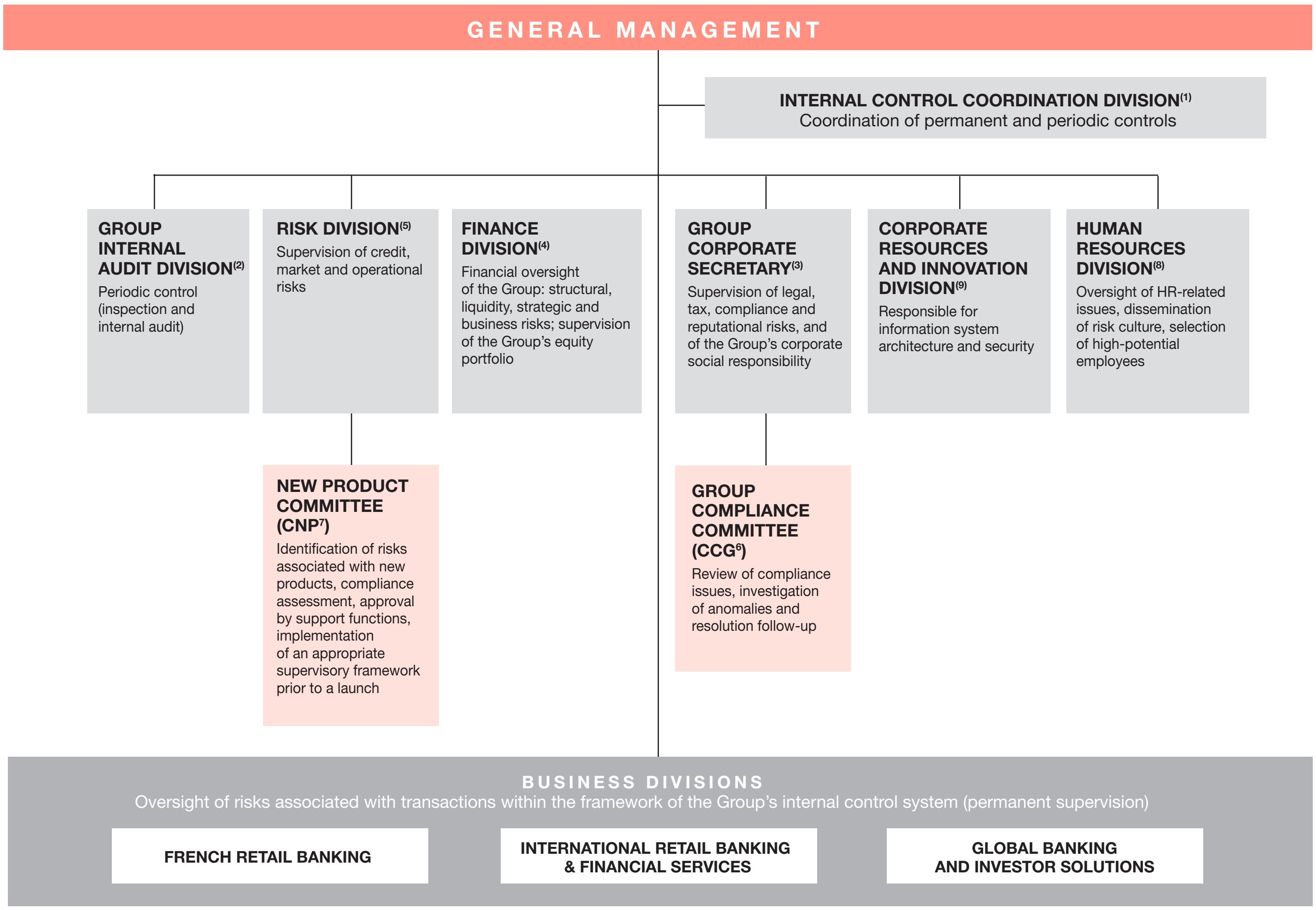
Historical data reported are data published for each repective year, except for 2013 solvency ratios and capital allocation.

In accordance with provisions of article R 511-16-1 of the French Monetary and Financial Code, return on assets (i.e. Net Income divided by the total balance sheet per consolidated accounts) for Societe Generale stood at 0.33% in 2015 and 0.23% in 2014. On a prudential basis (fully loaded) the ratio was 0.33% in 2015 and 0.22% in 2014, (calculated by dividing the Group Net Income reflected in Table 7 page 154 by the Total Balance Sheet for prudential purposes (Table 2, page 149).

2. RISK MANAGEMENT

ROLE AND RESPONSIBILITIES OF DIRECTIONS IN CHARGE OF RISK MONITORING

Audited I Implementing a high-performance and efficient risk management structure is a critical undertaking for Societe Generale, in all businesses, markets and regions in which it operates, as are maintaining a balance between strong risk culture and promoting innovation. The Group's risk management, supervised at the highest level is compliant with the regulations in force, in particular articles 258 to 266 of the decree of November 3rd, 2014 related to internal control of companies in the banking sector, payment services and investment services subject to control of the ACPR (Autorité de Contrôle Prudentiel et de Resolution) and the European regulation CRR/CRD4. ▲ (see Board of Directors' mission page 76)



(1) Permanent and periodic controls, p. 124 and following.
(2) See p. 127
(3) Legal and tax risks, p. 202 ; compliance and reputational risks, p. 198 ; corporate social responsibility, p. 209.
(4) Structural risks, p. 188 ; liquidity risk, p. 193 ; equity portfolio, p. 206.
(5) Credit risk p. 158 ; market risk p. 175 ; operational risks, p. 182.
(6) Group Compliance Committee, p. 123.
(7) New Product Committee, p. 124.
(8) See p. 232 and following, particularly p. 234 (training), p. 239 (high-potential employees) and p. 242 (remuneration).
(9) See p. 123.

Audited | Specifically, the main objectives of the Group's risk management strategy are:

- to contribute to the development of the Group's various businesses by optimising its overall risk-adjusted profitability in accordance with its risk appetite;
- to guarantee the Group's sustainability as a going concern, through the implementation of an efficient system for risk analysis, measurement and monitoring;
- to make risk management a differentiating factor and a competitive strength acknowledged by all.

This can take the form of:

- clear principles for governing, managing and organising risks;
- determining and formally defining the Group's risk appetite;
- effective risk management tools;
- a risk culture that is cultivated and established at each level of the Group.

These various items are currently under focus, with a series of initiatives established as part of the ERM (Enterprise Risk Management) programme, which aims to improve the consistency and effectiveness of the Group's risk management system by fully integrating risk prevention and control in the day-to-day management of the bank's businesses. ▲

The Chairman's Report included in chapter 3 from p. 115 provides an overview of the consolidated Group's internal control procedures and of the risk control policy.

RISK FACTORS

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. 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 modify their monetary policies or to tighten their policies regarding access to liquidity, which could substantially and abruptly decrease the flow of liquidity in the financial system. 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 of the nascent economic recovery, 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. In June and September 2014 and December 2015, the ECB further eased monetary conditions by announcing additional interest rate cuts (including negative interest rates for deposit facilities). It also launched Targeted Longer-term Refinancing Operations (TLTRO) and two new asset purchase programmes, namely the ABS purchase programme (ABSPP) and the third covered bond purchase programme (CBPP3). In response to continued low inflation and an economic environment that continued to be weak, on 22 January 2015, the ECB announced an expanded asset repurchase programme consisting of up to EUR 60 billion per month in public and private debt repurchases, starting in March 2015 and lasting 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, weak growth and an unfavourable trend in the real estate market have had, and could continue to have, a material adverse impact on its business, resulting in decreased demand for loans, higher rates of non-performing loans and decreased asset values. In the other European Union countries, economic stagnation or a deteriorating economic environment could result in increased loan losses or higher levels 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.

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 1 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 26 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 20 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 1 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 20 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 15 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 17 September 2015 and three orders (*arrêtés*) dated 11 September 2015 regarding (i) recovery planning, (ii) resolution planning and (iii) criteria to assess the resolvability for institutions or groups, were published on 20 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 15 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 1 January 2015, the Board has authority to collect information and cooperate with the ACPR for resolution planning purposes. As from 1 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 1 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 9 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 1 January 2019. As from 1 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 1 January 2019, and at least 6.75% as from 1 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 One Capital".

Lastly, 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. Further, in December 2014 and 2015, the Basel Committee on Banking Supervision (BCBS) published two consultative papers for a revision of methods for measuring credit risk, including, for example, the establishment of RWA floors and integrating standard approaches that are more sensitive to risk. 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.

Societe Generale has undertaken a review of the risks that could have a material adverse effect on its business, financial position and results of operations, and does not consider there to be other material risks beyond those presented in the "Types of risks" from the Report of the Chairman (p.115) and "Risks factors" sections of this chapter.

3. CAPITAL MANAGEMENT AND ADEQUACY

THE REGULATORY FRAMEWORK

Audited | In response to the financial crisis of recent years, the Basel Committee, mandated by the G20, has defined the new rules governing capital and liquidity aimed at making the banking sector more resilient. The new so-called Basel 3 rules were published in December 2010. They were translated into European law by a directive (CRD4) and a regulation (CRR) which entered into force on 1st January 2014. In 2014 and 2015, several delegated and implementing acts entered into force in order to specify the regulation.

The general framework defined by Basel 3 is structured around three pillars, as in Basel 2:

- Pillar 1 sets the minimum solvency requirements and defines the rules that banks must use to measure risks and calculate associated capital requirements, according to standard or more advanced methods;
- Pillar 2 relates to the discretionary supervision implemented by the competent authority, which allows them – based on a constant dialogue with supervised credit institutions – to assess the adequacy of capital requirements as calculated under Pillar 1, and to calibrate additional capital requirements with regard to risks;
- Pillar 3 encourages market discipline by developing a set of qualitative or quantitative disclosure requirements which will allow market participants to make a better assessment of a given institution's capital, risk exposure, risk assessment processes and, accordingly, capital adequacy.

In terms of capital, the main new measures introduced to strengthen banks' solvency were as follows:

- the complete revision and harmonisation of the definition of capital, particularly with the amendment of the deduction rules, the definition of a standardised Common Equity Tier 1 (or CET1) ratio, and new Tier 1 capital eligibility criteria for hybrid securities;
- new capital requirements for the counterparty risk of market transactions, to factor in the risk of a change in CVA (Credit Value Adjustment) and hedge exposures on the central counterparties (CCP);
- the set-up of capital buffers that can be mobilised to absorb losses in case of difficulties. The new rules require banks to create a conservation buffer and a countercyclical buffer to preserve their solvency in the event of adverse conditions. Moreover, an additional buffer is required for systemically important banks. As such, the Societe Generale group, as a global systemically important bank (GSIB), has had its Common Equity Tier 1 ratio requirement increased by an additional 1%. Requirements related to capital buffers will gradually enter into force as from 1st January 2016, for full application by January 2019;
- the set-up of restrictions on distributions, relating to dividends, AT1 instruments and variable remuneration, *via* the maximum distributable amount (MDA) mechanism. At end-2015, the European Banking Authority (EBA) issued an opinion to clarify that the MDA should be applied when a bank no longer complies with its CET1 ratio requirements, including those of Pillar 2 and capital buffers.
- in addition to these measures, there will be measures to contain the size and consequently the use of excessive leverage. To this end, the Basel Committee defined a leverage ratio, for which the definitive regulations were published in January 2014. The Basel leverage ratio compares the bank's Tier 1 capital to the balance sheet and off-balance sheet items, with restatements for derivatives and pensions. Banks have been obliged to publish this ratio since 2015. By 2018, regulators will decide whether it is relevant to set a minimum requirement applicable to all banks.

From a regulatory perspective, the year 2015 saw the continued implementation of the Banking Union. The European Central Bank (ECB) took the helm of the Single Supervisory Mechanism in the Eurozone in November 2014, and in 2015 determined the Pillar 2 minimum requirements applicable to Societe Generale group and some of its subsidiaries. These requirements were previously determined by the Autorité de Contrôle Prudential et de Résolution (ACPR – French Prudential Supervisory and Resolution Authority). The ECB applied the new Supervisory Review and Evaluation Process (SREP) methodology in accordance with the guidelines of the EBA, published end-2014. The SREP review led to the notification of the Pillar 2 requirement applicable in 2016, i.e. a CET1 ratio requirement of 9.75% (phased-in).

Lastly, Societe Generale Group is classified as a financial conglomerate and is therefore subject to additional supervision by the French Prudential Supervisory and Resolution Authority.

At 31st December 2015, Societe Generale Group's financial conglomerate equity covered the solvency requirements for both banking activities and insurance activities.

Throughout 2015, the Societe Generale Group complied with the minimum ratio requirements applicable to its activities. ▲

SCOPE OF APPLICATION – PRUDENTIAL SCOPE

The Group's prudential reporting scope includes all fully and proportionally consolidated subsidiaries, with the exception of insurance subsidiaries, which are subject to a separete capital supervision.

TABLE 1: DIFFERENCE BETWEEN ACCOUNTING SCOPE AND PRUDENTIAL REPORTING SCOPE

Type of entity	Accounting treatment	Prudential treatment under Basel 3
Subsidiaries with a finance activity	Full consolidation	Capital requirement based on the subsidiary's activities
Subsidiaries with an Insurance activity	Full consolidation	Weighted equity value
Holdings, joint ventures with a finance activity by nature	Equity method	Weighted equity value

The following table provides a reconciliation of the consolidated balance sheet and the accounting balance sheet within the prudential scope. The amounts presented are accounting data and not a measure of risk-weighted assets, EAD or prudential capital.

TABLE 2: RECONCILIATION OF THE CONSOLIDATED BALANCE SHEET AND THE ACCOUNTING BALANCE SHEET

ASSETS at 31.12.2015 *(In EUR m)*	Consolidated balance sheet	Prudential restatements[1]	Accounting balance sheet within the prudential scope
Cash and amounts due from Central Banks	78,565	0	78,565
Financial assets at fair value through profit and loss	519,333	(28,216)	491,117
Hedging derivatives	16,538	(378)	16,160
Available-for-sale assets	134,187	(72,303)	61,884
Loans and advances to credit institutions	71,682	(7,263)	64,419
of which subordinated loans to credit institutions	*458*	*0*	*458*
Loans and advances to clients	378,048	899	378,947
Lease financing and equivalent transactions	27,204	0	27,204
Revaluation of macro-hedged items	2,723	0	2,723
Financial assets held to maturity	4,044	0	4,044
Tax assets	7,367	(23)	7,344
of which deferred tax assets that rely on future profitability excluding those arising from temporary differences	*1,671*	*696*	*2,367*
of which deferred tax assets arising from temporary differences	*4,257*	*(699)*	*3,558*
Other assets	69,398	(960)	68,438
of which defined-benefit pension fund assets	*32*	*0*	*32*
Non-current assets held for sale	171	0	171
Investments in subsidiaries and affiliates accounted for by the equity method	1,352	2,978	4,330
Tangible and intangible assets	19,421	(648)	18,773
of which intangible assets exclusive of leasing rights	*1,511*	*(46)*	*1,465*
Goodwill	4,358	5	4,363
Total ASSETS	**1,334,391**	**(105,909)**	**1,228,482**

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

LIABILITIES at 31.12.2015 *(In EUR m)*	**Consolidated balance sheet**	**Prudential restatements(1)**	**Accounting balance sheet within the prudential scope**
Central banks	6,951	0	6,951
Liabilities at fair value through profit or loss	454,981	1,412	456,393
Hedging derivatives	9,533	2	9,535
Amounts owed to credit institutions	95,452	(762)	94,690
Amounts owed to clients	379,631	2,085	381,716
Debt securities	106,412	4,415	110,827
Revaluation reserve of interest-rate-hedged portfolios	8,055	0	8,055
Tax liabilities	1,571	(519)	1,052
Other Liabilities	83,083	(4,680)	78,403
Debts related to Non-current liabilities held for sale	526	0	526
Technical provisions of insurance companies	107,257	(107,257)	0
Provisions	5,218	(22)	5,196
Subordinated debts	13,046	245	13,291
of which redeemable subordinated notes including revaluation differences on hedging items	*12,488*	*240*	*12,728*
Total debts	1,271,716	(105,081)	1,166,635
EQUITY			
Equity, Group share	59,037	(1)	59,036
of which capital and related reserves	*19,979*	*0*	*19,979*
of which other capital instruments	*8,772*	*0*	*8,772*
of which retained earnings	*4,921*	*0*	*4,921*
of which accumulated other comprehensive income (including gains and losses accounted directly in equity)	*21,364*	*(1)*	*21,363*
of which net income	*4,001*	*0*	*4,001*
Minority interests	3,638	(826)	2,811
Total equity	62,675	(827)	61,848
TOTAL LIABILITIES	**1,334,391**	**(105,908)**	**1,228,482**

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

The main Group companies outside the prudential reporting scope are as follows:

TABLE 3: SUBSIDIARIES OUTSIDE THE PRUDENTIAL REPORTING SCOPE

Company	Activity	Country
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
La Banque Postale Financement	Bank	France
SG Banque au Liban	Bank	Lebanon

Regulated financial subsidiaries and affiliates outside Societe Generale's prudential consolidation scope are all in compliance with their respective solvency requirements. More generally, all regulated Group undertakings are subject to solvency requirements set by their respective regulators.

REGULATORY CAPITAL

Reported according to International Financial Reporting Standards (IFRS), Societe Generale's regulatory capital consists of the following components:

Common Equity Tier 1 capital

According to CRR/CRD4 regulations, Common Equity Tier 1 capital is made up primarily of the following:

- ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts;
- retained earnings;
- components of other comprehensive income;
- other reserves;
- minority interest limited by CRR/CRD4.

Deductions from Common Equity Tier 1 capital essentially involve the following:

- estimated dividend payment;
- goodwill and intangible assets, net of associated deferred tax liabilities;
- unrealised capital gains and losses on cash flow hedging;
- income on own credit risk;
- deferred tax assets on tax loss carryforwards;
- deferred tax assets resulting from temporary differences beyond a threshold;
- assets from defined benefit pension funds, net of deferred taxes;
- any positive difference between expected losses on customer loans and receivables, risk-weighted using the Internal Ratings Based (IRB) approach, and the sum of related value adjustments and collective impairment losses;
- expected loss on equity portfolio exposures;
- value adjustments resulting from the requirements of prudent valuation;
- securitisation exposures weighted at 1 250%, where these positions are not included in the calculation of total risk-weighted exposures.

Additional Tier 1 Capital

According to CRR/CRD4 regulations, additional Tier 1 capital is composed of deeply subordinated notes that are issued directly by the bank, and have the following features:

- these instruments are perpetual and constitute unsecured, deeply subordinated obligations. They rank junior to all other obligations of the bank, including undated and dated subordinated debt, and senior only to common stock shareholders;
- in addition, Societe Generale may elect, on a discretionary basis, not to pay the interest and coupons linked to these instruments. This compensation is paid out of distributable items;
- they include neither a step-up in compensation nor any other incentive to redeem;
- they must have a loss-absorbing capacity;
- subject to the prior approval of the European Central Bank, Societe Generale has the option to redeem these instruments at certain dates, but no earlier than five years after their issuance date.

Deductions of additional Tier 1 capital essentially apply to the following:

- AT1 hybrid treasury shares;
- holding of AT1 hybrid shares issued by financial sector entities;
- minority interest beyond the minimum T1 requirement.

Tier 2 Capital

Tier 2 capital includes:

- undated deeply subordinated notes;
- dated subordinated notes;
- any positive difference between (i) the sum of value adjustments and collective impairment losses on customer loans and receivables exposures, risk-weighted using the IRB approach and (ii) expected losses, up to 0.6% of the total credit risk-weighted assets using the IRB approach;
- value adjustments for general credit risk related to collective impairment losses on customer loans and receivables exposures, risk-weighted using the standard approach, up to 1.25% of the total credit risk-weighted assets.

Deductions of Tier 2 capital essentially apply to the following:

- Tier 2 hybrid treasury shares;
- holding of Tier 2 hybrid shares issued by financial sector entities;
- share of non-controlling interest in excess of the minimum capital requirement in the entities concerned.

Tier 2 instruments are listed in Note 6.2 to the parent company financial statements for dated subordinated notes issued by Societe Generale SA, and in Note 7.1 to the consolidated financial statements for undated subordinated notes.

All capital instruments and their features are detailed online[(1)].

TABLE 4: CHANGES IN DEBT INSTRUMENTS ELIGIBLE FOR THE SOLVENCY CAPITAL REQUIREMENTS

(In EUR m)	31.12.2014	Issues	Redemptions	Prudential supervision valuation haircut	Others	31.12.2015
Debt instruments eligible for Tier 1	8,835	1,148	(1,195)	0	550	9,338
Debt instruments eligible for Tier 2	6,759	4,993	(11)	(831)	233	11,143
Total eligible debt instruments	**15,594**	**6,141**	**(1,206)**	**(831)**	**783**	**20,481**

Solvency ratio

The solvency ratio is set by comparing the group's equity with the sum of risk-weighted assets for credit risk and the capital requirement multiplied by 12.5 for market risk and operational risk.

Since 1st January 2014, the new regulatory framework sets minimum requirements to be met for the CET1 ratio and the Tier 1 ratio. For 2015, the minimum requirement for CET1 was 4%, and that of Tier 1 5.5%, excluding the Pillar 2 requirement. The total equity requirement, including CET1, AT1 and Tier 2 equity, was set at 8%. In 2016, the minimum requirement for CET1 will be 4.5%, and that of Tier 1 6%.

In 2016, under Pillar 2, following the results of the Supervisory Review and Evaluation Process (SREP) performed by the European Central Bank (ECB), Societe Generale group is required to meet a Common Equity Tier 1 (CET1) ratio of 9.5% (phased-in ratio, including conservation buffer). The G-SIB buffer required by the Financial Stability Board (FSB) to be applied on top of this SREP ratio is equal to 0.25% for the Societe Generale Groupand will be increased by 0.25% per annum thereafter, ultimately reaching 1% in 2019. The prudential capital requirement of the Societe Generale Group will therefore be 9.75% as of 1st January 2016.

(1) Information available on the www.sociétégénérale.com website, under Investors, Registration Document and Pillar 3.

TABLE 5: REGULATORY CAPITAL AND CRR/CRD4 SOLVENCY RATIOS – FULLY LOADED

(In EUR m)	31.12.2015	31.12.2014
Shareholders' equity (IFRS), Group share	**59,037**	**55,168**
Deeply subordinated notes	(9,552)	(9,364)
Perpetual subordinated notes	(366)	(335)
Consolidated shareholders' equity, Group share, net of deeply subordinated and perpetual subordinated notes	**49,119**	**45,470**
Non-controlling interests	2,487	2,671
Intangible assets	(1,443)	(1,419)
Goodwill	(4,533)	(5,132)
Proposed dividends (General Meeting of Shareholders) and interest expenses on deeply subordinated and perpetual subordinated notes	(1,764)	(1,120)
Deductions and regulatory adjustments	(5,000)	(4,679)
Common Equity Tier One Capital	**38,865**	**35,792**
Deeply subordinated notes and preferred shares	9,338	8,835
Other additional tier 1 capital	46	50
Additional Tier 1 deductions	(137)	(27)
Tier One Capital	**48,112**	44,650
Tier 2 instruments	11,143	6,759
Other tier 2 capital	278	441
Tier 2 deductions	(1,400)	(1,337)
Total regulatory capital	**58,134**	50,514
Total risk-weighted assets	**356,725**	353,196
Credit risk-weighted assets	293,543	285,095
Market risk-weighted assets	19,328	24,170
Operational risk-weighted assets	43,854	43,931
Solvency ratios		
Common Equity Tier 1 Ratio	10.9%	10.1%
Tier 1 Ratio	13.5%	12.6%
Total capital adequacy ratio	16.3%	14.3%

Group shareholders' equity at 31st December 2015 totalled EUR 59 billion (compared to EUR 55.2 billion at 31st December 2014). After taking into account non-controlling interests and prudential deductions, Common Equity Tier 1 capital was EUR 38.9 billion at 31st December 2015, vs. EUR 35.8 billion at 31st December 2014.

The table below shows the key factors in this change.

TABLE 6: FULLY LOADED DEDUCTIONS AND REGULATORY ADJUSTMENTS UNDER CRR/CRD4

(In EUR m)	31.12.2015	31.12.2015
Unrecognised minority interests	(1 131)	(1 366)
Defered tax assets	(2 318)	(2 641)
Prudent Valuation Adjustment	*(735)*	*(557)*
Adjustments related to changes in the value of own liabilities	200	880
Others	(1 016)	(995)
Total Basel 3 deductions and regulatory adjustments	**(5 000)**	**(4 679)**

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CAPITAL REQUIREMENTS

The Basel 3 Accord established the new rules for calculating minimum capital requirements with the aim of more accurately assessing the risks to which banks are exposed. The calculation of risk-weighted assets for credit risk takes into account the transaction risk profile, by means of two approaches for determining risk-weighted assets: a standard method, and advanced methods based on internal models for rating counterparties.

TABLE 7: GROUP CAPITAL REQUIREMENTS AND RISK-WEIGHTED ASSETS

(In EUR m)	31st December 2015		31st December 2014	
Type of risk	**Minimum capital requirements**	**Risk-weighted assets**	**Minimum capital requirements**	**Risk-weighted assets**
Sovereign	0	0	0	0
Institutions	0	5	0	3
Corporate	294	3,673	282	3,519
Total credit risk assessed using the foundation IRB approach	**294**	**3,679**	**282**	**3,523**
Sovereign	468	5,849	415	5,187
Institutions	847	10,591	859	10,733
Corporate	8,423	105,288	7,517	93,961
Retail	2,319	28,982	2,413	30,162
Total credit risk assessed using the advanced IRB approach	**12,057**	**150,710**	**11,203**	**140,044**
Shares in the banking book	1,477	18,462	1418	17,725
Securitisation positions	126	1,576	130	1,629
Other non-credit obligation assets	2	29	3	37
Total credit risk assessed using the IRB approach	**13,956**	**174,456**	**13,037**	**162,957**
Sovereign	834	10,421	900	11,256
Institutions	512	6,403	347	4,342
Corporate	4,144	51,806	4,248	53,102
Retail	2,060	25,747	2,145	26,813
Shares in the banking book	238	2,972	409	5,115
Securitisation positions	23	289	30	374
Other non-credit obligation assets	1,273	15,914	1,218	15,221
Total credit risk assessed using the standard approach	**9,084**	**113,551**	**9,298**	**116,224**
Credit, counterparty and delivery risk	0	2	0	0
Total credit risk	**23,040**	**288,008**	**22,334**	**279,181**
Value at Risk	311	3,892	319	3,983
Stressed Value at Risk	510	6,379	828	10,349
Incremental default and migration risk (IRC)	403	5,038	422	5,276
Correlation portfolio (CRM)	163	2,031	173	2,160
Market risk assessed using the IRB approach	**1,387**	**17,340**	**1,741**	**21,769**
General risk and specific risk related to interest rates (excluding securitisation)	33	414	26	323
Specific risk related to securitisation positions	37	467	24	300
Market risk assessed using the standard approach for ownership interests	41	510	36	445
Market risk assessed using the standard approach for currency positions	41	513	101	1,268
Market risk assessed using the standard approach for commodities	7	83	5	64
Market risk assessed using the standard approach	**159**	**1,987**	**192**	**2,401**
Market risk	**1,546**	**19,327**	**1,934**	**24,170**
Operational risk assessed using AMA	3,257	40,717	3,230	40,375
Operational risk assessed using the standardised approach	251	3,137	284	3,556
Operational risk	**3,508**	**43,854**	**3,514**	**43,931**
Credit Value Adjustment	**443**	**5,535**	**505**	**6,318**
Totals	**28,538**	**356,725**	**28,288**	**353,600**

Further information on each type of risk (credit risk, market risk and operational risk) is provided in the ad-hoc sections of this chapter.

Change in risk-weighted assets and capital requirements

The following table presents the risk-weighted assets by pillar.

TABLE 8: RWA BY PILLAR AND RISK TYPE

(In EUR bn) at 31.12.2015	Credit	Market	Operational	Total	Total 2014
French Retail Banking	91.82	0.08	4.75	96.65	93.9
International Retail Banking and Financial Services	97.92	0.09	7.5	105.51	103.8
Global Banking and Investor Solutions	91.29	18.63	28.26	138.18	136.2
Corporate Centre	12.51	0.54	3.34	16.39	19.7
Group	**293.54**	**19.34**	**43.85**	**356.73**	**353.6**

Risk-weighted assets (EUR 356.7 billion) by type of activity break down at 31st December 2015 as follows:

- credit risk accounted for 83% of risk-weighted assets (of which 31% for French Retail Banking);
- market risk accounted for 5% of risk-weighted assets (of which 96% for Global Banking and Investor Solutions);
- operational risk accounted for 12% of risk-weighted assets (of which 65% for Global Banking and Investor Solutions).

Les deux tableaux suivants décrivent l'évolution du RWA entre la fin décembre 2014 et 2015 des risques de crédit et de marché.

The two following tables present the change in RWA between end-2014 and end-2015 for credit and market risks.

Between 31st December 2014 and 31st December 2015, risk-weighted assets for credit risk increased by EUR 8.0 billion, whereas risk-weighted assets for market risk decreased by EUR 4.9 million.

TABLE 9: CHANGE IN CREDIT RWAS

(In EUR bn)

End-2014 Credit risks RWAs	**285.5**
Scope effect	(0.3)
Foreign exchange effect	4.9
Other (including volume, rating, etc.)	3.4
End-2015 Credit risks RWAs	**293.5**

TABLE 10: CHANGE IN MARKET RISK RWAS

(In EUR bn)

End-2014 Market risks RWAs	**24.2**
Change in Internal Model RWA	(4.4)
of which change in VaR	*(0.1)*
of which change in SVaR	*(4)*
of which change in IRC	*(0.2)*
of which change in CRM	*(0.1)*
Change in Standard Model RWA	(0.4)
End-2015 Market risks RWAs	**19.3**

CAPITAL MANAGEMENT

Audited | Capital management is implemented by the Finance Division. As part of managing its capital, the Group ensures that its solvency level is always compatible with the following objectives:

- maintaining its financial solidity and respecting the Risk Appetite targets;
- preserving its financial flexibility to finance organic growth and growth through acquisitions;
- adequate allocation of capital among the various business lines according to the Group's strategic objectives;
- maintaining the Group's resilience in the event of stress scenarios;
- meeting the expectations of its various stakeholders: supervisors, debt and equity investors, rating agencies, and shareholders.

The Group determines its internal solvency targets in accordance with these objectives and regulatory thresholds.

The Group has an internal process for assessing the adequacy of its capital that measures the adequacy of the Group's capital ratios in light of regulatory constraints. ▲

Since mid-2015, the Group has been managed with a target Common Equity Tier 1[(1)] ratio of 11%. At 31st December 2015, the Common Equity Tier 1 ratio of the Group was 10.9%.

In 2015, the Group's capital generation funded growth in risk-weighted assets and the developments in its operations portfolio (specifically the year's disposals and acquisitions), all while maintaining a sufficient margin to ensure dividend distribution and hybrid coupons payment.

In addition, the Group maintains a balanced capital allocation among its three strategic pillars:

- French Retail Banking;
- International Retail Banking and Financial Services;
- Global Banking and Investor Solutions.

Each of the Group's three pillars accounts for around a third of all risk-weighted assets (RWA), with French and International Retail Banking (more than 59% of total business line loans and receivables) and credit risks (representing nearly 65% of the Group's risk-weighted assets) accounting for the largest share.

At 31st December 2015, the Group's risk-weighted assets were up 0.9% to EUR 356.7 billion, compared to EUR 353.6 billion at end-December 2014.

(1) Fully loaded ratio determined according to CRR/CRD4 rules.

LEVERAGE RATIO MANAGEMENT

The Group steers its leverage effect according to the CRR leverage ratio rules, as amended by the delegated act of 10th October 2014.

Steering the leverage ratio means both calibrating the amount of Tier 1 capital (the ratio's numerator) and controlling the Group's leverage exposure (the ratio's denominator) to achieve the target ratio levels that the Group sets for itself. To do this, the "leverage" exposure of the different business lines is contained under the Finance Division's control.

The Group aims to maintain a consolidated leverage ratio that is significantly higher than the 3% minimum in the Basel Committee's recommendations. The leverage ratio is in an observation phase in order to set the minimum requirements. Once they have been set, the Group's target will be adjusted as needed.

At the end of 2015, sustained by the higher Common Equity Tier 1 capital and additional Tier 1 capital, and the control of the Group's leverage exposure, Societe Generale's leverage ratio was 4.0%.

TABLE 11: LEVERAGE RATIO SUMMARY AND RECONCILIATION OF PRUDENTIAL BALANCE SHEET AND LEVERAGE EXPOSURE

(In EUR m)	31st December 2015	31st December 2014
Tier 1 capital(1)	**48,112**	**44,650**
Total assets in prudential balance sheet(2)	1,228,482	1,208,258
Adjustments for fiduciary assets recognised on the balance sheet but excluded from the leverage ratio exposure	0	0
Adjustments for derivative financial instruments	(88,837)	(82,721)
Adjustments for securities financing transactions(3)	(25,097)	(20,295)
Off-balance sheet exposure (loan and guarantee commitments)	90,374	79,972
Technical and prudential adjustments (Tier 1 capital prudential deductions)	(10,117)	(12,358)
Leverage ratio exposure	**1,194,805**	**1,172,856**
CRR fully loaded leverage ratio(4)	**4.0 %**	**3.8 %**

(1) Capital overview is available in Table 5 Risk-based capital and Basel 3 solvency ratio.
(2) Reconciliation of the consolidated balance sheet and the accounting balance sheet within the prudential scope is available in Table 2.
(3) Securities financing transactions: repurchase transactions, securities lending or borrowing transactions and other assimilated transactions.
(4) Fully loaded based on CRR rules taking into account the leverage ratio delegated act adopted in October 2014 by the European Commission.

RATIO OF LARGE EXPOSURES

The CRR incorporates the provisions regulating large exposures. As such, Societe Generale Group must not have any exposure where the total amount of net risks incurred on a single beneficiary exceeds 25% of the Group's capital.

The eligible capital used to calculate the large exposure ratio is the total regulatory capital, with a limit on the amount of Tier 2 capital. Tier 2 capital cannot exceed one-third of Tier 1 capital.

4. CREDIT RISKS

CREDIT RISK MANAGEMENT: ORGANISATION AND STRUCTURE

The Risk Division has defined a control and monitoring system, in conjunction with the business divisions and based on the credit risk policy, to provide a framework for the Group's credit risk management. This framework is periodically reviewed and approved by the Board of director's Risk Committee.

Credit risk supervision is organised by business division (French Retail Banking Networks, International Retail Banking and Financial Services, Global Banking and Investor Solutions) and is supplemented by departments with a more cross-business approach (monitoring of country risk, risk linked to financial institutions, etc.). In addition, the definition of counterparty risk assessment methods is provided by the Market Risk Department. Within the Risk Division, each of these departments is responsible for:

- setting global and individual credit limits by client, client category or transaction type
- authorising transactions submitted by the sales departments
- approving ratings or internal client rating criteria
- monitoring and supervising large exposures and various specific credit portfolios
- approving specific and general provisioning policies.

In addition, a specific department performs comprehensive portfolio analyses and provides the associated reports, including those for the supervisory authorities. A monthly report on the Risk Division's activity is presented to CORISQ and specific analyses are submitted to the General Management.

CREDIT POLICY

Audited I Societe Generale's credit policy is based on the principle that approval of any credit risk undertaking must be based on sound knowledge of the client and the client's business, an understanding of the purpose and structure of the transaction, and the sources of repayment of the debt. Credit decisions must also ensure that the structure of the transaction will minimise the risk of loss in the event that the counterparty defaults. Furthermore, the credit approval process takes into consideration the overall commitment of the group to which the client belongs. Risk approval forms part of the Group's risk management strategy in line with its risk appetite.

The risk approval process is based on four core principles:

- all transactions involving credit risk (debtor risk, settlement/delivery risk, issuer risk and replacement risk) must be pre-authorised
- responsibility for analysing and approving transactions lies with the dedicated primary customer relation unit and risk unit, which examine all authorisation requests relating to a specific client or client group, to ensure a consistent approach to risk management
- the primary customer relation unit and the risk unit must be independent from each other
- credit decisions must be systematically based on internal risk ratings (obligor rating), as provided by the primary customer relation unit and approved by the Risk Division.

The Risk Division submits recommendations to CORISQ on the limits which it deems appropriate for certain countries, geographic regions, sectors, products or customer types, in order to reduce risks with strong correlations. The allocation of limits is subject to final approval by the Group's General Management and is based on a process that involves the operating divisions exposed to risk and the Risk Division. ▲

RISK SUPERVISION AND MONITORING SYSTEM

Portfolio review and sector risk monitoring

Authorisation limits are set by counterparty and the credit approval process must comply with the overall authorisation limit for the group to which the counterparty belongs.

Individual large exposures are reviewed by the Large Exposures Committee chaired by the General Management.

Concentrations are measured using an internal model and individual concentration limits are defined for larger exposures. Any concentration limit breach is managed over time by reducing exposures and/or hedging positions using credit derivatives.

Concentration targets are defined for the biggest counterparties at Concentration Committee meetings.

In addition, the Group regularly reviews its entire credit portfolio through analyses by type of counterparty or business sector. In addition to industry research and regular sector concentration analyses, sector research and more specific business portfolio analyses are carried out at the request of the bank's General Management and/or Risk Division and/or business divisions.

Monitoring of Country Risk

Country risk arises when an exposure (loan, security, guarantee or derivative) becomes liable to negative impact from changing political, economic, social and financial conditions in the country of exposure.

It includes exposure to any kind of counterparty, including a sovereign state (sovereign risk is also controlled by the system of counterparty risk limits).

Country risk breaks down into two major categories:

- political and non-transfer risk covers the risk of non-payment resulting from either actions or measures taken by local government authorities (decision to prohibit the debtor from meeting its commitments, nationalisation, expropriation, non-convertibility, etc.), domestic events (riots, civil war, etc.) or external events (war, terrorism, etc.)
- commercial risk occurs when the credit quality of all counterparties in a given country deteriorates due to a national economic or financial crisis, independently of each counterparty's individual financial situation. This could be macroeconomic shock (sharp slowdown in activity, systemic banking crisis, etc.) or currency depreciation, or sovereign default on external debt possibly entailing other defaults.

Overall limits and strengthened monitoring of exposures have been established for countries based on their internal ratings and governance indicators. Supervision is not limited to emerging markets.

Country limits are approved annually by General Management. They can also be revised downward at any time if the country's situation deteriorates or is expected to deteriorate.

All Group exposures (securities, derivatives, loans and guarantees) are taken into account by this monitoring. The Country Risk methodology determines an initial country of risk and a final country of risk (after the effects of any guarantees) within the country limits framework.

Specific monitoring of hedge funds

Hedge funds are important counterparties for the Group. Whether they are regulated or not, and regardless of the nature of the end investor, hedge funds pose specific risks: they are able to use significant leverage as well as investment strategies that involve illiquid financial instruments, which leads to a strong correlation between credit risk and market risk.

Activities carried out in the hedge fund sector are governed by a set of global limits established by the General Management:

- a Credit VaR limit which controls the maximum replacement risk that may be taken in this segment
- a stress test limit governing market risks and the risks associated with financing transactions guaranteed by shares in hedge funds.

Credit stress tests

With the aim of identifying, monitoring and managing credit risk, the Risk Division works with the business divisions to conduct a set of specific stress tests relating to a country, subsidiary or activity. These specific stress tests combine both recurring stress tests, conducted on those portfolios identified as structurally carrying risk, and occasional stress tests, designed to recognise emerging risks. Some of these stress tests are presented to the Risk Committee and used to determine how to govern the activities concerned.

Like global stress tests, specific stress tests draw on a core *scenario* and a stressed *scenario* that are defined by the Group's sector experts and economists. The core *scenario* draws on an in-depth analysis of the situation surrounding the activity or the country concerned. The stressed *scenario* describes triggering events and assumptions about the sequence of a crisis, both in quantitative terms (changes in a country's GDP, the unemployment rate, deterioration in a sector) and qualitative terms.

Structured around the portfolio analysis function, the Risk Division teams translate these economic scenarios into impacts on risk parameters (default exposure, default rate, provisioning rate at entry into default, etc.). To this end, the leading methods are based in particular on the historical relationship between economic conditions and risk parameters. Like in global stress tests, in connection with the regulatory Pillar, stress tests routinely take into account the possible effect of counterparty performance for counterparties in which the Group is most highly concentrated in a stressed environment.

Impairment

Impairments include impairments on groups of homogeneous assets, which cover performing loans, and specific impairments, which cover counterparties in default.

IMPAIRMENT ON GROUPS OF HOMOGENEOUS ASSETS

Audited | Impairments on groups of homogeneous assets are collective impairments booked for portfolios that are homogenous and have a deteriorated risk profile although no objective evidence of default can be observed at an individual level.

These homogeneous groups include sensitive counterparties, sectors or countries. They are identified through regular analyses of the portfolio by sector, country or counterparty type.

These impairments are calculated on the basis of assumptions on default rates and loss rates after default. These assumptions are calibrated by homogeneous group based on their specific characteristics, sensitivity to the economic environment and historical data. They are reviewed periodically by the Risk Division. ▲

SPECIFIC IMPAIRMENT

Decisions to book specific impairments on certain counterparties are taken where there is objective evidence of default. The amount of impairment depends on the probability of recovering the amounts due. The expected cash flows are based on the financial position of the counterparty, its economic prospects and the guarantees called up or that may be called up.

A counterparty is deemed to be in default when at least one of the following conditions is verified:

- a significant decline in the counterparty's financial position leads to a high probability of it being unable to fulfil its overall commitments (credit obligations), thereby generating a risk of loss to the bank whether or not the debt is restructured; and/or
- regardless of the type of loan (property or other), one or more receivables past due at least 90 days were recorded (with the exception of loans restructured on probation, which are considered in default at first missed payment, in accordance with the technical standard published in 2013 by the EBA relative to restructured loans) and/or
- a recovery procedure is started; and/or
- the debt was restructured less than one year previously; and/or
- a legal proceeding such as a bankruptcy, legal settlement or compulsory liquidation is in progress.

The Group applies the default contagion principle to all a counterparty's outstandings. When a debtor belongs to a group, all of the group's outstandings are generally defaulted as well.

REPLACEMENT RISK

Counterparty risk associated with derivative transactions is a type of credit risk (potential loss in the event that the counterparty defaults) that is also called replacement risk. It represents the current cost to the Group of replacing transactions with a positive value should the counterparty default. Transactions giving rise to a replacement risk are, inter alia, security repurchase agreements, securities lending and borrowing, and derivative contracts such as swaps, options and futures traded over the counter or with central counterparty clearing houses (CCP).

Management of counterparty risk linked to market transactions

Audited I Societe Generale places great emphasis on carefully monitoring its credit and counterparty risk exposure in order to minimise its losses in case of default. Counterparty limits are assigned to all counterparties (banks, other financial institutions, corporates, public institutions and CCP). ▲

In order to quantify the potential replacement risk, Societe Generale uses an internal model: the future fair value of trading transactions with counterparties is modelled, taking into account any netting and correlation effects. Estimates are derived from Monte-Carlo models developed by the Risk Division, based on a historical analysis of market risk factors, and take into account guarantees and collateral.

Societe Generale uses two indicators to describe the subsequent distribution resulting from the Monte-Carlo simulations:

- current average risk, particularly suited to analysing the risk exposure for a portfolio of customers
- credit VaR (or CVaR): the largest loss that would be incurred after eliminating the top 1% of the most adverse occurrences, used to set the risk limits for individual counterparties.

Societe Generale has also developed a series of stress test scenarios used to calculate the exposure linked to changes in the fair value of transactions with all of its counterparties in the event of an extreme shock to market parameters.

Setting individual counterparty limits

The credit profile of counterparties is reviewed on a regular basis and limits are set both according to the type and maturity of the instruments concerned. The intrinsic creditworthiness of counterparties and the reliability of the associated legal documentation are two factors considered when setting these limits. Fundamental credit analysis is also supplemented by relevant peer comparisons and a market watch.

Information technology systems allow both traders and the Risk Division to ensure on a day-to-day basis that counterparty limits are not exceeded and that incremental authorisations are requested as needed.

Audited I Any significant weakening in the bank's counterparties also prompts urgent internal rating reviews. A specific supervision and approval process is put in place for more sensitive counterparties or more complex financial instruments. ▲

Calculation of Exposure at Default(1) within the regulatory framework

The Autorité de contrôle Prudentiel et de Résolution (ACPR - French Prudential and Resolution Supervisory Authority) approved the use of the internal model described above to determine the Effective Expected Positive Exposure (EEPE) indicator used in calculating counterparty risk-adjusted capital. This internal model is used for 96% of transactions.

For other purposes, the Group uses the marked-to-market valuation method. In this method, the EAD relative to the bank's counterparty risk is determined by aggregating the positive market values of all transactions (replacement cost) and increasing the sum with an add-on. This add-on, which is calculated in line with the CRD (Capital

(1) Exposure at default (EAD) of a loan is equal to its nominal amount. The potential loss amount of a derivative product is its marked-to-market valuation when the counterparty defaults, which can be only statistically approximated. Therefore, two methods for the calculation of the EAD of derivative products are allowed, one using the marked-to-market valuation and one using the internal model approach (see above).

Requirement Directive) guidelines, is a fixed percentage according to the type of transaction and the residual maturity, which is applied to the transaction's nominal value.

In both cases, the effects of netting agreements and collateral are factored in either by their simulation in the internal model, or by applying the netting rules as defined by the marked-to-market method and by subtracting guarantees or collateral. Regulatory capital requirements also depend on the internal rating of the debtor counterparty.

Credit valuation adjustment for counterparty risk

Derivatives and security financing transactions are subject to a Credit Valuation Adjustment (CVA) to take into account counterparty risk.

The Group includes in this adjustment all clients which are not subject to a daily margin call or for which the collateral only partially covers the exposure. This adjustment also reflects the netting agreements existing for each counterparty. CVA is determined on the basis of the Group entity's positive expected exposure to the counterparty, the counterparty's probability of default (conditional on the entity not defaulting), and the loss in the event of default.

Furthermore, since 1st January 2014, financial institutions must determine capital requirements related to CVA, covering its variation over 10 days. The scope of counterparties is reduced to financial counterparties as defined in the EMIR (European Market Infrastructure Regulation) or certain corporates that would use derivatives beyond certain thresholds and for purposes other than hedging. Societe Generale has implemented an internal model to compute these capital requirements, covering 65% of the scope. The method used is the same as the one used for the market VaR computation (refer to Chapter 4.5 of the Registration Document, p. 176: it consists in carrying out an historical simulation of the change in CVA due to the variations observed in the credit spreads of the counterparties, with a 99% confidence level. The computation is done on the credit spreads variation observed, on the one hand, over a one-year rolling period (VaR on CVA), and, on the other hand, over a fixed one-year historical window corresponding to a period of significant tension regarding credit spreads (Stressed VaR on CVA). The associated capital requirements are equal to the sum of these two computations multiplied by a factor set by the regulator, specific to each bank. For the remaining part determined according to the standard method, Societe Generale applies the rules defined by the Capital Requirement Regulation: weighting by a normative factor of the EAD multiplied by a recomputed maturity.

The management of this exposure and regulatory capital charge led the Group to buy protection (such as Credit Default Swaps) from major financial institutions. In addition to reducing the credit risk, it decreases their variability resulting from a change in the credit spreads of counterparties.

Wrong-way risk adjustment

Wrong-way risk is the risk that occurs when Group exposure to a counterparty strongly increases whereas the probability that the counterparty defaults also increases.

There are two cases of wrong-way risk:

- specific wrong-way risk, where the amount of exposure is directly related to the credit quality of the counterparty
- general wrong-way risk, where there is a significant correlation between some market factors and the creditworthiness of the Group's counterparty.

Wrong-way risk is subject to identification procedures, calculation of exposures as well as specific and regular monitoring of identified counterparties.

HEDGING OF CREDIT RISK

Guarantees and collateral

Audited | The Group uses credit risk mitigation techniques both for market and commercial banking activities. These techniques provide partial or full protection against the risk of debtor insolvency.

There are two main categories:

- personal guarantees are commitments made by a third party to replace the primary debtor in the event of the latter's default. These guarantees encompass the protection commitments and mechanisms provided by banks and similar credit institutions, specialised institutions such as mortgage guarantors (e.g. Crédit Logement in France), monoline or multiline insurers, export credit agencies, etc. By extension, credit insurance and credit derivatives (purchase of protection) also belong to this category
- collateral can consist of physical assets in the form of property, commodities or precious metals, as well as financial instruments such as cash, high-quality investments and securities, and also insurance policies.

Appropriate haircuts are applied to the value of collateral, reflecting its quality and liquidity.

The Group proactively manages its risks by diversifying guarantees: physical collateral, personal guarantees and others (including CDS).

During the credit approval process, an assessment is performed on the value of guarantees and collateral, their legal enforceability and the guarantor's ability to meet its obligations. This process also ensures that the collateral or guarantee successfully meets the criteria set forth in the Capital Requirements Directive (CRD).

Guarantor ratings are reviewed internally at least once a year and collateral is subject to revaluation at least once a year.

The Risk function is responsible for approving the operating procedures established by the business divisions for the regular valuation of guarantees and collateral, either automatically or based on an expert opinion, both during the approval phase for a new loan or upon the annual renewal of the credit application.

The amount of guarantees and collateral is capped at the amount of outstanding loans, i.e. EUR 248.59 billion at 31st December 2015, of which EUR 128.74 billion for retail customers and EUR 119.85 billion for non-retail customers (versus EUR 111.5 billion and EUR 109.5 billion, respectively, at 31st December 2014).

Guarantees and collateral received for outstanding loans not individually impaired amounted to EUR 2.11 billion at 31st December 2015 (of which EUR 1.24 billion for retail customers and EUR 0.87 billion for non-retail customers). Guarantees and collateral received for individually impaired loans amounted to EUR 6.69 billion at 31st December 2015 (of which EUR 3.13 billion for retail customers and EUR 3.56 billion for non-retail customers). These amounts are capped at the amount of outstanding individually impaired loans. ▲

Use of credit derivatives to manage corporate concentration risk

Audited I Within Corporate and Investment Banking, the Credit Portfolio Management (CPM) team is responsible for working in close cooperation with the Risk Division and the businesses to reduce excessive portfolio concentrations and react quickly to any deterioration in the creditworthiness of a particular counterparty. CPM has now been merged with the department responsible for managing scarce resources for the credit and loan portfolio.

The Group uses credit derivatives in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentration and to implement a proactive risk and capital management approach. Individual protection is essentially purchased under the over-concentration management policy. For example, the ten most hedged names account for 90% of the total amount of individual protections purchased. The notional value of Corporate credit derivatives (Credit Default Swaps, CDS) purchased for this purpose is booked in off-balance sheet commitments under guarantee commitments received.

Total outstanding purchases of protection through Corporate credit derivatives decreased to EUR 0.7 billion at end-December 2015 (compared to EUR 1.2 billion at end-December 2014).

In 2015, the Credit Default Swap (CDS) spreads from European investment-grade issuances (iTraxx index) slightly widened, increasing the individual sensitivity of covered entities to the increase of spreads. The decline in outstandings mitigated this effect, with the portfolio's overall sensitivity remaining virtually unchanged.

Almost all protection was purchased from bank counterparties (from now on mainly through clearing houses) with ratings of A- or above, the average being A+. The Group is also careful to avoid an excessive concentration of risks with respect to any particular counterparty. ▲

Mitigation of counterparty risk linked to market transactions

Audited I Societe Generale uses different techniques to reduce this risk. With regard to trading counterparties, it seeks to implement master agreements with a termination-clearing clause wherever it can. In the event of default, they allow netting of all due and payable amounts. The contracts usually call for the revaluation of the required collateral at regular intervals (often on a daily basis) and for the payment of the corresponding margin calls. Collateral is largely composed of cash and high-quality liquid assets, such as government bonds with a good rating. Other tradable assets are also accepted, provided that the appropriate haircuts are made to reflect the lower quality and/or liquidity of the asset.

At 31st December 2015, most over-the-counter (OTC) transactions were secured: by amount[(1)], 64% of transactions with positive mark to market (collateral received by Societe Generale) and 68% of transactions with negative mark to market (collateral posted by Societe Generale).

Management of OTC collateral is monitored on an ongoing basis in order to minimize operational risk:

- the exposure value of each collateralised transaction is certified on a daily basis
- specific controls are conducted to make sure the process goes smoothly (settlement of collateral, cash or securities; monitoring of suspended transactions, etc.)
- all outstanding secured transactions are reconciled with those of the counterparty according to a frequency set by the regulator (mainly on a daily basis) in order to prevent and/or resolve any disputes on margin calls
- any legal disputes are monitored daily and reviewed by a committee.

Moreover, the European Market Infrastructure Regulation (EMIR) published in 2012 places new measures on derivatives market participants in order to improve the stability and transparency of this market. Specifically, the 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, timely confirmation, portfolio compression[(2)]) for OTC derivatives not cleared by central counterparties. Some of these measures are already in effect (portfolio reconciliation, dispute resolution, first clearing obligation), while others are expected to come into force only gradually. As of the end of December 2015, 15% of the OTC transactions (amounting to 43% of the nominal) are cleared through clearing houses. ▲

(1) Excluding OTC deals cleared in clearing houses.

(2) Process which consists in i) the identification of the deals whose risks can be offset and ii) their replacement by a lower number of transactions, while keeping the same residual exposure.

Credit insurance

Audited | In addition to using export credit agencies (for example Coface and Exim) and multilateral organisations (for example the EBRD), Societe Generale has been developing relationships with private insurers over the last several years in order to hedge some of its loans against commercial and political non-payment risks.

This activity is performed within a risk framework and monitoring system approved by the Group's General Management. The system is based on an overall limit for the activity, along with sub-limits by maturity, and individual limits for each insurance counterparty which must meet strict eligibility criteria.

The implementation of such a policy contributes overall to a sound risk reduction. ▲

RISK MEASUREMENT AND INTERNAL RATINGS

In 2007, Societe Generale obtained authorisation from its supervisory authorities to apply the Internal Ratings-Based (IRB) approach to most of its exposures – this is the most advanced method for calculating capital requirements in respect of credit risk.

Since the initial authorisation was given, the transition from the standard approach to the IRB approach for some of its activities and exposures has been selective and marginal.

TABLE 12: BREAKDOWN OF EAD(1) BY THE BASEL METHOD

	31st December 2015	31st December 2014
IRB	79%	78%
Standard	21%	22%
Total	**100%**	**100%**

(1) Excluding equity investments, fixed assets, and all accruals.

TABLE 13: SCOPE OF APPLICATION OF THE IRB AND STANDARD APPROACHES FOR THE GROUP

	IRB Approach	Standard Approach
French Retail Banking	Majority of portfolios	Some retail customer portfolios including those of the SOGELEASE subsidiary
International Retail Banking and Financial Services	The subsidiaries Komercni Banka (Czech Republic), CGI, Fiditalia, GEFA and SG Finans, SG leasing SPA, Fraer Leasing SPA	The other subsidiaries
Global Banking and Investor Solutions	Majority of Corporate and nvestment Banking portfolios As for Private Banking, Securities Services and Brokerage, mainly the Retail portfolios of the following subsidiaries: SG Hambros, SGBT Luxembourg, SGBT Monaco, SG Private Banking Suisse	As for Private Banking, Securities Services and Brokerage, the exposures granted to banks and companies
Corporate Centre	Majority of portfolios	-

General framework of the internal approach

Audited | To calculate its capital requirements under the IRB method, Societe Generale estimates the Risk Weighted Asset (RWA) and the Expected Loss (EL), a loss that may be incurred due to the nature of the transaction, the quality of the counterparty and all measures taken to mitigate risk.

To calculate its RWA, Societe Generale uses its own Basel parameters, which are estimated using its internal risk measurement system:

- the Exposure at Default (EAD) value is defined as the Group's exposure in the event the counterparty should default. The EAD includes exposures recorded on the balance sheet (loans, receivables, income receivables, market transactions, etc.), and a proportion of off -balance sheet exposures calculated using internal or regulatory Credit Conversion Factors (CCF);
- the Probability of Default (PD): the probability that a counterparty of the bank will default within one year;
- the Loss Given Default (LGD): the ratio between the loss incurred on an exposure in the event a counterparty defaults and the

amount of the exposure at the time of the default.

The Societe Generale Group also takes into account:

- the impact of guarantees and credit derivatives with the substitution of the PD, the LGD and the risk weighting calculation of the guarantor with those of the obligor (the exposure is considered to be a direct exposure to the guarantor) in the event that the guarantor's risk weighting is more favourable than that of the obligor;
- collaterals used as guarantees (physical or financial). This impact is factored either at the level of the LGD models in the pools concerned or on a line-by-line basis.

The Group has also received authorisation from the regulator to use the IAA (Internal Assessment Approach) method to calculate the regulatory capital requirement for ABCP (Asset-Backed Commercial Paper) securitisation.

Besides the capital requirement calculation objectives under the IRBA method, the Group's credit risk measurement models contribute to the management of the Group's operational activities. They also constitute tools to structure, price and approve transactions and participate in the setting of approval limits granted to business lines and the Risk Department. ▲

Credit risk measurement for wholesale clients

The Group's credit risk measurement system, which estimates internal Basel parameters, uses a quantitative evaluation mechanism coupled with an expert judgement.

For Corporate, Banking and Sovereign portfolios, the measurement system is based on three key pillars:

- a counterparty rating system;
- a system that automatically assigns Loss Given Default (LGD) and Credit Conversion Factor (CCF) parameters according to the characteristics of each transaction;
- a collection of procedures also sets out the rules relating to ratings (application field, revision frequency, rating approval procedure, etc.), as well as for the supervision, backtesting and validation of models. These procedures help among others to facilitate the human judgement that casts an indispensable critical eye on the models for these portfolios.

RATING SYSTEM

The rating system consists in assigning a rating to each counterparty according to an internal scale, for which each grade corresponds to a probability of default determined using historical series observed by Standard & Poor's over more than 20 years.

The following table presents Societe Generale's internal rating scale and the corresponding scales of the main external credit assessment institutions, as well as the corresponding mean estimated probability of default.

The rating assigned to a counterparty is generally proposed by a model and then adjusted and approved by experts in the Risk Department following the individual analysis of each counterparty.

The counterparty rating models are structured in particular according to the type of counterparty (companies, financial institutions, public entities, etc.), the country, geographical region and size of the company (usually assessed through its annual turnover).

The company rating models are underpinned by statistical models (regression methods) of client default. They combine quantitative parameters derived from financial data that evaluate the sustainability and solvency of counterparties and qualitative parameters that evaluate economic and strategic dimensions.

TABLE 14: SOCIETE GENERALE'S INTERNAL RATING SCALE AND CORRESPONDING SCALES OF RATING AGENCIES

Counterparty internal rating	DBRS	FitchRatings	Moody's	S&P	1 year probability
1	AAA	AAA	Aaa	AAA	0.01%
2	AA high to AA low	AA+ to AA-	Aa1 to Aa3	AA+ to AA-	0.02%
3	A high to A low	A+ to A-	A1 to A3	A+ to A-	0.04%
4	BBB high to BBB low	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	0.30%
5	BB high to BB low	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	2.16%
6	B high to B low	B+ to B-	B1 to B3	B+ to B-	7.93%
7	CCC high to CCC low	CCC+ to CCC-	Caa1 to Caa3	CCC+ to CCC-	20.67%
8, 9 and 10	CC and below	CC and below	Ca and below	CC and below	100.00%

LGD MODELS

The loss given default (LGD) is an economic loss that is measured by taking into account all parameters pertaining to the transaction, as well as the fees incurred for recovering the receivable in the event of a counterparty default.

The models used to estimate the loss given default (LGD) excluding retail clients are applied by regulatory sub-portfolios, type of asset, size and geographical location of the transaction or of the counterparty, depending on the existence or not of collateral and its nature. This makes it possible to define homogenous risk pools, notably in terms of recovery, procedures and the legal environment.

These estimates are built on a statistical basis when the number of loans in default is sufficient. They are based in this case on the observation of recovery data over a long period.

When the number of defaults is insufficient, the estimate is revised or determined by an expert.

THE CCF MODELS (CREDIT CONVERSION FACTOR)

For its off-balance sheet exposures, Societe Generale is authorised to use the internal approach for "term loan with drawing period" products and revolving credit lines.

TABLE 15: WHOLESALE CLIENTS - MODELS AND PRINCIPAL CHARACTERISTICS OF MODELS

Modelled Parameter	Portfolio/Category of Basel assets	Number of models	Model and methodology Number of years default/loss
	PORTFOLIO / CATEGORY OF BASEL ASSETS		
Probability of default (PD)	Sovereigns	Expert rating	Expert-type model, use of the external ratings of agencies. Low default portfolio.
	Public sector entities	4 models according to the geographical regions (FR-US-Czech Rep.- Other).	Statistical-type models (regression) for the rating process, based on the combination of financial ratios and a qualitative questionnaire. Low default portfolio.
	Financial institutions	5 models according to the type of counterparty: Banks, Insurances, Funds, Financial intermediaries, Funds of Funds.	Expert-type models based on a qualitative questionnaire. Low default portfolio.
	Specialised financing	5 models according to the type of transaction.	Expert-type models based on a qualitative questionnaire.
	Large corporates	9 models according to the geographical regions.	Statistical-type models (regression) for the rating process, based on the combination of financial ratios and a qualitative questionnaire. Defaults observed over a period of 8 to 10 years.
	Small and medium-sized companies	12 models according to the size of companies and the geographical region.	Statistical-type models (regression) for the rating process, based on the combination of financial ratios and a qualitative questionnaire. Defaults observed over a period of 8 to 10 years.
Loss given default (LGD)	Public sector entities - Sovereigns	4 models – According to the type of counterparty.	Calibration based on historical data and expert judgments. Losses observed over a period of more than 10 years.
	Large corporates - Flat-rate Approach	>20 models Flat-rate approach according to the type of collateral.	Calibration based on historical data adjusted by the expert judgments. Losses observed over a period of more than 10 years.
	Large corporates - Discount Approach	12 models Discount approach according to the type of recoverable collateral.	Calibration based on historical market data adjusted by the expert judgments. Losses observed over a period of more than 10 years.
	Small and medium-sized companies	13 models Flat-rate approach according to the type of collateral or unsecured.	Calibration based on historical data adjusted by the expert judgments. Losses observed over a period of more than 10 years.
	Project financing	10 models Flat-rate approach according to the project type.	Calibration based on historical data adjusted by the expert judgments. Losses observed over a period of more than 10 years.
	Financial institutions	7 models Flat-rate approach according to the type of counterparty: banks, insurances, funds, etc. and the nature of the collateral.	Calibration based on historical data adjusted by the expert judgments. Losses observed over a period of more than 10 years.
	Other specific portfolios	6models: factoring, leasing with option to purchase and other specific cases.	Calibration based on historical data adjusted by the expert judgments. Losses observed over a period of more than 10 years.
Credit conversion factor (CCF)	Large corporates	3 models: Term loans with drawing period, revolving credits, Czech Corporates.	Models calibrated by segment. Defaults observed over a period of more than 10 years.
Expected Loss [EL]	Real estate transaction	1 model by slotting.	Statistical model based on expert opinion and a qualitative questionnaire. Low default portfolio.

BACKTESTS

The performance level of the entire wholesale client credit system is measured by regular backtests that compare estimates with actual results by PD, LGD, CCF and portfolios.

The compliance of this system is based on the consistency between the parameters used and the long-term trends analysed, with safety margins that take into account areas of uncertainty (cyclicity, volatility, quality of data, etc.).

The safety margins applied are regularly estimated, checked and revised if necessary.

The results of backtests can justify the implementation of remedial plans or the application of add-ons if the system is deemed to be insufficiently prudent. The results of backtests, remedial plans and add-ons are presented to the Committee of Experts for discussion and approval (see Governance of the modelling of risks, p. 168).

TABLE 16: COMPARISON OFRISK PARAMETERS: ESTIMATED AND ACTUAL PD, LGD AND EAD VALUES – WHOLESALE CLIENTS

Basel Portfolio	Estimated probability of default	Actual default rate (long-term average)	Estimated LGD*	Actual LGD excluding safety margin	Actual EAD**/Estimated EAD
Sovereigns	0.7%	0.3%	-	-	-
Banks	1.4%	0.8%	-	-	-
Other financial institutions	0.7%	0.2%			
Large corporates	2.1%	1.1%	34%	24%	95.4%
Small and medium sized companies	3.9%	3.9%	41%	37%	

* LGD senior unsecured.

**Modelled CCF (revolving, term loans), only for defaults.

Credit risks measurement of retail clients

PROBABILITY OF DEFAULT MODELS

The modelling of the probability of default of retail client counterparties is carried out specifically by each of the Group's business lines recording its assets using the IRBA method. The models incorporate data on the payment behaviour of counterparties. They are segmented by type of client and distinguish between retail clients, professional clients, very small businesses and real estate investment companies (SCI, Sociétés Civiles Immobilières).

The counterparties of each segment are classified automatically using statistical models in homogenous risk pools, each of which is assigned probabilities of default.

Once the counterparties are classified in statistically distinct homogenous risk pools, the probability of default parameters are estimated by observing the average long-term default rates for each product. These estimates are adjusted by a safety margin to estimate as best as possible a complete default cycle using a Through the Cycle (TTC) approach.

LGD MODELS

The models for estimating the loss given default (LGD) of retail clients are specifically applied by business line portfolio. LGD values are estimated by product, according to the existence or not of collateral.

Consistent with operational recovery processes, estimate methods are generally based on a two-step modelling process that initially estimates the proportion of defaulted loans in loan termination, followed by the loss incurred in case of loan termination.

The expected losses are estimated with internal long-term historical recovery data for exposures that have defaulted. These estimates are adjusted with safety margins in order to reflect the possible impact of a downturn.

CCF MODELS

For its off-balance sheet exposures, Societe Generale applies its estimates for revolving loans and overdrafts on current account held by retail and professional clients.

TABLE 17: RETAIL CLIENTS - MODELS AND PRINCIPAL CHARACTERISTICS OF MODELS

Modelled Parameter	Portfolio/Category of Basel assets	Number of models	Model and methodology Number of years default/loss
		RETAIL CLIENTS	
Probability of default (PD)	Residential real estate	12 models according to the entity, the type of guarantee (security, mortgage), the type of counterparty: individuals or professionals / VSB, Real estate investment company (SCI).	Statistical-type model (regression), behavioural score. Defaults observed over a period from 5 to 8 years.
	Other retail credits	> 20 models according to the entity, the nature and the object of the loan: personal loan, consumer loan, automobile, etc.	Statistical-type model (regression), behavioural score Defaults observed over a period from 5 to 8 years.
	Renewable exposures	13 models according to the entity, the nature of the loan: overdraft on current account, revolving credit or consumer loan.	Statistical-type model (regression), behavioural score. Defaults observed over a period from 5 to 8 years.
	Professionals and very small businesses	14models according to the entity, the nature of the loan: medium and long-term investment credits, short-term credit, automobile, the type of counterparty (individual or Real estate investment company (SCI)).	Statistical-type model (regression or segmentation), behavioural score. Defaults observed over a period from 5 to 8 years
Loss given default (LGD)	Residential real estate	12 models according to the entity, the type of guarantee (security, mortgage), the type of counterparty: individuals or professional / VSB, Real estate investment company (SCI).	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Other retail credits	> 20 models according to the entity, the nature and the object of the loan: personal loan, consumer loan, automobile, etc.	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
	Renewable exposures	13 models according to the entity, the nature of the loan: overdraft on current account, revolving credit or consumer loan	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years/
	Professionals and very small businesses	13 models according to the entity, the nature of the loan: medium and long-term investment credits, short-term credit, automobile, the type of counterparty (individual or Real estate investment company (SCI)).	Statistical model of expected recoverable flows based on the current flows. Model adjusted by expert opinions if necessary. Losses and recoverable flows observed over a period of more than 10 years.
Credit Conversion Factor [CCF]	Renewable exposures	10 calibrations by entities for revolving products and personal overdrafts	Models calibrated by segments over a period of observation of defaults from 5 to 8 years.
Expected Loss [EL]	Private Banking exposures	PD and LGD derived from loss observations.	Models restructured into a PD/LGD based approach. Pending authorisation for use by supervision authorities.

BACKTESTS

TThe performance level of the whole retail client credit system is measured by regular backtests, which check the performance of PD, LGD and CCF models and compare estimated figures with actual figures.

Each year, the average long-term default rates observed by homogenous risk pools are compared with the probabilities of default. If necessary, the calibrations of probabilities of default are adjusted to preserve a satisfactory safety margin. The discrimination level of the models and changes in the portfolio's composition are also measured.

Regarding the LGD, the backtest consists in comparing the last estimation of the LGD obtained by computing the average level of payments observed and the value used to calculate regulatory capital.

The difference should in this case reflect a sufficient safety margin to take into account a potential economic slowdown, uncertainties about estimation, and changes in the performance of recovery processes. The appropriateness of this safety margin is assessed by a Committee of experts.

Likewise for the CCF, the level of conservatism of estimates is assessed annually by comparing estimated drawdowns and observed drawdowns on the undrawn part.

The results presented below for the PD cover all the portfolios of the Group entities with the exception of Private Banking, where the restructured models are currently awaiting authorisation for use by the supervision authorities.

The exposures to retail customers of subsidiaries specialised in Equipment Financing are integrated into the retail customer portfolio under the "VSB and professionals" sub-portfolio (exposures of GEFA, SGEF Italy, SG Finans).

The real estate exposures guaranteed by Crédit Logement are subject to special processing to calculate the capital requirements. The estimated risk parameters do not reflect the actual level of risk given the possible exercise of the guarantee. Accordingly, only the mean observed default rate is provided for information purposes.

The figures below aggregate French, Czech, German, Scandinavian and Italian exposures. For all the Basel portfolios of retail clients, the actual default rate over a long period is lower than the estimated probability of default, which confirms the overall conservatism of the rating system.

TABLE 18: COMPARISON OF RISK PARAMETERS: ESTIMATED PD, LGD, EAD AND ACTUAL VALUES– RETAIL CLIENTS

	31.12.2015				
Basel Portfolio	**Estimated probability of defaul**	**Actual default rate (long-term average)**	**Estimated LGD***	**Actual LGD excluding safety margin**	**Actual EAD**/ Estimated EAD**
Real estate loans (excluding guaranteed exposures)	2.4%	2.1%	17%	14%	–
Real estate loans (guaranteed exposures)	–	1.0%	–	–	–
Renewable exposures	5.8%	5.4%	44%	41%	70.0%
Other retail credits	3.4%	3.2%	25%	23%	–
VSB and professionals	5.2%	4.2%	26%	21%	65.2%
Total Group Retail Client*	**3.6%**	**3.2%**	**24%**	**21%**	**66.8%**

	31.12.2014				
Basel Portfolio	**Estimated probability of defaul**	**Actual default rate (long-term average)**	**Estimated LGD***	**Actual LGD excluding safety margin**	**Actual EAD**/ Estimated EAD**
Real estate loans (excluding guaranteed exposures)	2.2%	2.0%	19%	14%	–
Real estate loans (guaranteed exposures)	–	0.9%	–	–	–
Renewable exposures	6.2%	5.4%	44%	39%	Na
Other retail credits	3.9%	3.2%	25%	22%	
VSB and professionals	5.3%	5.2%	29%	25%	Na
Total Group Retail Client*	**3.4%**	**2.9%**	**24%**	**20%**	**Na**

* Excluding guaranteed exposures.

** Revolving credits and current accounts of individual and professional clients.

Governance of the modelling of risks

Governance consists in developing, validating and monitoring decisions on changes with respect to internal credit risk measurement models. An independent and dedicated validation department within the Risk Division is more specifically responsible for validating the credit models and parameters used for the IRB method and monitoring the use of the rating system. The internal model validation team draws up an annual audit plan specifying the nature and extent of work that needs to be carried out, notably according to regulatory constraints, model risks, issues covered by the model and the strategic priorities of the business lines. It is careful to coordinate its work with the Internal Audit Division to ensure a simultaneous overall review (modelling and banking aspects) of the business scopes requiring such a review. The model validation team is included within the scope subject to inspections by the Internal Audit Division.

The internal validation protocol for new models and annual backtesting is broken down into three stages:

- a preparation stage during which the validation team takes control of the model and the environment in which it is built and/or backtested, ensures that the expected deliverables are complete, and draws up a working plan;
- an investigation stage intended to collect all statistical and banking data required to assess the quality of the models. For subjects with statistical components, a review is performed by the independent model control entity, whose conclusions are formally presented to the modelling entities within the framework of a committee (Models Committee);
- a validation stage that is structured around a Committee of experts whose purpose is to validate the consistency of the Basel parameters of an internal model from a banking perspective. The Committee of experts is a body reporting to the Group Chief Risk Officer and to the Management of the business lines concerned.

The Committee of experts is also responsible for defining the review guidelines and for revising models at the proposal of the Models Committee. These guidelines take into account the regulatory requirements and economic and financial issues of the business lines.

In accordance with the delegated regulation (EU) No.259/2014 of 20th May 2014 regarding the monitoring of internal models used to calculate capital requirements, changes to the Group's credit risk measurement system are subject to three types of notification to the competent supervisor according to the significant nature of the change, evaluated according to this rule:

- significant changes are subject to a request for authorisation prior to their implementation;
- changes which are not significant according to the criteria defined by the regulation are notified to the supervisor. Barring a negative response within a two-month period, these may be implemented;
- other changes are notified to the competent authorities after their implementation at least once annually in a specific report.

CREDIT RISK: QUANTITATIVE INFORMATION

Audited | The measurement used for credit exposures in this section is EAD – Exposure At Default (on- and off-balance sheet), excluding fixed assets, equity investments, and all accruals. Under the Standard Approach, EAD is calculated net of collateral and provisions. ▲

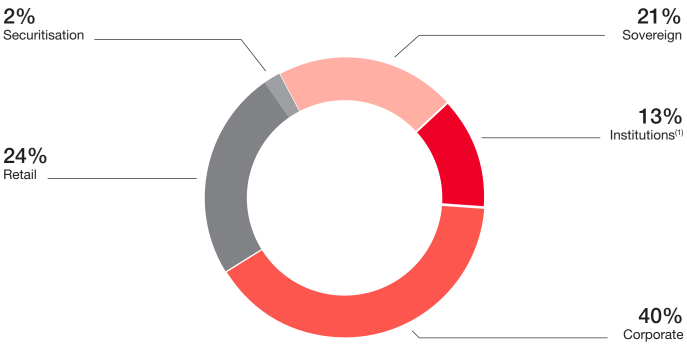
Exposures are broken down by portfolios, sectors and obligor ratings, before taking into account the substitution effect.

Credit risk exposure

Audited | At 31st December 2015, the Group's Exposure at Default (EAD) amounted to EUR 781 billion (of which 615 billion on-balance sheet). ▲

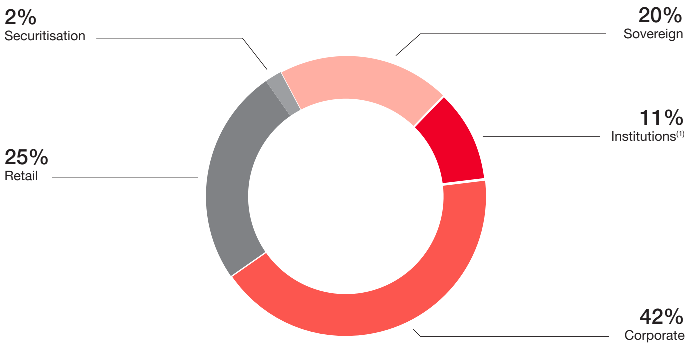
AUDITED | CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 31ST DECEMBER 2015

On- and off-balance sheet exposures (EUR 781 billion in EAD). ▲



AUDITED | CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 31ST DECEMBER 2014

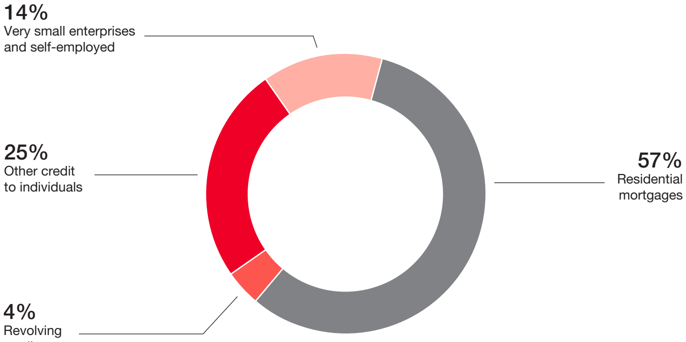
On- and off-balance sheet exposures (EUR 722 billion in EAD). ▲



(1) Institutions: Basel classification banks and public sector entities.

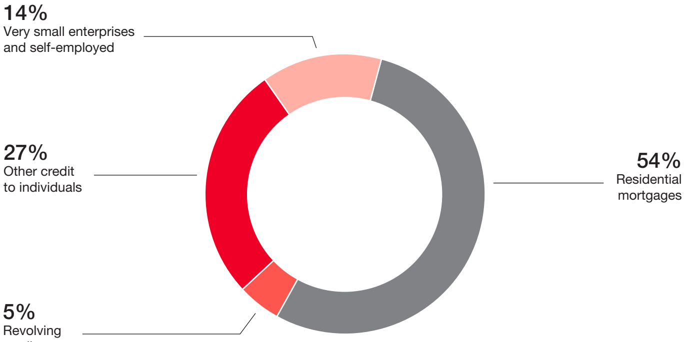
AUDITED I RETAIL CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 31ST DECEMBER 2015

On- and off-balance sheet exposures (EUR 190 billion in EAD). ▲



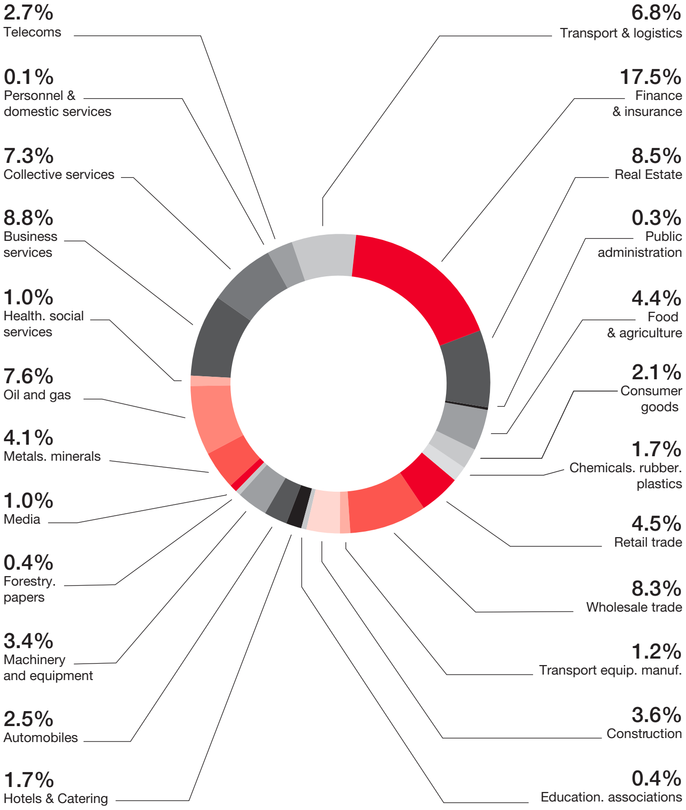
AUDITED I RETAIL CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EAD) AT 31ST DECEMBER 2014

On- and off-balance sheet exposures EUR 179 billion in EAD. ▲



AUDITED I SECTOR BREAKDOWN OF GROUP CORPORATE EXPOSURE AT 31ST DECEMBER 2015

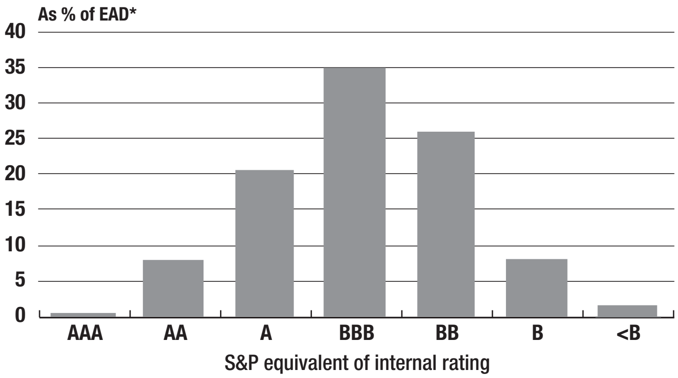
(Basel corporate portfolio, EUR 313 billion in EAD).



The Group's Corporate portfolio (Large Corporates, SMEs and Specialised Financing) is highly diversified in terms of sectors.

As of 31st December 2015, the Corporate portfolio amounted to EUR 313 billion (on- and off-balance sheet exposures measured in EAD). Only the Finance and Insurance sector accounts for more than 10% of the portfolio.The Group's exposure to its 10 largest corporate counterparties accounts for 4% of this portfolio. ▲

BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT 31ST DECEMBER 2015



* Exposure at Default (EAD) relative to borrower, issuer and replacement risk on outstandings measured using the IRB method, excluding fixed assets, equity investments, all accruals, and doubtful loans.

The scope includes performing loans recorded under the IRB method for the entire Corporate client portfolio, all divisions combined, and represents EAD of EUR 239 billion (out of total EAD for the Basel Corporate client portfolio of EUR 313 billion, standardised method included).

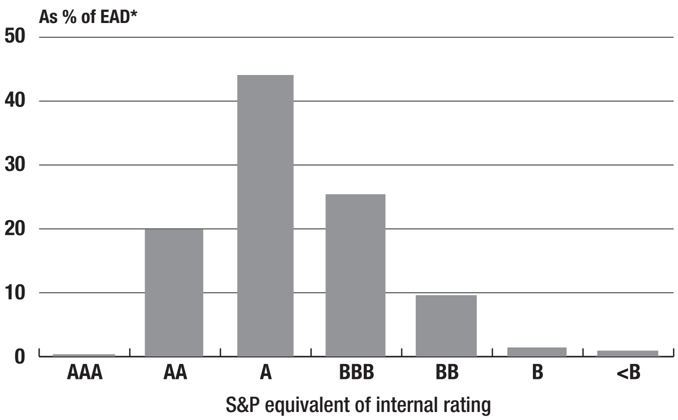
The breakdown by rating of the Societe Generale Group's Corporate exposure demonstrates the sound quality of the portfolio. It is based on an internal counterparty rating system, presented above as its S&P equivalent.

At 31st December 2015, the majority of the portfolio (64% of Corporate customers) had an investment grade rating, i.e. counterparties with an S&P-equivalent internal rating higher than BBB-.

Transactions with non-investment grade counterparties are often backed by guarantees and collateral in order to mitigate the risk incurred.

Bank Counterparty exposure

BREAKDOWN OF RISK BY INTERNAL RATING FOR GROUP BANKING CLIENTS AT 31ST DECEMBER 2015



* Exposure at Default (EAD) relative to borrower, issuer and replacement risk on outstandings measured using the IRB method, excluding fixed assets, equity investments, all accruals, and doubtful loans.

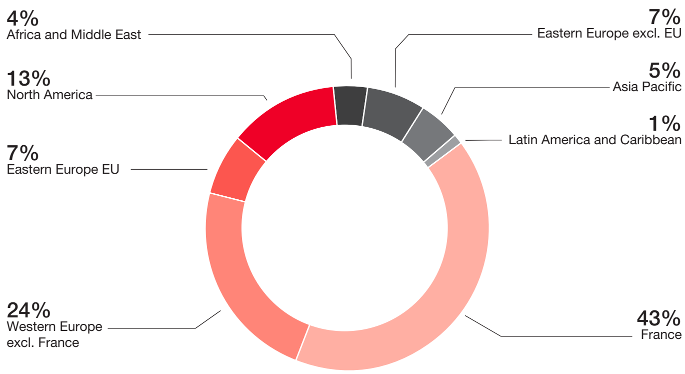
The scope includes performing loans recorded under the IRB method for the entire bank customer portfolio, all divisions combined, and represents EAD of EUR 36 billion (out of total EAD for the Basel bank client portfolio of EUR 99 billion). The breakdown by rating of the Societe Generale Group's bank counterparty exposure demonstrates the sound quality of the portfolio. It is based on an internal counterparty rating system, presented above as its S&P equivalent.

At 31st December 2015, exposure was concentrated in investment grade counterparties (89% of exposure) on the one hand, and developed countries (67%) on the other hand.

Geographic breakdown of Group credit risk exposure

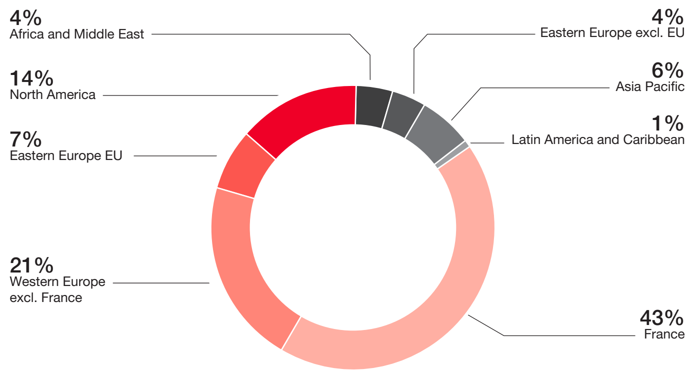
AUDITED | GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK EXPOSURE AT 31ST DECEMBER 2015 (ALL CLIENT TYPES INCLUDED)(1)

On- and off-balance sheet exposures (EUR 781 billion in EAD). ▲



AUDITED | GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK EXPOSURE AT 31ST DECEMBER 2014 (ALL CLIENT TYPES INCLUDED)(1)

On- and off-balance sheet exposures (EUR 722 billion in EAD). ▲

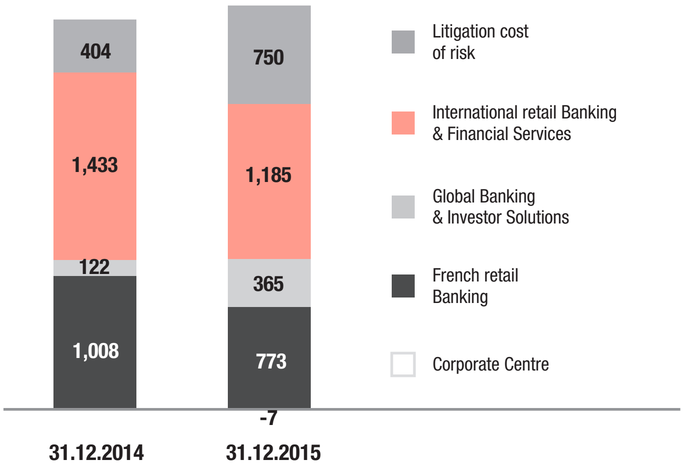


(1) According to the country of the guarantor.

Audited | At 31st December 2015, 87% of the Group's on- and off-balance sheet exposure was concentrated in the major industrialised countries. Almost half of the overall amount of outstanding loans was to French customers (25% exposure to non-retail portfolio and 18% to retail portfolio). ▲

Provisions and impairments for credit risks at 31st December 2015

CHANGE IN GROUP NET COST OF RISK (IN EUR M)



The Group's net cost of risk amounted to EUR -3065 million in 2015, up +3.3% vs. 2014. In particular, it included an additional EUR -600 million collective provision for litigation issues (of which -400 million in Q4-15). This provision amounted to EUR 1.7 billion at end-2015.

The Group's commercial cost of risk confirmed its downward trend, in line with the 2016 target. It stood at 52(1) basis points in 2015 vs. 61 basis points in 2014.

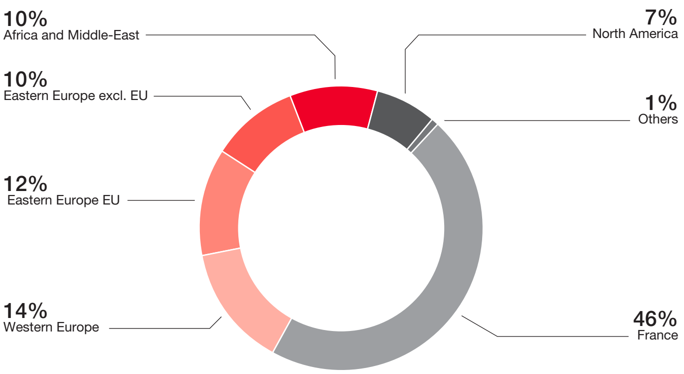
- In French Retail Banking, the commercial cost of risk continued to decline to 43 basis points (vs. 56 basis points in 2014), thanks to the low level for business customers.
- At 102 basis points (vs. 123 basis points in 2014), **International Retail Banking & Financial Services'** cost of risk was lower, due primarily to an improvement in the cost of risk in Europe, particularly in Romania, and on the African continent. The cost of risk in Russia remained under control despite a challenging economic environment.
- **Global Banking & Investor Solutions'** cost of risk amounted to 27 basis points in 2015 (vs. 10 basis points in 2014). 2015 was marked by increased provisioning on counterparties exposed to the oil and gas sector. In addition, a substantial provision was booked on a defaulting counterparty in Q4-15.

Specific provisions and impairments for credit risks

Impairments for credit risks are primarily booked for doubtful and disputed loans (customer loans, amounts due from banks, operating leases, lease financing and similar agreements). These loans amounted to EUR 24.6 billion at 31st December 2015 (vs. EUR 25.8 billion at 31st December 2014).

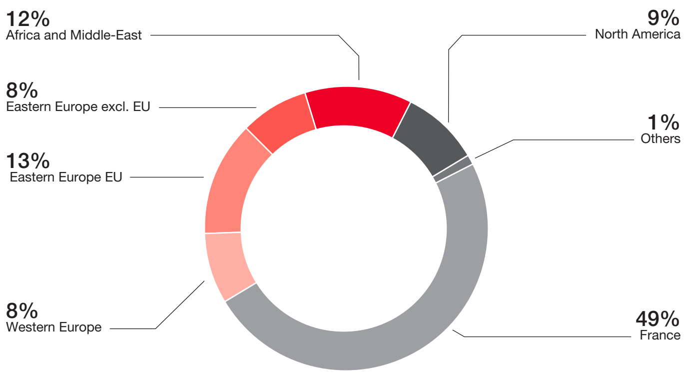
AUDITED | BREAKDOWN OF DOUBTFUL AND DISPUTED LOANS BY GEOGRAPHIC REGION AT 31ST DECEMBER 2015

At 31st December 2015, these loans amounted to EUR 24.6 billion. ▲



BREAKDOWN OF PROVISIONS AND IMPAIRMENTS AT 31ST DECEMBER 2015

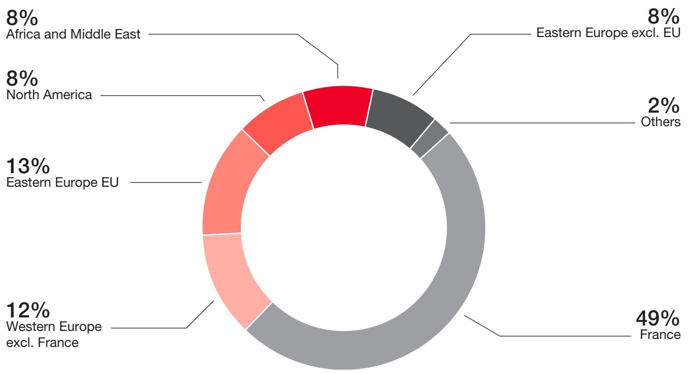
At 31st December 2015, these loans were provisioned or impaired for an amount of EUR 14.3 billion.



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

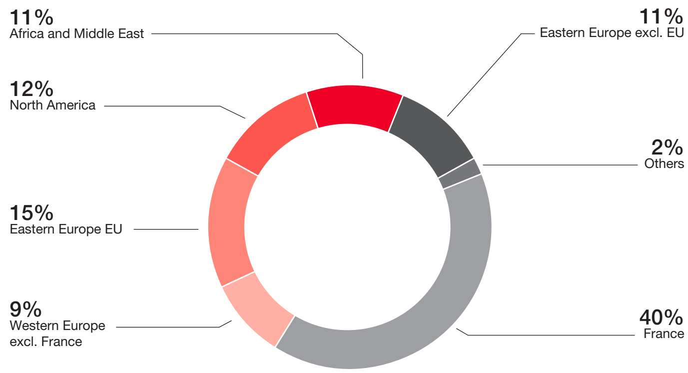
AUDITED | BREAKDOWN OF DOUBTFUL AND DISPUTED LOANS BY GEOGRAPHIC REGION AT 31ST DECEMBER 2014

At 31st December 2014, these loans amounted to EUR 25.8 billion. ▲



BREAKDOWN OF PROVISIONS AND IMPAIRMENTS AT 31ST DECEMBER 2014

At 31st December 2014, these loans were provisioned or impaired for an amount of EUR 15.1 billion.



Impairments on groups of homogeneous assets

Audited | At 31st December 2015, the Group's provisions for groups of homogeneous assets amounted to EUR 1.4 billion (vs. EUR 1.3 billion at 31st December 2014). ▲

TABLE 19: DOUBTFUL LOANS COVERAGE RATIO

	31.12.2015	31.12.2014
Gross book outstandings (in EUR bn)	461.4	431.0
Doubtful loans (in EUR bn)	24.6	25.9
Gross doubtful loans ratio	5.3%	6.0%
Specific impairments (in EUR bn)	14.3	15.1
Impairment on groups of homogenous assets (in EUR bn)	1.4	1.3
Gross doubtful loans coverage ratio (Overall provisions/doubtful loans)	64%	63%
Gross doubtful loans coverage ratio (excluding legacy assets)	63%	61%

See page 162: the amount of guarantees and collateral is capped at the amount of outstanding loans, i.e. EUR 248.59 billion at 31st December 2015, of which EUR 128.74 billion for retail customers and EUR 119.85 billion for non-retail customers (versus EUR 111.5 billion and EUR 109.5 billion, respectively, at 31st December 2014).

Guarantees and collateral received for outstanding loans not individually impaired amounted to EUR 2.11 billion at 31st December 2015 (of which EUR 1.24 billion for retail customers and EUR 0.88 billion for non-retail customers). Guarantees and collateral received for individually impaired loans amounted to EUR 6.69 billion at 31st December 2015 (of which EUR 3.13 billion for retail customers and EUR 3.56 billion for non-retail customers). These amounts are capped at the amount of outstanding individually impaired loans.

Restructured debt

Audited I For Societe Generale, "restructured" debt refers to loans whose amount, term or financial conditions have been contractually modified due to the borrower's insolvency (whether insolvency has already occurred or will definitely occur unless the debt is restructured).

Restructured debt does not include commercial renegotiations involving customers for which the bank has agreed to renegotiate the debt in order to retain or develop a business relationship, in accordance with credit approval rules in force and without giving up any of the principal or accrued interest.

Any situation leading to debt restructuring entails placing the customers in question in the Basel default category and classifying the loans themselves as impaired.

The customers whose loans have been restructured are kept in the default category, as long as the bank remains uncertain of their ability to meet their future commitments and for a minimum of one year.

Restructured debt totalled EUR 7.03 billion at 31st December 2015. ▲

TABLE 20: RESTRUCTURED DEBT

(In EUR m)	31.12.2015	31.12.2014
Non-performing restructured debt	6,036	5,883
Performing restructured debt	992	2,407
Total	**7,028**	**8,291**

Loans and advances past due but not individually impaired

Audited I Outstanding loans in the on-balance-sheet credit portfolio could be broken down as follows:

TABLE 21: LOANS AND ADVANCES PAST DUE BUT NOT INDIVIDUALLY IMPAIRED

	31.12.2015					31.12.2014				
(In EUR bn)	between 1 and 30 days	between 31 and 90 days	between 91 and 180 days	More than 180 days	Total	between 1 and 30 days	between 31 and 90 days	between 91 and 180 days	More than 180 days	Total
Due from banks (A)	**0.04**	**0.03**	**0.01**	**-**	**0.08**	**0.01**	**0.03**	**0.01**	**-**	**0.05**
Sovereign (B)	0.02	0.08	0.03	-	0.13	0.03	0.06	0.03	-	0.12
Corporates (C)	1.03	1.20	0.18	0.29	2.70	1.05	1.13	0.15	0.17	2.50
Retail (D)	2.08	0.83	0.08	0.08	3.07	2.17	0.94	0.11	0.10	3.32
Securitisations (E)	-	-	-	-	-	-	-	-	-	-
Customer loans (F = B + C + D + E)	**3.13**	**2.11**	**0.29**	**0.37**	**5.90**	**3.25**	**2.13**	**0.29**	**0.27**	**5.94**
Total (G = A + F)	**3.17**	**2.14**	**0.30**	**0.37**	**5.98**	**3.26**	**2.16**	**0.30**	**0.27**	**5.99**

The amounts presented in the table above include loans and advances that are past due for technical reasons, which primarily affect the "less than 31 days old" category. Loans past due for technical reasons are loans that are classified as past due on account of a delay between the value date and the date of recognition in the customer account.

Total declared past due loans not individually impaired included all receivables (outstanding principal, interest and past due amounts) with at least one recognised past due amount. These outstanding loans can be placed on a watch list as soon as the first payment is past due.

At 31st December 2015, outstanding performing assets with past due amounts accounted for 1.4% of unimpaired on-balance sheet assets excluding debt instruments and including loans that are past due for technical reasons. The amount is stable compared to 31st December 2014 (1.5% of outstanding performing assets excluding debt/securities).▲

5. MARKET RISKS

Audited I Market risks are the risks of losses resulting from unfavourable changes in market parameters. They concern all the trading book transactions as well as some of the banking book portfolios. ▲

ORGANISATION

Audited I Although primary responsibility for managing risk exposure lies with the front office managers, the supervision system is based on an independent structure, the Market Risk Department of the Risk Division.

The Department assignment includes:

- ensuring the existence and the implementation of an effective market risks framework based on suitable limits;
- approval of the limit requests submitted by the different businesses within the framework of the overall limits set by the Board of Directors and the General Management, and based on the use of these limits;
- proposal to the Group Risk Committee of appropriate market risk limits by Group activity;
- definition of internal models used to compute capital requirements related to market risk;
- definition of risk measurement methods, approval of the valuation models used to calculate risks and results, and definition of provisions for market risks (reserves and adjustments to earnings).

To carry out these different duties, the Market Risk Department relies on the data and analysis provided by the Finance Department of Global Banking and Investor Solutions, which monitors the Group's market positions on a permanent, daily and independent basis, notably via:

- daily calculation and certification of market risk indicators based on formal and secure procedures;
- reporting and first-level analysis of these indicators;
- daily monitoring of the limits set for each activity, in conjunction with the Market Risk Department;
- verification of the market parameters used to calculate risks and results in line with the methodologies defined by the Market Risk Department;
- monitoring and control of the gross nominal value of positions. This monitoring is based on alert levels applied to all instruments and desks, and contributes to the detection of possible rogue trading operations.

Accordingly, the Finance Department of Global Banking and Investor Solutions, in conjunction with the Market Risk Department, defines the architecture and functionalities of the information system used to produce the risk indicators for market transactions to ensure it meets the needs of the different business lines.

A daily report on use of limits on VaR (Value at Risk), stress tests (extreme scenarios) and other major market risks metrics (sensitivity, nominal, etc.) at various levels (Societe Generale, Global Banking and Investors Solutions, or Global Market) is submitted to the General Management and the managers of the business lines, in addition to a monthly report which summarises the key events in the area of market risk management. ▲

INDEPENDENT PRICING VERIFICATION

Market products are marked to market, when such market prices exist. Otherwise, they are valued using parameter-based models.

Firstly, each valuation model is independently validated by the Market Risk Department.

Secondly, the parameters used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division in accordance with the methodologies defined by the Market Risks Department (Independent Pricing Verification). If necessary, the valuations obtained are supplemented by additional reserves (such as bid-ask spreads and liquidity) determined reasonably and appropriately after an analysis of available data, based on methodologies validated by the Market Risk Department.

Valuation governance is enforced through two valuation committees, both attended by the Global Markets Division, Market Risk department and Finance representatives:

- The Global Valuation Committee is convened whenever necessary, at least every quarter, to discuss and validate financial instrument valuation methodologies (model refinements, reserve methodologies, parameter marking methods, etc.). This committee, chaired by the Finance Division and organised by its valuation expert team (Valuation Group) has worldwide accountability, and is the only body empowered to approve the valuation policies concerning financial instruments on market activities.
- On a quarterly basis, the Global Valuation Review Committee reviews changes in reserves, valuation adjustment figures, and related accounting impacts. This analytical review is performed by the Valuation Group.

A corpus of Valuation Policies describes the valuation framework and its governance, specifying the breakdown of responsibilities between the stakeholders.

METHODS FOR MEASURING MARKET RISK AND DEFINING LIMITS

Audited I The Group's market risk assessment is based on three main indicators, which are monitored through limits:

- the 99% Value-at-Risk (VaR) method: in accordance with the regulatory internal model, this global indicator is used for the day-to-day monitoring of the market risks incurred by the Group within the scope of its trading activities;
- a stress test measurement, based on a decennial shock-type indicator. Stress test measurements make it possible to restrict and monitor the Group's exposure to systemic risk and exceptional market shocks;
- complementary metrics (sensitivity, nominal, concentration or holding period, etc.), which ensure consistency between the overall risk limits and the operational thresholds used by the front office.

The following indicators are also calculated on a weekly basis: stressed VaR, IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure). The capital charges arising from these internal models complement the VaR by taking into account the rating migration risks and the default risks, and by limiting the procyclical nature of capital requirements ▲

99% VALUE AT RISK (VAR)

Audited I The Internal VaR Model was introduced at the end of 1996 and has been approved by the French regulator within the scope of the regulatory capital requirements.

The method used is the "historical simulation" method, which implicitly takes into account the correlation between all risk factors and is based on the following principles:

- storage in a database of the risk factors that are representative of Societe Generale's positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, etc.);
- definition of 260 scenarios corresponding to one-day variations in these market parameters over a rolling one-year period;
- application of these 260 scenarios to the market parameters of the day;
- revaluation of daily positions, on the basis of the 260 sets of adjusted daily market parameters

The 99% Value-at-Risk is the largest loss that would occur after eliminating the top 1% of the most adverse occurrences over a one-year historical period. Within the framework described above, it corresponds to the average of the second and third largest losses computed. The VaR assessment is based on a model and a certain number of conventional assumptions whose main limitations are as follows:

- by definition, the use of a 99% confidence interval does not take into account losses arising beyond this point; VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptionally large fluctuations;
- VaR is computed using closing prices, so intra-day fluctuations are not taken into account.

The Market Risk Department of the Risk Division mitigates the limitations of the VaR model by performing stress tests and other additional measurements.

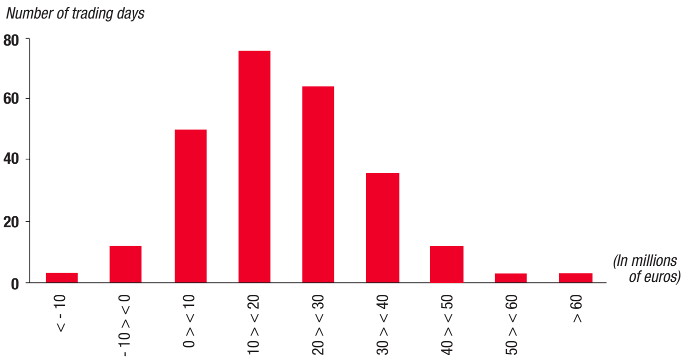
Moreover, the relevance of the model is checked through ongoing back-testing in order to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval.

Daily profit and loss used for back-testing includes in particular the change in value of the portfolio (book value) and the impact of new transactions and of transactions modified during the day (including their sales margins), refinancing costs, the various related commissions (brokerage fees, custody fees, etc.), as well as provisions and parameter adjustments made for market risk.

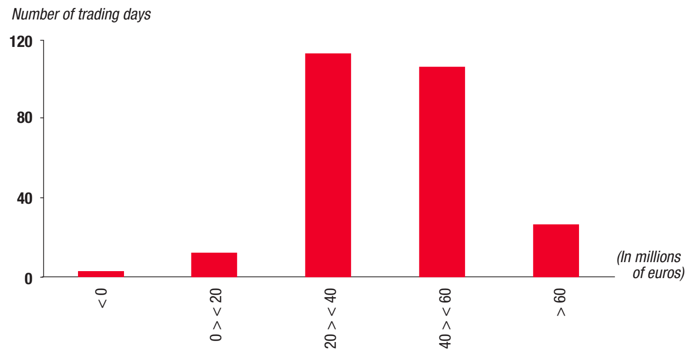
In 2015, at Societe Generale level, daily losses were observed 15 times, and 2 back-testing breaches occurred: the first one on 15th January 2015 following the Swiss National Bank's announcement to remove the CHF floor against EUR, and the second one on 7th September 2015 stemming from a strong market move on Eurostoxx implied volatility which impacted equity structured products. ▲

The following histograms show the distribution of this daily P&L over the last year, as well as the difference between daily P&L and VaR (negative values corresponding to any back-testing breaches).

BREAKDOWN OF THE DAILY P&L (TRADING PORTFOLIOS)



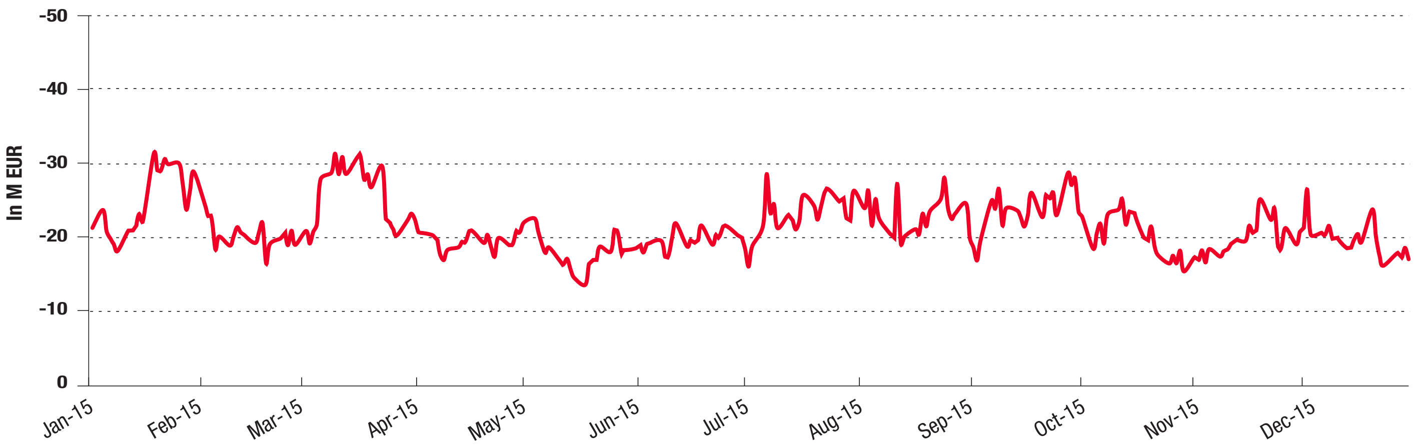
DIFFERENCE BETWEEN VAR AND DAILY P&L



Today, the market risks for almost all of Corporate and Investment Banking's activities are monitored using the VaR method, including those related to the most complex products, as well as the main market activities of Retail Banking and Private Banking. The few activities not covered by the VaR method, either for technical reasons or because the stakes are too low, are monitored using stress tests and give rise to capital charges calculated using the standard method or through alternative in-house methods.

The changes in the Group's trading VaR in 2015 are presented below:

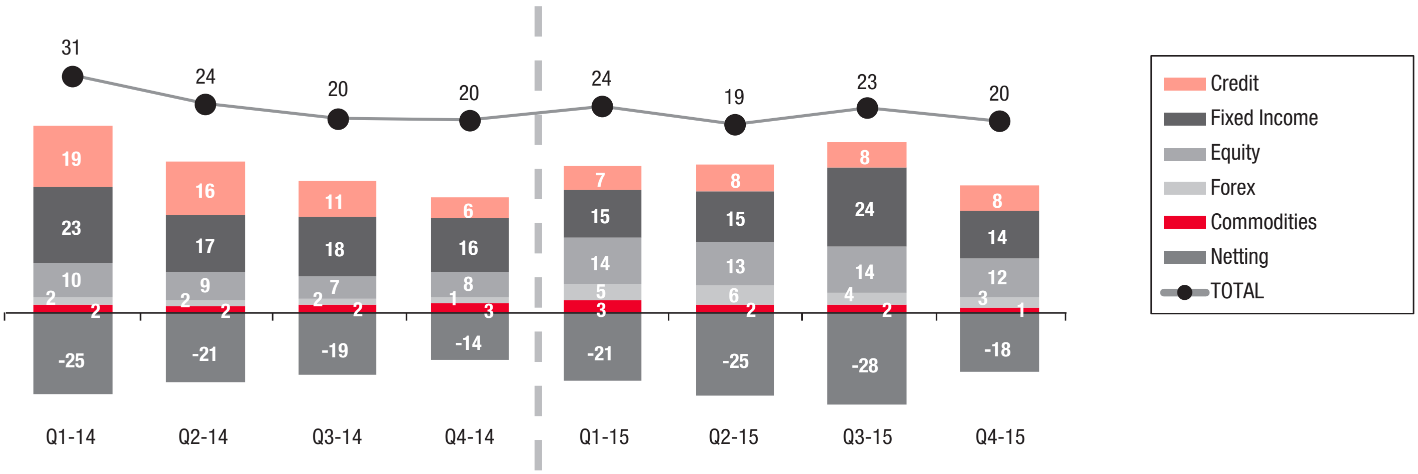
TRADING VAR (TRADING PORTFOLIOS) CHANGES OVER THE COURSE OF 2015 (1 DAY, 99%) (IN MILLIONS OF EUROS)



VAR 2015 (1 DAY, 99%)

(In EUR m)	Beginning of the year	End of the year	Minimum	Average	Maximum
VaR	**21.4**	**17.1**	**13.6**	**21.5**	**31.3**

AUDITED I BREAKDOWN BY RISK FACTOR OF TRADING VAR – CHANGES IN QUARTERLY AVERAGE OVER THE 2014-2015 PERIOD (IN MILLIONS OF EUROS)



VaR levels remained globally low (EUR 21 million on average in 2015 compared to EUR 24 million in 2014) due to the defensive risk profile, in a volatile market environment:

- the two peaks observed in January and March are respectively due to significant Forex market moves (removal of the CHF floor against EUR) and a large corporate deal on the equity perimeter, which has since been closed;
- the increase observed occasionally during the summer mainly stems i) from the entry of more volatile scenarios in the VaR computation window amid tight market conditions in July/August, impacting equity positions in particular, and ii) from a greater contribution of the EUR interest rate perimeter. ▲

STRESSED VAR (SVAR)

Audited I At end-2011, Societe Generale was authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR - French Prudential and Resolution Supervisory Authority) to supplement its internal models with the CRD3 measurements, in particular Stressed VaR, for the same scope as VaR.

The calculation method used is the same as under the VaR approach. It consists of carrying out a historical simulation with one-day shocks and a 99% confidence interval. Contrary to VaR, which uses 260 scenarios for one-day fluctuations over a rolling one-year period, Stressed VaR uses a fixed one-year historical window corresponding to a period of significant financial tension.

The historical stress window, which is determined using a method approved by the regulator, captures significant shocks on all risk factors (risks related to equity, interest rates, foreign exchange rates and commodities). It is subject to an annual review. ▲

SVAR 2015 (1 DAY, 99%)

(In EUR m)	Beginning of the year	End of the year	Minimum	Average	Maximum
SVaR	**70.9**	**38.5**	**27.1**	**49.4**	**81.8**

In 2015, SVaR amounted to EUR 49 million on average, compared to EUR 72 million in 2014. This decrease is mainly due to a more defensive risk profile, notably on interest rate and equity perimeters, two risk factors for which the shocks applied in the SVaR computation window are particularly severe.

STRESS TEST ASSESSMENT

Methodology

Audited | Alongside the internal VaR model, Societe Generale monitors its exposure using stress test simulations to take into account exceptional market occurrences.

A stress test estimates the loss resulting from an extreme change in market parameters over a period corresponding to the time required to unwind or hedge the positions affected (5 to 20 days for most trading positions).

This stress test risk assessment is applied to all of the Bank's market activities. It is based on a set of historical and theoretical scenarios that include the "Societe Generale Hypothetical Financial Crisis *Scenario"* (or "Generalised" *scenario)* based on the events observed in 2008. These scenarios apply shocks to all substantial risk factors, including exotic parameters.

Together with the VaR model, this stress test risk assessment methodology is one of the main pillars of the risk management framework. The underlying principles are as follows:

- risks are calculated every day for each of the Bank's market activities (all products together), using the historical and hypothetical scenarios;
- stress test limits are established for Societe Generale's activity as a whole, and then for the Group's various business lines. They frame the most adverse result arising from the set of historical and hypothetical scenarios.

The various stress test scenarios are revised and improved by the Risk Division on a regular basis, in conjunction with the Group's teams of economists and specialists. Since 2014, the stress test assessment is based on 18 scenarios: 3 historical scenarios and 15 hypothetical scenarios. In 2015, in order to take into account a potential lower liquidity and increased dislocation risks, we strengthened the shocks on credit spreads widening on the hypothetical "bond crisis" *scenario* (see below for details).

HISTORICAL STRESS TESTS

This method consists of an analysis of the major economic crises that have affected the financial markets since 1995 (a date from which the financial markets have become global and subject to increased regulatory requirements): the changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises have been analysed in order to define scenarios for potential variations in these risk factors which, when applied to the bank's trading positions, could generate significant losses. Therefore, Societe Generale uses 3 historical scenarios related to the period from October to December 2008.

HYPOTHETICAL STRESS TESTS

The hypothetical scenarios are defined with the Group's economists and are designed to identify the possible sequences of events that could lead to a major crisis in the financial markets (e.g. a major terrorist attack, political instability in the main oil-producing countries, etc.). The Group's aim is to select extreme but plausible events which would have major repercussions on all the international markets. Accordingly, Societe Generale has adopted the 15 hypothetical scenarios ▲ described below:

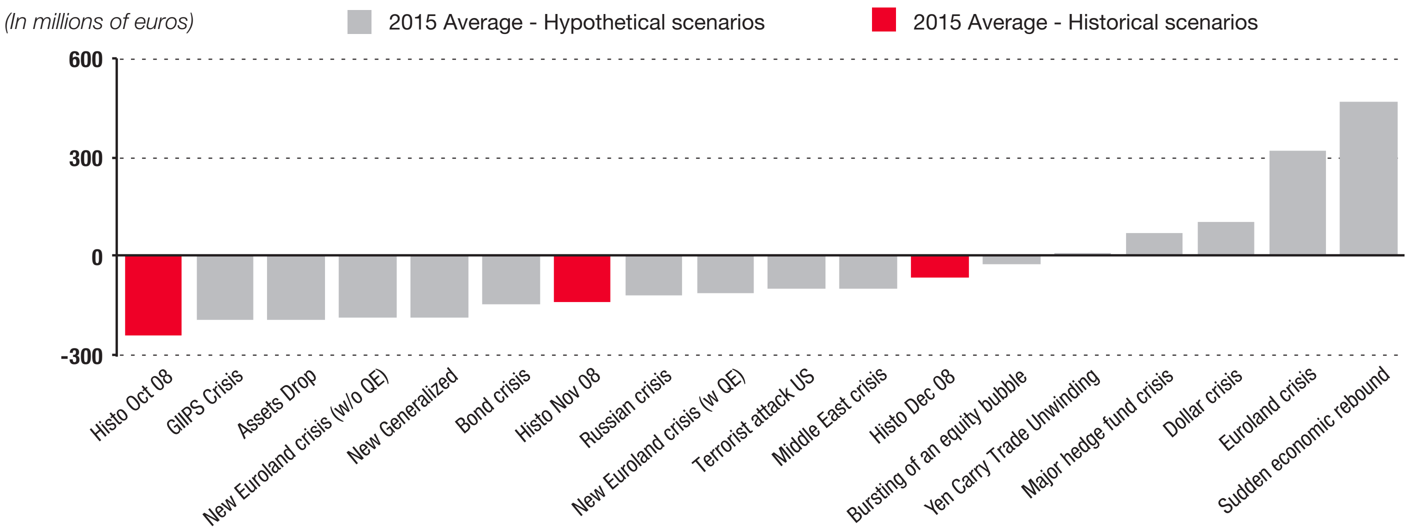
- **Generalised scenario (Societe Generale's hypothetical financial crisis scenario):** considerable mistrust of financial institutions after the Lehman Brothers' bankruptcy; collapse of equity markets, sharp decline in implied dividends, significant widening of credit spreads, pivoting of yield curves (rise in short-term interest rates and decline in long-term interest rates), substantial flight to quality;
- **GIIPS crisis:** mistrust in risky sovereign issuers and increased interest in higher-rated sovereign issuers such as Germany, followed by the spreading of fears to other markets (equities, etc.);
- **Middle East crisis:** instability in the Middle East leading to a significant shock in oil prices and other energy sources, a stock market crash, and a steepening of the yield curve;
- **terrorist attack:** major terrorist attack on the United States leading to a stock market crash, strong decline in interest rates, widening of credit spreads and sharp decline of the US dollar;
- **bond crisis:** crisis in the global bond markets inducing the decoupling of bond and equity yields, strong rise in US interest rates (and a more modest rise for other international rates), moderate decline on the equity markets, flight to quality with strong widening of credit spreads, rise in the US dollar;
- **US dollar crisis:** collapse of the US dollar against major international currencies due to the deterioration of the US trade balance and budget deficit, rise of interest rates and narrowing of US credit spreads;
- **Eurozone crisis:** decline in euro exchange rates, sharp rise in Eurozone interest rates, sharp fall in euro equities and rise in US equities, significant widening of euro credit spreads;
- **Yen carry trade unwinding:** change in monetary policy in Japan leading to yen carry trade strategies being abandoned: significant widening of credit spreads, decline in JPY interest rates, rise in US and Eurozone long-term interest rates and flight to quality;
- **assets drop:** unexpected stop of Central Bank Quantitative Easing policies leading to a generalised drop in all financial assets (equity, credit, emerging) combined with a significant increase of worldwide interest rates;
- **two new Eurozone crisis scenarios:** exit of Greece from the Eurozone, triggering a widespread drop in risky assets (equity, credit, emerging), more particularly in Europe, and a tightening of the US and Japanese sovereign spreads, declined with ECB support (activation of the OMT programme resulting in a decrease of interest rates in the Eurozone) or without ECB support (dislocation of the basis rates reflecting the freeze of the interbank market);
- **Russian crisis:** significant depreciation of the Russian currency, default of the Russian government, crisis in the bond markets and drop in equities, more particularly in emerging markets (see Russian crisis in September 1998);
- **major hedge fund crisis:** risk of dislocation of the international financial system stemming from the near-bankruptcy of a major hedge fund, notably due to a crisis in the bond markets (see near-bankruptcy of Long Term Capital Management in October 1998);

- **sudden economic rebound:** sharp rise in equity markets and in US and Eurozone interest rates (see anticipation of the beginning of the Iraq war in March 2003);
- **bursting of an equity bubble:** significant drop in the equity markets following the bursting of an equity bubble in a specific business sector (see Worldcom bankruptcy in July 2002).

Average stress tests in 2015(1)

2015 was affected by growing pressure related to the drop in commodities prices, increased geopolitical tensions, and a divergence in terms of American and European monetary policies at the end of the year. Local dislocations were observed on the market: the removal of the CHF floor against EUR in January, the long-term EUR interest rate increases in May, the sudden devaluation of CNY in August, and the worldwide market corrections on equity at end-August.

In this context, five scenarios, among the most frequent contributors to the Group's global stress test, have relatively similar yearly average levels (1 historical scenario and 4 hypothetical scenarios, see the chart below). On average, the Group's global stress test decreased compared to 2014, mainly due to a more defensive risk profile on the equity perimeter, and a lower exposure on the credit perimeter during the second half-year.



Market risk capital requirements

Societe Generale's capital requirements related to market risk (excluding securitisation) are mainly determined using an internal model approach (92% in 2015). Risk-weighted assets used to calculate capital requirements for market transactions are detailed hereafter.

At end-2011, Societe Generale received approval from the ACPR to expand its internal market risk modelling system and in particular to include Stressed VaR (VaR on one-year historical window corresponding to a period of significant financial tensions), IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure), for the same scope as VaR. These last two measurements estimate the capital charge on debt instruments that is related to rating migration and issuer default risks. A constant one-year liquidity horizon is used to calculate these two metrics. Capital charges are incremental, meaning they are added to charges calculated based on VaR and stressed VaR.

Societe Generale estimates these capital charges using a simulation model that distributes the various risk factors covered by regulatory requirements, while taking into account the relationships between these factors. IRC and CRM are 99.9% risk factors, which is the highest risk obtained after eliminating the 0.1% of most adverse occurrences.

Governance

These internal models are subject to the same governance as other internal models that meet the regulatory Pillar 1 requirements. In particular:

- a weekly analysis is performed on these metrics;
- these metrics are then compared with standard stress tests as defined by the regulator (25 historical scenaros);

(1) Excluding legacy assets which are subject to specific risk monitoring.

- a review of model assumptions at least once a year and an ex-post consistency control are carried out;
- the methodology and its implementation were approved by the Group Internal Audit Division and the ACPR

In accordance with the regulations, IRC is applied to debt instruments already measured using internal models other than securitisation and the correlation portfolio. In particular, this includes bonds, CDS and related derivative products.

CRM exclusively covers the correlation portfolio, i.e. CDO tranches for liquid issuers and “first-to-default” products as well as their hedging using CDS and indices. Aside from the credit-migration and default risk, CRM also covers any other pricing risks (for example, spread, recovery and correlation risks). Ultimately, the capital charge corresponds to the largest value between the charge calculated by the internal model and 8% of the charge calculated using the standard method for market risks.

IRC (99.9%) AND CRM (99.9%)

(In EUR m)	Beginning of the year 2015	End of the year 2015	Minimum	Average	Maximum
IRC	**338**	**403**	**276**	**383**	**619**
CRM	**172**	**147**	**115**	**150**	**295**

MARKET RISK CAPITAL REQUIREMENTS

TABLE 22: CAPITAL REQUIREMENTS BY RISK FACTOR (MARKET RISK)

	Capital requirement		**Risk weighted assets**	
(In EUR m)	**31st December 2015**	**31st December 2014**	**31st December 2015**	**31st December 2014**
VaR	311	319	3,892	3,983
Stressed VaR	510	828	6,379	10,349
Incremental Risk Charge (IRC)	403	422	5,038	5,276
Correlation portfolio (CRM)	163	173	2,031	2,160
Market risks assessed by internal model	**1,387**	**1,741**	**17,340**	**21,769**
Specific risk related to securisation positions	37	24	467	300
Market risk assessed for currency positions	41	101	513	1,268
General risk and specific risk related to interest rates (excluding securisation)	33	26	414	323
Market risk assessed using the standard approach for ownership interests	41	36	510	445
Market risk assessed using the standard approach for commodities	7	5	83	64
Market risks assessed by standard approach	**159**	**192**	**1,987**	**2,401**
Total	**1,546**	**1,934**	**19,327**	**24,170**

TABLE 23: CAPITAL REQUIREMENTS BY TYPE OF MARKET RISK

	Capital requirement		**Risk weighted assets**	
(In EUR m)	**31st December 2015**	**31st December 2014**	**31st December 2015**	**31st December 2014**
Risk assessed for currency positions	75	147	941	1,834
Risk related to credit (excl. deduction)	793	831	9,912	10,389
Risk assessed for commodities	18	35	227	439
Risk assessed for ownership interests	306	483	3,821	6,034
Risk related to interest rates	354	438	4,426	5,475
Total	**1,546**	**1,934**	**19,327**	**24,170**

6. OPERATIONAL RISKS

OPERATIONAL RISK MANAGEMENT: ORGANISATION AND GOVERNANCE

Societe Generale has developed processes, management tools and a control infrastructure to enhance the Group-wide control and management of the operational risks that are inherent in its various activities. These include, among others, general and specific procedures, permanent supervision, business continuity plans(1), New Product Committees(2) and functions dedicated to the oversight and management of specific types of operational risks, such as fraud, risks related to external service providers, legal risks(3), information system security risks(4) and non-compliance risks(5).

The Operational Risk Department

The Operational Risk Department within the Group's Risk Division works in close cooperation with operational risk staff in the Core Businesses and Corporate Divisions.

The Operational Risk Department is notably responsible for:

- running the Operational Risk function;
- devising and implementing Societe Generale's operational risk control strategy, in cooperation with the Core Businesses and Corporate Divisions;
- promoting an operational risk culture throughout the Group;
- defining, at Group level, methods for identifying, measuring, monitoring, reducing and/or transferring operational risk, in cooperation with the Core Businesses and Corporate Divisions, in order to ensure consistency across the Group;
- permanent level 2 control on operational risks covering the risks specific to the different businesses and the risks associated with purchasing, communication, real estate, human resources, and information systems;
- preparing a global Group business continuity plan and crisis management policy, managing the policy and coordinating its implementation;
- the safety of people (expatriates and business travellers) internationally.

The Operational Risk function

In addition to the Operational Risk Department, the Operational Risk function includes Operational Risk Managers (ORMs) in the Core Businesses and Corporate Divisions, who are under the operational authority of the Group's Chief Operational Risk Officer.

ORMs operate throughout the Group's entities and are responsible for implementing the Group's procedures, instructions and guidelines, and for monitoring and managing operational risks, with the support of dedicated operational risk staff in the business lines and entities and in close collaboration with the respective entities'line management.

Operational Risk Committees have been set up at Group level, as well as at Core Business, Corporate Division and subsidiary levels.

OPERATIONAL RISK MEASUREMENT

Since 2004, Societe Generale has used the Advanced Measurement Approach (AMA), as proposed by the Capital Requirements Directive, to measure operational risk. This approach, deployed across the main Group entities, notably makes it possible to:

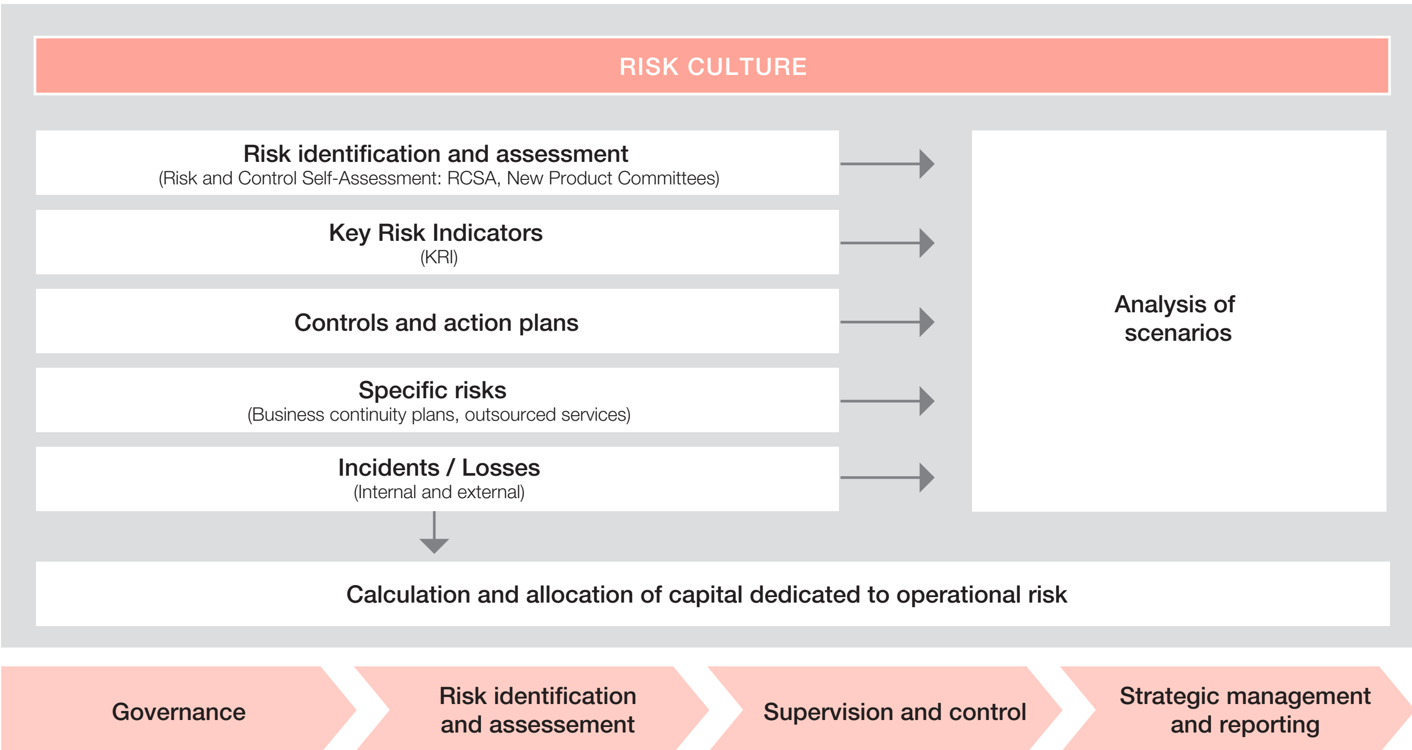
- identify the businesses that have the greatest risk exposures;
- identify the types of risk that have the greatest impact on the Group's risk profile and overall capital requirements;
- enhance the Group's operational risk culture and overall management;
- in 2007, the *Autorité de Contrôle Prudentiel* (ACP - French Prudential Supervisory Authority) conducted an in-depth review of the system in place at Societe Generale. As a result, it authorised the Group to use the most advanced measurement approach, as defined by the Basel 2 Accord (i.e. the AMA or Advanced Measurement Approach) to calculate the Group's capital requirements for operational risks, starting from 1st January 2008. This authorisation covers more than 90% of the Societe Generale Group's total net banking income.

(1) See Chapter 3, page 122 and Chapter 4, page 185.
(2) See Chapter 3, page 124.
(3) See Chapter 4, page 198 and following.
(4) See Chapter 3, page 123.
(5) See Chapter 4, page 198 and following.

OPERATIONAL RISK MONITORING PROCESS

The frameworks specifically established by regulations[1] have been implemented, on the basis of existing procedures wherever possible. They notably include:

- gathering of internal data on operational risk losses
- Risk and Control Self-Assessment (RCSA) processes
- Key Risk Indicators (KRI)
- analysis of external loss data
- analysis of scenarios
- permanent level 2 control
- crisis management and business continuity planning
- combating fraud
- New Product Committees
- monitoring of external service providers.



Societe Generale's classification of operational risks in eight event categories and 49 mutually exclusive sub-categories is the cornerstone of its risk modelling, ensuring consistency throughout the system and enabling transversal analyses across the Group.

The eight event categories are the following:

- commercial disputes;
- disputes with authorities;
- pricing or risk valuation errors;
- execution errors;
- fraud and other criminal activities;
- rogue trading;
- loss of operating resources;
- IT system interruptions.

(1) Regulatory reference texts:
- Decree of 20th February 2007 relating to capital requirements for credit institutions and investment firms - Article 370 on internal control factors and the environment ,
- International Convergence of Capital Measurement and Capital Standards - Basel Committee on Banking Supervision - June 2004
- Sound Practices for the Management and Supervision of Operational Risk - Basel Committee on Banking Supervision - February 2003
- Decree of 3rd November 2014 relating to internal control of credit institutions and investment firms, replacing the CRBF (French Banking and Financial Regulation Committee) regulation No. 97-02

Internal loss data collection

Internal loss (but also gains and near loss) data has been compiled throughout the Group since 2003, enabling operational staff to:

- define and implement the appropriate corrective actions;
- achieve a deeper understanding of their risk areas;
- help foster an operational risk culture throughout the Group.

The minimum threshold above which a loss (or a gain or a near loss) is recorded is EUR 10,000 throughout the Group, except for market activities, where this threshold is EUR 20,000 due to the scope of its activity and the volumes involved.

Below these thresholds, the losses representing weak-signal risks are collected by the Group's various businesses and reported as an aggregation if they concern the same risk event and the total exceeds the reporting threshold.

Risk and Control Self-Assessment (RCSA)

The purpose of Risk and Control Self-Assessment (RCSA) is to assess the Group's exposure to operational risks in order to improve their monitoring. Based on the results of other operational risk management frameworks (internal losses, KRI, etc.), risk areas are identified by the functions for their respective fields of expertise, and interviews are conducted with Group experts.

The objectives are as follows:

- identifying and assessing the major operational risks to which each business is exposed (the "intrinsic" risks inherent in the nature of a business, while disregarding prevention and control systems). Where necessary, risk mapping established by the functions (e.g. Compliance, Information Systems Security, etc.) contribute to the evaluation of intrinsic risks;
- assessing the quality of major risk prevention and mitigation measures (including their existence and effectiveness in detecting and preventing major risks and/or their capacity to reduce their financial impact);
- assessing the risk exposure of each business that remains once the risk prevention and mitigation measures are taken into account (the "residual risk"), while disregarding insurance coverage;
- correcting any deficiencies in risk prevention and mitigation measures and implementing corrective action plans;
- facilitating and/or supporting the implementation of key risk indicators;
- adapting the risk insurance strategy, if necessary. As part of this exercise, the risks within a given scope are described using a double scale of severity and frequency.

Key risk indicators (KRI)

KRIs supplement the overall operational risk management system by providing a dynamic view (warning system) of changes in business line risk profiles. Regular KRI monitoring assists managers of the business entities in their assessment of the Group's operational risk exposure *via* risk & control self-assessment (the RCSA), and the analysis of internal losses and of scenarios, thereby providing them with:

- a quantitative, verifiable risk measurement;
- a regular assessment of the improvements or deteriorations in the risk profile and the control and prevention environment which require particular attention or an action plan.

KRIs that may have a significant impact on all or part of the Group are reported to the Group's Executive Committee on a quarterly basis *via* a specific KRI dashboard.

Analysis of scenarios

The analysis of scenarios serves two purposes: informing the Group of potential significant areas of risk and contributing to the calculation of the capital required to cover operational risks.

For the calculation of capital requirements, the Group uses *scenario* analyses to:

- measure its exposure to potential losses arising from low frequency/very high severity events;
- provide an expert's opinion of loss distribution for event categories whose internal loss data history is insufficient.

In practice, various scenarios are reviewed by experts, who gauge severity and frequency of the potential impacts for the Group by factoring in internal and external loss data as well as the internal framework (controls and prevention systems) and the external environment (regulatory, business, etc.).

Analyses are undertaken for two types of scenarios:

- major Group stress scenarios, involving very severe events that cut across businesses and departments, having an external cause in most cases and requiring, if necessary, a business continuity plan (BCP);
- business line scenarios that do not, strictly speaking, fall into the category of business continuity, but are used to measure the unexpected losses to which the businesses may be exposed. Specific actions are performed in order to prevent the portfolio from being diluted over too many scenarios and to maintain the system's focus on risks that could severely impact the Group;
- Governance is established in order to, notably:
  - to allow the approval of the annual *scenario* update programme by the Risk Committee (CORISQ),
  - to allow validation of the internal loss scenarios by the senior management of Core Businesses and Corporate Divisions, through internal control coordination committees (CCCI) for the departments involved or through *ad hoc* meetings,
  - to conduct an overall review of the Group's risk hierarchy and the appropriateness of the scenarios through the "Expert Committees", chaired by the Group Chief Risk Officer.

Analysis of external losses

External losses are the data of operational losses suffered by the banking and financial sector, coming from databases managed by external providers, as well as data shared by the banking industry as part of consortia.

This data is used to enhance the identification and evaluation of the Group's exposure to operational risks by benchmarking internal loss records against industry-wide data.

Permanent level 2 control

The permanent level 2 control in the Operational Risk Department was reinforced in 2015 with the recruitment of new controllers dedicated exclusively to this function, and the performance of control reviews within the scope of SGPM.

Those level 2 controls cover the operational risks specific to these business lines and risks related to purchases, communication, real estate, human resources and information systems.

They are intended to ensure that the first level controls are defined, executed and effective, and that corrective measures are implemented for any anomalies.

Verifications made by the level 2 control teams concern all the Group's business activities. They are applied first and foremost to controls covering the major risks and to controls selected randomly.

Crisis management and business continuity

The crisis management and business continuity systems aim to mitigate as much as possible the impacts of potential damages on clients, staff and infrastructure, thus protecting the Group's reputation, its brands'image and its financial resiliency. The systems also meet regulatory requirements.

The approach used to implement and optimise the business continuity systems of each Group entity is based on a methodology that meets international standards. It consists primarily in identifying risks to which the company is exposed as well as their possible impacts, implementing an effective response capability to withstand various crisis scenarios (including extreme shocks), and maintaining these systems to ensure they remain effective.

Combating fraud

The Group pays particular attention to preventing and detecting fraud. Losses due to fraud are contained after dropping remarkably from 2010 to 2014, notably due to the implementation of effective systems in all Core Businesses and Corporate Divisions. Since the end of 2009, an anti-fraud coordination unit within the Operational Risk Department has supplemented these specific systems. This unit is intended primarily to serve as a centre of expertise in order to strengthen fraud prevention through Group-wide initiatives (training and awareness-raising), as well as to disseminate best practices based on lessons learned from established or prevented cases of fraud.

OPERATIONAL RISK MODELLING

The method used by the Group for operational risk modelling is based on the Loss Distribution Approach (LDA).

Under this approach, operational risks are modelled using segments, each segment representing a type of risk and a Group Core Business. The frequency and severity of operational risks, based on past internal losses, external losses or *scenario* analyses, are estimated and the distribution of annual losses is calculated for each segment. This approach is supplemented by cross-business *scenario* analyses that measure cross-business risks for Core Businesses, such as, for example, property destruction and pandemic risks.

Aside from the individual risks associated with each segment or cross-business *scenario* analysis, the model takes into account the diversification between various types of risks and Core Businesses, as well as the effect of insurance policies underwritten by the Group.

The Group's regulatory capital requirements for operational risks within the scope eligible for the AMA (Advanced Measurement Approach) internal model are then defined as the 99.9% quantile of the Group's annual loss distribution.

Societe Generale's capital requirements for operational risks were EUR 3.5 billion at the end of 2015, representing EUR 43.9 billion in risk-weighted assets. This assessment integrates capital requirements on both the AMA and Standard scopes.

Insurance cover in risk modelling

In accordance with regulations, Societe Generale incorporates risk cover provided by insurance policies when calculating regulatory capital requirements for operational risks, within the limit of 20% of said requirements.

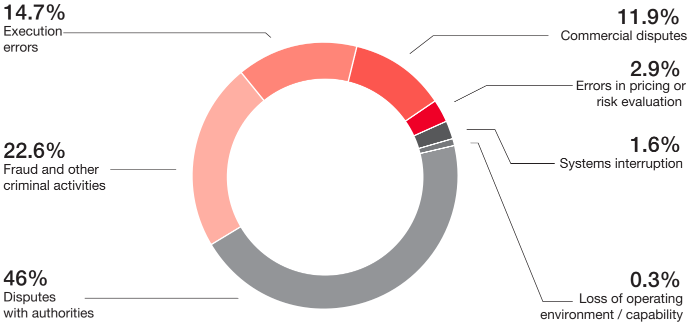
These insurance policies cover part of the Group's major risks, i.e. civil liability, fraud, fire and theft, as well as systems interruptions and operating losses due to a loss of operating resources.

Risk reduction through insurance policies results in a 7.2% decrease in total capital requirements for operational risks.

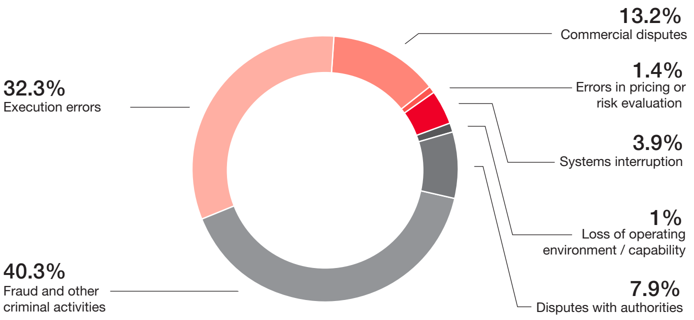
Quantitative data

The following chart breaks down operating losses by risk category for the 2011-2015 period.

OPERATIONAL RISK LOSSES : BREAKDOWN BY SOCIETE GENRALE RISK EVENT TYPE (2011 TO 2015) – AMOUNTS



OPERATIONAL RISK LOSSES : BREAKDOWN BY SOCIETE GENRALE RISK EVENT TYPE (2011 TO 2015) – NUMBER OF EVENTS



Over the past five years, Societe Generale's operational risks were concentrated on average on four types, accounting for 95% of the Group's total operating losses:

- **disputes with authorities** represented 46% of the Group's operating losses over the period. Losses incurred through this type of litigation are relatively high unit amounts, so that this category represents only 8% of the total number of losses. The Euribor transaction, a loss in 2013, alone accounted for 40% of total losses within this category over the period. Other disputes with authorities were largely related to tax reassessments.
- **fraud and other criminal activity** accounted for 23% of operational losses incurred by the Group between 2011 and 2015 (in terms of amount), representing the second largest category. 2011 losses subsequent to fraudulent loans granted by BRD alone represented 40% of total losses in that category over the period. Major losses observed in 2014 and 2015 resulted from electronic payment fraud or the production of false documents relating to guarantees to obtain financing.
- **execution errors** represented 15% of operating losses, the third cause of loss for the Group. This category was the second cause of loss in 2014 (19% of the total that year) and became the leading cause in 2015, representing a third of the total losses for the year. Losses of this type gradually increased in amount and in number over the last three years, increased by the volatility and volume of transactions on financial markets.
- **commercial disputes** represented 12% of losses over the 2011-2015 period. The downward trend that began in 2012 continues: a 53% decrease between 2012 and 2015 in total losses within that category. Given the disputes involving large amounts observed in 2014 and 2015, however, especially for our American and British peers, we should be careful to remain vigilant, in particular regarding the selection of sold products, their compliance, the quality of their documentation and the quality of service expected by customers.

The other categories of Group operational risks (rogue trading, IT system interruptions, pricing or risk valuation errors and loss of operating resources) were still fairly insignificant, representing barely 4% of the Group's losses on average over the 2011 to 2015 period.

OPERATIONAL RISK INSURANCE

Policies of the insurance subscription

GENERAL POLICY

Since 1993, Societe Generale has implemented a global policy of hedging Group operational risks through insurance.

This consists in searching the market for the broadest and highest levels of guarantee with regard to the risks incurred and enabling all entities to benefit from these guarantees wherever possible. Coverage is taken out with leading insurers. Where required by local legislation, local policies are taken out, which are then reinsured by insurers that are part of the global programme.

In addition, special insurance policies may be taken out by entities which perform specific activities.

A Group internal reinsurance company intervenes in several policies in order to pool high-frequency, low-level risks between entities. This approach contributes to the improvement of the Group's knowledge and management of its risks.

Description of main coverages

GENERAL RISKS

Buildings and their content, including IT equipment, are insured at their replacement value. The guarantee covering acts of terrorism abroad has been renewed.

Liability other than professional liability (i.e. relating to operations, Chief Executive Officers and Directors, vehicles, etc.) is covered by insurance policies around the world. The amounts insured vary from country to country to meet operating requirements.

RISKS ARISING FROM OPERATIONS

Insurance is only one of the measures to offset the consequences of the risks inherent in the Group's activity. It complements the risk monitoring policy led by the Group.

THEFT/FRAUD

These risks are included in the "Banker's Blanket Bond" policy that insures all the Group's financial activities around the world.

Internal frauds (committed by an employee or by a third party acting with the aid of an employee) and external frauds (committed by a third party acting on its own), with the intent to obtain illicit personal gain or to harm the Group, are covered.

PROFESSIONAL LIABILITY

The consequences of any legal action against staff or managers as a result of their professional activity are insured under a global policy.

OPERATING LOSSES

The consequences of any accidental interruption to activity are insured under a global policy. This policy supplements the business continuity plans. The amounts insured are designed to cover losses incurred between the time of the event and the implementation of an emergency solution.

CAPITAL REQUIREMENTS

Societe Generale's capital requirements related to operational risk are calculated mainly under the internal model (93% in 2015). The following table presents the Group's exposure and the corresponding capital requirements at 31st December 2015.

TABLE 24: CAPITAL REQUIREMENTS FOR OPERATIONAL RISK

	31st December 2015				31st December 2014	
(In EUR m)	**Risk weighted assets under Standardised approach**	**Risk weighted assets under Advanced Measurement Approach (AMA)**	**Total Risk weighted assets**	**Capital requirements**	**Total Risk weighted assets**	**Capital requirements**
Global Banking and Investor Solutions	314	27,950	28,263	2,261	28,560	2,284
Corporate centre	354	2,988	3,343	267	5,411	433
International Retail Banking & Financial Services	2,431	5,070	7,501	600	6,222	498
French Retail Banking	38	4,709	4,747	380	3,738	299
Total	**3,137**	**40,717**	**43,854**	**3,508**	**43,931**	**3,514**

7. STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

Audited I Structural exposure to interest rate and exchange rate risks encompasses exposures resulting from commercial transactions, the associated hedging transactionsand corporate centre transactions for each of the Group's consolidated entities.

The interest rate and exchange rate risks linked to trading activities are excluded from the structural risk measurement scope as they belong to the category of market risks. Structural and market exposures constitute the Group's total interest rate and exchange rate exposure.

The general principle is to reduce structural interest rate and exchange rate risks to the greatest extent possible within the consolidated entities. Wherever possible, commercial transactions and corporate centre operations within entities are hedged against interest rate and exchange rate risks, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within a treasury department). At a consolidated level, some foreign exchange positions are kept in order to minimise the sensitivity of the Group Common Equity Tier 1 ratio to currency fluctuations. ▲

ORGANISATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

Audited I The principles and standards for managing these risks are defined at the Group level. The entities are first and foremost responsible for managing these risks. The ALM (Asset and Liability Management) Departments within the Group's Finance Divisions supplement the control framework.

The Group Finance Committee, a General Management body

The Group Finance Committee:

- validates and oversees the structural risk monitoring, management and supervision system;
- reviews changes in the Group's structural risks through consolidated reporting by the Finance Division;
- examines and validates the measures proposed by the Group Finance Division.

The ALM Department within the Finance Division

The ALM (Asset and Liability Management) Department is responsible for:

- defining the structural risk policies for the Group and formalising risk appetite to structural risks;
- defining the steering indicators and overall stress test scenarios of the different types of structural risks and setting the main limits for the business divisions and the entities;
- analysing the Group's structural risk exposure and defining hedging strategies;
- monitoring the regulatory environment concerning structural risk;
- defining the ALM principles for the Group;
- defining the normative environment of the structural risk metrics, modelling and framing methods;
- validating the models used by the Group entities with regard to structural risks, validated together with the Risk Department and the business lines;
- inventorying, consolidating and reporting on Group structural risks;
- monitoring compliance with structural risk limits.

In September 2015, the Group's ALM system was centralised and strengthened.

The main changes are the following:

- fusion within the Finance Division of teams dedicated to monitoring the business lines' structural risks and of the team dedicated to the operational management of the ALM risks associated with French Retail Banking, in order to more effectively apply the changes requested by regulators,
- a system better suited to the novel economic environment and that can be used to streamline a certain number of normative and modelling works within the Group.

The ALM Risk Control Department within the Risk Division

In 2015, a new department was created within the Market Risk Department to conduct second-level supervision of the ALM models used within the Group and of the associated framework. Accordingly, this department provides an opinion on the methodological principles, feeding parameters and backtests of ALM models. It analyses proposals from the ALM Department regarding the risk indicators, stress test scenarios and structural risk frameworks. It also conducts second-level controls of risk limits in coordination with the first-level control teams.

The entities are responsible for structural risk management

In this respect, entities apply the standards defined at the Group level, develop their models, measure their risk exposure and implement the required hedges.

Each entity has its own structural risk manager, who reports to the entity's Finance Division and is responsible for conducting first-level controls and for reporting the entity's structural risk exposure to the Group Finance Division *via* a shared IT system.

Retail Banking entities both in France and abroad generally have an *ad hoc* ALM (Asset Liability Management) Committee responsible for applying the validated models, managing exposures to interest rate and exchange rate risks, and implementing the hedging programs in compliance with the principles set out by the Group and the limits validated by the Finance Committee and the business lines' ALM committees. ▲

STRUCTURAL INTEREST RATE RISK

Audited I Structural interest rate risk is measured within the scope of structural activities (commercial transactions, the associated hedging transactions and corporate centre transactions) for each of the Group's entities.

Structural interest rate risk arises mainly from the residual gaps (surplus or deficit) in each entity's fixed-rate forecasted positions.

Objective of the Group

When steering structural interest rate risk, the main aim is to ensure the risk is managed by reducing each Group entity's exposure to structural interest rate risk as far as possible.

To this end, each entity as well as the Group as a whole are subject to sensitivity limits validated by the Finance Committee. Sensitivity is defined as the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficit) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of the annual net interest margin). The limit set at Group level is EUR 1 billion.

Measurement and monitoring of structural interest rate risks

Societe Generale uses several indicators to measure the Group's overall interest rate risk. The three most important indicators are:

- interest rate gap analysis (the difference between outstanding fixed-rate assets and liabilities by maturity): the schedule of fixed-rate positions is the main indicator for assessing the characteristics of the necessary hedging operations. It is calculated on a static basis;
- the net actual value sensitivity is a supplementary and synthetic indicator used to set limits for the entities. It is calculated as the sensitivity of the economic value of the balance sheet to variations in interest rates. This measurement is calculated for all currencies to which the Group is exposed;
- the net interest margin sensitivity to variations in interest rates in various stress scenarios takes into account the sensitivity which is generated by future commercial productions over a three-year rolling horizon. It is calculated on a dynamic basis.

In order to quantify its exposure to structural interest rate risks, the Group analyses all fixed-rate assets and liabilities in the future. These positions come from transactions remunerated or charged at fixed rates and from their maturities.

Assets and liabilities are analysed independently, without any *a priori* matching. The maturities of outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, conventional assumptions and models based on customers' historic behaviour patterns (particularly for sight deposits, regulated savings accounts, early loan repayments, and shareholders' equity).

Once the Group has identified its fixed-rate positions (surplus or deficit), it calculates the sensitivity (as defined above) to interest rate variations. This sensitivity is defined as the variation of the net present value of the fixed-rate positions for a 1% instantaneous parallel increase in the yield curve.

In addition to this analysis, the Group analyses the sensitivity to different yield curve configurations of its fixed-rate position (steepening and flattening of the yield curve) and in the event of changes in the balance sheet structure. The measurement of the net interest income sensitivity over a three-year rolling horizon is also used by the Group to quantify the structural interest rate risk of significant entities.

Throughout 2015, the Group maintained overall sensitivity to interest rate risk below 1.5% of Group regulatory capital and below the EUR 1 billion limit.

The following observations can be made with regard to the business lines' structural interest rate risk:

- within French Retail Banking, the outstanding amounts of customer deposits are generally considered to be fixed-rate. Macro-hedging is set up mainly through the use of interest rate swaps, in order to limit French Retail Banking's net actual value and net interest margin sensitivities to interest rate risk (on the basis of the adopted scenarios) within its limits. At 31st December 2015, the sensitivity of French Retail Banking's economic value, based on its essentially euro-denominated assets and liabilities, was EUR -127 million;
- transactions with large corporates are generally micro-hedged and therefore present no residual interest rate risk;
- transactions with customers of the Specialised Financial Services subsidiaries are generally macro-hedged and therefore present only a very low interest rate risk;

- commercial transactions at the Group's subsidiaries and branches located in countries with weak currencies can generate structural interest rate risk, which remains limited at the Group level. These entities may have problems in optimally hedging interest rate risk due to the weak development of the financial markets in some countries;
- corporate centre transactions are subject to hedging.

Sensitivity to interest rate variations within the Group's main entities, accounting for 90% of the Group's outstanding loans and the corporate centre, represented EUR 45 million as at 31st December 2015 (for a 1% parallel and instantaneous rise in the yield curve).

TABLE 25: MEASUREMENT OF THE ENTITIES' SENSITIVITY TO A 1% INTEREST RATE SHIFT, INDICATED BY MATURITY

	31st December 2015			
(In EUR m)	Less than one year	between 1 and 5 years	More than 5 years	Total sen-sitivity
Amount of sensitivity	(36)	(10)	91	45

▲

The results of the gap measurements (difference between liability and asset outstandings, at a fixed rate, by maturity) for the same entities are as follows (liabilities minus assets/figures in millions of euros):

TABLE 26: INTEREST RATE GAPS BY MATURITY AT 31ST DECEMBER 2015

(In EUR m)

Maturities	**1 year**	**3 years**	**5 years**	**7 years**
Amount of gap	(6,340)	1,369	3,336	66

The Group analyses the sensitivity of earnings to variations in market interest rates using stress tests on the net interest margin.

At 31st December 2015, the Group's net interest margin sensitivity for 2016 was as follows:

TABLE 27: SENSITIVITY OF THE GROUP'S INTEREST MARGIN

(In EUR m)	31.12.2015	31.12.2014
Parallel increase in interest rates of 200 bp	81	142
Parallel decrease in interest rates of 200 bp	(145)	(207)
Parallel increase in interest rates of 100 bp	43	58
Parallel decrease in interest rates of 100 bp	(85)	(108)
Steepening	(48)	27
Flattening	(87)	16

Calculations are based on aggregated estimates at 31st December of a scope of Group consolidated entities representing more than 80% of outstanding loans, monitored in terms of economic value sensitivity, and of the corporate centre.

The dynamic vision of the balance sheet varies according to the amortisation of outstanding transactions and transaction renewals based on outstanding amounts budgeted for 2016. The steepening assumptions used allow for a 100bp increase in long-term rates with short-term rates remaining constant. The flattening *scenario* used for the simulation allows for a 100bp increase in short-term rates with long-term rates remaining constant.

The Societe Generale Group's interest margin sensitivity over the full year 2016 is relatively low. In the event of a parallel shift in the yield curves of +200bp, the sensitivity is positive and represents less than 1% of net banking income.

The net interest margin sensitivity mainly stems from the impact on:

- customer deposits: generally little or no interest is paid on deposits, and pricing is only partly impacted by fluctuations in interest rates, as the margin on deposits is mainly derived from reinvestment rates;
- new loan production, for which pricing is not adjusted as quickly as market rates.

The margin sensitivity on outstanding customer transactions results from the renewal of amounts due on reinvested deposits, and from the residual sensitivity to interest rate variations, which is low thanks to the hedging policy and the use of variable-rate positions (this is the case for the majority of Private Banking commitments).

The French and International Retail Banking activities are favourably exposed to a rise in interest rates, as deposits can then be reinvested at higher rates, while margins on outstanding loans remain stable. This increase in margin is, however, partially offset by the fall in margins on new loan production (loan rates do not adjust as quickly as market rates) and by an increase in funding costs. Conversely, retail banking activities are unfavourably exposed to a fall in interest rates as deposits are then reinvested at lower rates and the margin on outstanding loans falls due to prepayments. This fall in margin is partially offset by the rise in margins on new loan production (customer loan rates do not fall as quickly as market rates) and by a reduction in funding costs.

STRUCTURAL EXCHANGE RATE RISK

Audited | Structural exchange rate risk is mainly caused by:

- foreign currency denominated capital contributions and equity investments financed through the purchase of foreign currencies;
- retained earnings in foreign subsidiaries;
- investments made by some subsidiaries in a currency other than the one used for their equity funding for regulatory reasons. ▲

Objective of the Group

Audited | The Group's policy is to reduce the sensitivity of its Common Equity Tier 1 ratio against fluctuations in the currencies it operates. To this end, it may decide to purchase currencies to finance very long-term foreign currency denominated investments, thus creating structural foreign exchange positions. Any differences in the valuation of these structural positions are subsequently booked as translation differences. ▲

Measurement and monitoring of structural foreign exchange rate risks

Audited | The Group quantifies its exposure to structural foreign exchange rate risks by analysing all assets and liabilities denominated in foreign currencies, arising from commercial transactions and the corporate centre for each of the Group's entities. ▲

Foreign exchange risk resulting from trading activities is not included in the scope of structural foreign exchange risk measurement. It falls within the scope of market risks. Structural foreign exchange positions thus represent only a part of the overall currency transactions of the Societe Generale Group. The foreign exchange transactions of the Societe Generale Group, as of 31st December 2015, are presented in table 25.

TABLE 28: FOREIGN EXCHANGE TRANSACTIONS

	31st December 2015				31st December 2014*			
(In EUR m)	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered
EUR	760,374	746,574	20,811	19,937	770,387	804,839	17,383	18,704
USD	324,591	324,715	43,752	49,152	320,543	282,406	39,950	40,091
GBP	69,513	58,518	7,836	12,791	52,643	43,044	3,224	5,448
JPY	41,084	64,231	21,168	17,611	37,032	48,595	8,788	9,081
AUD	6,122	5,712	3,640	4,923	5,074	4,859	2,430	2,805
CZK	29,046	30,656	270	130	30,229	31,867	507	1,009
RUB	9,843	6,789	21	43	11,379	9,435	307	202
RON	6,595	7,256	47	189	5,281	6,517	49	98
Other currencies	87,223	89,940	18,256	15,131	75,570	76,576	13,495	12,023
Total	**1,334,391**	**1,334,391**	**115,802**	**119,907**	**1,308,138**	**1,308,138**	**86,133**	**89,461**

* Amounts restated relative to the financial statements published in 2014, according to the retrospective application of the IFRIC 21 interpretation.

Audited | The Group monitors structural exchange rate positions and manages the sensitivity of the Common Equity Tier 1 ratio to exchange rate fluctuations. ▲

Table 29 presents the impact on the Group Common Equity Tier 1 ratio of a 10% currency depreciation or appreciation for 31st December 2015.

TABLE 29: SENSITIVITY OF THE COMMON EQUITY TIER 1 RATIO OF THE GROUP TO A 10% CHANGE IN THE CURRENCY (IN BASIS POINTS)

Currency	**Impact on the Common Equity Tier 1 ratio of a 10% currency depreciation**	**Impact on the Common Equity Tier 1 ratio of a 10% currency appreciation**
USD	(2)	2
GBP	(1)	1
JPY	(1)	1
AUD	0	0
CZK	(1)	1
RUB	0	0
RON	0	0
OTHERS	(3)	3

Audited I In 2015, structural positions monitoring reduced the Common Equity Tier 1 ratio sensitivity to currency fluctuations (sensitivity of the Common Equity Tier 1 ratio is managed within limits per currency set according to the Group's risk appetite in these currencies). ▲

8. LIQUIDITY RISK

Audited | Liquidity risk is defined as the risk of not being able to meet cash flow or collateral requirements when they fall due and at a reasonable price. ▲

GOVERNANCE AND ORGANISATION

Audited | The principles and standards applicable to the management of liquidity risks are defined by the Group's governing bodies, whose duties in the area of liquidity are listed below:

- The Group's Board of Directors:
  - establishes the level of liquidity risk tolerance as part of the Risk Appetite exercise, including the time period during which the Group can operate under conditions of stress ("survival horizon"),
  - meets regularly to examine the Group's liquidity risk situation, at least on a quarterly basis;
- the Executive Committee:
  - sets budget targets in terms of liquidity based on proposals from the Group's Finance Division,
  - allocates liquidity to the pillars and Group Treasury based on proposals by the Group's Finance Division;
- the Finance Committee is the body monitoring structural risks and the management of scarce resources. As such, the Finance Committee:
  - meets every six weeks under the chairmanship of the Chairman and Chief Executive Officer or a Deputy Chief Executive Officer with the representatives from the Finance Division's Risk Department and pillars,
  - oversees and validates the limits set for structural liquidity risk,
  - regularly monitors compliance with the budget and liquidity trajectory,
  - takes decisions, if necessary, on the implementation of corrective measures,
  - takes decisions, if necessary, on methodology issues regarding liquidity risk management,
  - examines regulatory changes and their impact.

The pillars are responsible for managing liquidity risk within their scope and are directly supervised by the Group Finance Division. The businesses must ensure compliance with the regulatory requirements applicable to the entities falling within their scope of supervision.

The Group Finance Division manages and monitors liquidity risk through three separate departments, in compliance with the principle of ensuring a separation between risk steering, execution and control functions:

- the Strategic and Financial Steering Department, responsible for:
  - establishing the Group's financial trajectory, in line with its strategic targets, regulatory requirements, and market expectations,
  - ensuring that liquidity steering is in line with the Group's other objectives in terms of profitability and scarce resources,
  - proposing and monitoring the businesses' budget trajectory,
  - monitoring the regulatory environment and developing liquidity steering standards for the pillars;
- the Balance Sheet and Global Treasury Management Department, responsible for:
  - execution of the Group's short-term and long-term funding plan,
  - supervising and coordinating the Group's Treasury functions,
  - monitoring the market and contributing its operational expertise to the establishment of liquidity steering objectives and liquidity allocation to businesses,
  - managing the collateral used in refinancing operations (Central Banks, covered bonds, securitisation, secured funding), and monitoring the liquidity reserve,
  - managing the Group's central funding department (management of liquidity and equity within the Group), including the internal liquidity grids,
  - developing and implementing the emergency plan in the event of liquidity shortage for the Group.
- The ALM department, which reports to the Chief Financial Officer, is in charge of, in particular:
  - the supervision and control of structural risks (liquidity, interest rates and exchange rates) incurred by the Group,
  - the control of structural risk models and their compliance with the rules and methodologies of the Group, the monitoring of compliance with risk limits and management practices within the Group's divisions, business lines and entities.

In 2015, a new department was created within the Market Risk Department to conduct second-level supervision of the ALM models used within the Group and of the associated framework. Accordingly, this department provides an opinion on the methodological principles, feeding parameters and backtests of ALM models. It analyses proposals from the ALM Department regarding the risk indicators, stress test scenarios and structural risk frameworks. It also conducts second-level controls of risk limits in coordination with the first-level control teams. ▲

THE GROUP'S APPROACH TO LIQUIDITY RISK MANAGEMENT

Audited I The Group's primary objective is to ensure the funding of its activities in the most cost-effective way by managing liquidity risk and adhering to regulatory constraints. The liquidity steering system aims at providing a balance sheet framework with an assets and liabilities target structure that is consistent with the risk appetite defined by the Board of Directors:

- the assets structure should allow the businesses to develop their activities in a way that is liquidity-efficient and compatible with the target liabilities structure. This development must comply with the liquidity gaps defined at Group level (under static and stress scenarios) as well as regulatory requirements;
- the liabilities structure is based on the ability of the businesses to collect financial resources from customers and the ability of the Group to sustainably raise financial resources on the markets, in accordance with its risk appetite.

This steering system is based on a measurement and supervision of the businesses' liquidity gaps under reference and stress scenarios, their Group funding needs, the funds raised by the Group on the market, the eligible assets and the businesses' contribution to regulatory ratios. Accordingly, the principles of liquidity management are as follows:

1. The businesses must observe low to nil static liquidity gaps within the operating limits of their activities by using to the Group's Central Treasury, which can, if needed, run an (anti) transformation position and manage it within the framework of the established risk limits.
2. Internal liquidity stress tests, established on the basis of the systemic, specific or combined scenarios are controlled at Group level. They are used to ensure compliance with the survival horizon established by the Board of Directors and to calibrate liquidity reserves. They are accompanied by a Contingency Funding Plan that foresees measures to be taken in the event of a liquidity crisis.
3. The businesses' funding needs (short-term and long-term) are determined on the basis of the development objectives for the franchise and in line with the Group's fund-raising targets and capabilities.
4. A plan for long-term funding, which complements the resources raised by the pillars, is designed to ensure the repayments of upcoming maturities and finance the growth of the businesses. It takes into account the Group's investment capabilities and aims to optimise the cost of fund-raising while complying with limits in terms of market concentration. Diversification in terms of issuers and investor pools is also examined and managed.
5. The Group's short-term resources are sized to finance the short-term needs of the businesses over periods appropriate to their management and in line with market concentration limits. As outlined above, they are proportioned with respect to the liquidity reserve on the assets side based on the established stress survival horizon as well as the Group's LCR target (Liquidity Coverage Ratio, see Regulatory Ratios section).
6. The Group's liquidity steering takes into account compliance with the target regulatory ratios (LCR, standard ratio), as the businesses are supervised regarding their contribution to these ratios.

Finally, liquidity is governed in terms of cost *via* the Group's internal transfer pricing scheme. Funding allocated to the businesses is charged to them based on scales that must reflect the liquidity cost for the Group. This system is aimed at optimising the use of external financing sources by businesses and is used to monitor the balance of funding on the balance sheet.

Societe Generale has undertaken a specific review of its liquidity risks and believes that it is able to meet its upcoming maturities. ▲

LIQUIDITY RESERVE

The Group's liquidity reserve encompasses cash at central banks and assets that can be used to cover liquidity outflows under a stress *scenario.* The reserve assets are available, i.e. not used as a guarantee or as collateral on any transaction. They are included in the reserve after applying a haircut to reflect their expected valuation under stress. The Group's liquidity reserve contains assets that can be freely transferred within the Group or used to cover subsidiaries' liquidity outflows in the event of a crisis: non transferrable excess cash (according to regulatory ratio definition) in subsidiaries is therefore not included in the Group liquidity reserve.

The liquidity reserve includes:

- central bank deposits, excluding mandatory reserves;
- High-Quality Liquid Assets (HQLAs), which are securities that are quickly transferable on the market *via* sale or repurchase transactions; these include government bonds, corporate bonds and equities listed on major indices (after haircuts). These HQLAs essentially meet the eligibility criteria for the LCR, according to the most recent standards known and published by regulators. The haircuts applied to HQLA securities are in line with those indicated in the most recent known texts on determining the numerator of the LCR;
- non-HQLA Group assets that are central bank-eligible, including receivables as well as covered bonds and securitisations of Group receivables held by the Group.

The composition of the liquidity reserve is reviewed regularly by a special committee comprising the Finance Division, the Risk Division and the Management of the Global Banking and Investor Solutions pillar, and is adjusted by authorisation of the Finance Committee.

(In EUR bn)	31.12.2015	31.12.2014
Central bank deposits (excluding mandatory reserves)	64	48
HQLA securities available and transferable on the market (after haircut)	92	75
Other available central bank-eligible assets (after haircut)	13	17
Total	**169**	**140**

REGULATORY RATIOS

The Basel Committee recommends the international implementation of two standard ratios with harmonised parameters which are intended to regulate bank liquidity risk profiles:

- The Liquidity Coverage Ratio (LCR) aims to ensure that banks hold enough liquid assets or cash to survive a significant stress combining a market crisis and specific stress lasting for one month. This ratio is scheduled to come into force on 1st January 2015.
- The Net Stable Funding Ratio (NSFR) is a transformation ratio and compares funding needs with stable resources over a one-year period. This ratio is scheduled to come into force on 1st January 2018.

The Basel Committee stabilised its final version of the texts dedicated to (respectively) LCR in January 2013 and NSFR on 31st October 2014.

The transposition of Basel 3 in European Union law, CRD4 and CRR1 was published on 27th June 2013, and is to be implemented by 1st January 2014.

The French transposition was published in the French Official Journal (Journal Officiel) on 5th November 2014.

The LCR definition was finalised on the basis of technical standards issued by EBA, through a Delegated Act set by the European Commission on 10th October 2014. The LCR entered into force at European level on 1st October 2015. The minimal requirement was fixed at 60% from 1st October 2015 onwards to 100% fully implemented by 1st January 2018.

Regarding the NSFR, subsequent to an EBA opinion, the European Commission will submit new regulations to the European Parliament and Council by end-2016.

Societe Generale actively continued its work aimed at transposing the Basel/European legislation and adapting them into management standards within the Group. At the Group level, the LCR is currently managed based on European standards. Pending the stabilisation of the European legislation, the NSFR will be managed according to the Basel standard.

Since the implementation of the LCR European regulatory constraint in October 2015, with a 60% minimum requirement, followed by a 70% requirement on 1st January 2016, Societe Generale's LCR ratio has always stood at a level comfortably exceeding 100%.

The LCR was higher than at end-2014 and was well above regulatory requirements at 124% at end-2015 (vs. 118% at end-2014).

The Group's solid liquidity position in terms of the ACP ratio (former French regulatory ratio) was also well in excess of the 100% minimum requirement until it was replaced by the European LCR (1st October 2015).

This situation is the consequence of significant efforts made since the crisis to reinforce the Group's liquidity reserves, to extend the average maturity of the Group's short-term liabilities, and to reduce reliance on short-term wholesale funding. It also demonstrates the Group's ability to withstand a severe combined, specific and widespread liquidity crisis.

BALANCE SHEET SCHEDULE

The balance sheet broken down by contractual maturity is presented in this section.

FINANCIAL LIABILITIES (EXCL.DERIVATIVES)

		31st December 2015				
(In EUR m)	Note to the consolidated financial statements	0-3 M	3 M-1 YR	1-5 YRS	> 5 YRS	Total
Due to central banks		6,907	3	41		6,951
Financial liabilities at fair value through profit or loss, excluding derivatives	Note 3.1	189,718	17,101	22,946	34,989	264,753
Due to banks	Note 3.6	63,952	6,306	22,323	2,871	95,452
Customer deposits	Note 3.6	297,297	29,249	28,974	24,112	379,631
Securitised debt payables	Note 3.6	25,126	25,095	41,542	14,649	106,412
Subordinated debt	Note 3.9	319	1,155	2,613	8,959	13,046

Note: the scaling assumptions of these liabilities are described in Note 3.13 of the consolidated financial statements.

Symmetrically, the main lines comprising the corresponding financial assets are presented below.

FINANCIAL ASSETS

		31st December 2015				
(In EUR m)	Note to the consolidated financial statements	0-3 M	3 M-1 YR	1-5 YRS	> 5 YRS	Total
Cash, due from central banks		75,786	636	1,319	824	78,565
Financial assets at fair value through profit or loss, excluding derivatives	Note 3.4	328,013	2,991			331,004
Available-for-sale financial assets	Note 3.4	123,718	5,983		4,486	134,187
Due from banks	Note 3.5	57,178	5,578	7,969	957	71,682
Customer loans	Note 3.5	79,183	52,527	144,103	102,234	378,047
Lease financing and similar agreements	Note 3.5	2,506	5,460	14,153	5,085	27,204

It should be noted that, due to the nature of its activities, Societe Generale holds derivative products and securities whose residual contractual maturities are not representative of its activities or risks.

By convention, the following residual maturities were used for the classification of financial assets:

1. Assets measured at fair value through profit or loss, excluding derivatives (customer-related trading assets)
   - Positions measured using prices quoted on active markets (L1 accounting classification): maturity of less than 3 months.
   - Positions measured using observable data other than quoted prices (L2 accounting classification): maturity of less than 3 months.
   - Positions measured mainly using unobservable market data (L3): maturity of 3 months to 1 year.
2. Available-for-sale assets (insurance company assets and Group liquidity reserve assets in particular)
   - Available-for-sale assets measured using prices quoted on active markets: maturity of less than 3 months.
   - Bonds measured using observable data other than quoted prices (L2): maturity of 3 months to 1 year.
   - Finally, other securities (shares held long-term in particular): maturity of more than five years.

As regards the other lines comprising the balance sheet, other assets and liabilities and their associated conventions can be broken down as follows:

OTHER LIABILITIES

	31st December 2015						
(In EUR m)	**Note to the consolidated financial statements**	**Not scheduled**	**0-3 M**	**3 M-1 YR**	**1-5 YRS**	**> 5 YRS**	**Total**
Revaluation difference on portfolios hedged against interest rate risk		8,055					8,055
Tax liabilities	Note 6			1,108		463	1,571
Other liabilities	Note 4.4		83,083				83,083
Non-current liabilities held for sale				526			526
Underwriting reserves of insurance companies	Note 4.3		11,199	7,710	29,195	59,153	107,257
Provisions	Note 8.5	5,218					5,218
Shareholders' equity		59,037					59,037

OTHER ASSETS

	31st December 2015						
(In EUR m)	**Note to the consolidated financial statements**	**Not scheduled**	**0-3 M**	**3 M-1 YR**	**1-5 YRS**	**> 5 YRS**	**Total**
Revaluation difference on portfolios hedged against interest rate risk		2,723					2,723
Held-to-maturity financial assets	Note 3.9					4,044	4,044
Tax assets	Note 6	7,367					7,367
Other assets	Note 4.4		69,398				69,398
Non-current assets held for sale			104	67			170
Investments in subsidiaries and affiliates accounted for by the equity method						1,352	1,352
Tangible and intangible fixed assets	Note 8.2					19,421	19,421
Goodwill	Note 2.2					4,358	4,358

1. Revaluation differences on portfolios hedged against interest rate risk are not scheduled, as they comprise transactions backed by the portfolios in question. Similarly, the schedule of tax assets whose schedule would result in the early disclosure of income flows is not made public.
2. Held-to-maturity financial assets have a residual maturity of more than five years.
3. Other assets and Other liabilities (guarantee deposits and settlement accounts, miscellaneous receivables) are considered as current assets and liabilities.
4. The notional maturities of commitments in derivative instruments are presented in Note 3.13 to the Group's consolidated financial statements. The net balance of transactions in derivatives measured at fair value through profit or loss on the balance sheet is EUR -1,899 million (according to the rules set above, it would be classified as a trading liability < 3 months, see Note 3.4 to the consolidated financial statements).
5. Non-current assets held for sale have a maturity of less than 1 year, as do the associated liabilities.
6. Investments in subsidiaries and affiliates accounted for by the equity method and tangible and intangible fixed assets have a maturity of more than 5 years.
7. Provisions and shareholders' equity are not scheduled.

9. COMPLIANCE, REPUTATIONAL AND LEGAL RISKS

COMPLIANCE

Compliance means acting in accordance with applicable banking and financial rules, whether laws or regulations, as well as professional, ethical and internal principles and standards.

Fair treatment of customers (and, more generally, the integrity of banking and financial practices) contributes decisively to the reputation of our institution.

By ensuring that these rules are observed, the Group works to protect its customers and, in general, all of its counterparties, employees, and the various regulatory authorities to which it reports.

Compliance System

Independent compliance structures have been set up within the Group's different business lines around the world to identify and prevent any risks of non-compliance.

The Group's Corporate Secretary is the Chief Compliance Officer. He is assisted in his duties by the Compliance Department and a compliance function consisting of a coordinated network of Compliance Officers operating in all Group entities.

COMPLIANCE DEPARTMENT

The Compliance Department verifies that all compliance laws, regulations and principles applicable to the Group's banking and investment services business are observed, and that all staff respect codes of good conduct and individual compliance. It also monitors the prevention of reputational risk. It provides expertise for the Group, performs controls at the highest level and assists the Corporate Secretary with the day-to-day operation of the Compliance Department. It is organised into three cross-business departments and three departments dedicated to the Group's businesses.

The cross-business functions are responsible for:

- the Group's financial security (prevention of money laundering and terrorism financing; know-your-customer obligations; embargoes and financial sanctions);
- developing and updating consistent standards for the function, promoting a compliance culture, coordinating employee training and managing Group regulatory projects;
- coordinating a compliance control mechanism within the Group (second-level controls), overseeing a normalised Compliance process, oversight of personnel operations and, finally, managing large IT projects for the function.

The departments responsible for business line compliance cover:

- Retail Banking and Financial Services networks in France and abroad;
- Global Banking and Investor Solutions;
- Private Banking.

The Insurance Compliance Officer reports functionally to the Compliance Department.

Its main tasks are to define, in accordance with legal and regulatory requirements, the policies, principles and procedures applicable to compliance and financial security, and to manage their implementation and monitor their application to:

- ensure compliance with professional and financial market regulations;
- prevent and manage conflicts of interest;
- propose the ethical rules to be followed by all Group employees;
- train and advise employees and raise their awareness of compliance issues;
- ensure the effectiveness of the compliance officers within the various businesses and entities by setting out their prerogatives, ensuring that they have the necessary resources, tools and normative framework to accomplish their duties, while monitoring their proper implementation;
- build and implement steering and organisational tools for the function: Compliance and Reputational Risk dashboards, forums to share best practices, meetings of functional compliance officers;
- generally monitor subjects likely to be harmful to the Group's reputation.

The Compliance Department relies on two Group-level committees.

- The Compliance Committee of The Executive Committee (COM-CO): this committee, which was created during the third quarter of 2015, brings all members of the Group's Executive Committee and the Deputy Compliance Director together on a quarterly basis. It determines the Group's major compliance focuses and supervises implementation of the risk and control monitoring mechanism.
- The Group Compliance Committee (CCG): the Group Compliance Committee meets once a month and is chaired by the Group's Corporate Secretary, with the participation of functional compliance officers, the Finance and Development Department, the Resource Department, the Head of Internal Control Coordination, the Chief Legal Officer, the Chief Operational Risk Officer, as well as a General Inspection representative.

The Committee reviews the most significant incidents that occurred over the period across the entire Group and decides on the actions to be taken. It examines key compliance events and initiatives conducted across and within the different business lines, and considers current compliance-related topics. The major legal and regulatory oversight items are also presented by the Chief Legal Officer within this governance body.

In addition, two dashboards are presented each quarter to the Compliance Committee of the Group Executive Committee (COM-CO) and each half year to the Audit and Internal Control Committee (CACI):

- the reputational risk dashboard, which has been distributed since 2012, integrates key internal and external indicators;
- the compliance dashboard, distributed since 2014, which shows the key events of the quarter, with a focus on four compliance themes (financial security, customer protection, regulatory relationships, and market abuse), and key indicators.

THE COMPLIANCE FUNCTION

Compliance function duties are carried out in the business lines and corporate divisions by dedicated teams operating under the Compliance Officer's authority. The Compliance Department supervises the function.

The compliance control system for the business lines is structured around dedicated departments: International Retail Banking & Financial Services, Banking Customers, Private Banking, Global Banking and Investor Solutions, and Insurance. The corporate teams report directly to the the Head of the Compliance Department, with the exception of the Insurance business line, which retains functional reporting. Subsidiary compliance officers in France and abroad have a strong functional link with the Compliance Department.

Compliance Officers develop and implement the governance and principles defined at Group level within their remit. They contribute to the identification and prevention of compliance and reputational risks, the validation of new products, the analysis and reporting of compliance anomalies, the implementation of corrective measures, remediation plans, staff training and the promotion of compliance values throughout the Group. In particular, they rely on a pyramid structure of business-line, entity and subsidiary compliance officers under their hierarchical or operational authority.

The organisation of the function is designed to achieve multiple objectives:

- centralise the Group's compliance specialists to develop expertise in this area;
- set up cross-business functions aimed at promoting and harmonising compliance values throughout the Group, covering all the Group's businesses and corporate divisions;
- establish a clear separation between advisory functions and those inherent in control;
- simplify the compliance system to improve information flow and shorten the decision-making cycle.

GROUP FINANCIAL SECURITY SYSTEM

(prevention of money laundering, terrorism financing, know-your-customer obligations, embargoes and financial sanctions).

The financial security system rests on two pillars:

- the Group Financial Security Department is responsible for:
  - defining the standards and policies applied at the Group level, in cooperation with the Legal Department, monitoring its implementation and circulating new regulatory provisions, while providing guidelines for operational departments, primarily through a dedicated Intranet compliance portal,
  - organising and managing the Group financial security system and further raising the business lines' awareness of these particularly complex and rapidly changing issues,
  - reporting suspicious activity to TRACFIN for all of the Group's French entities (with the exception of Crédit du Nord and Boursorama Banque, which report directly), as well as submitting reports on asset freezes and authorisation requests to the French Treasury for Societe Generale SA.
  - For entities and subsidiaries located outside France, the Anti-Money Laundering Officers (AMLOs) report suspicious activity to local authorities.
  - It should be emphasised that monitoring financial security processes using quantitative indicators began in 2015 within the various Group businesses. The primary goal of this new approach, which is being deployed, is to better control risk.
- the business line compliance officers and a structured network of AMLO agents at the entity level are responsible for ensuring that the financial security system is properly implemented within each of the entities in their business division.

NORMATIVE DOCUMENTATION AND INFORMATION SHARING

To complete its assignments, the Societe Generale Compliance function relies on normative documents (directives, instructions and procedures) which are regularly updated.

In addition, a collaborative information sharing tool was implemented in 2015 to encourage exchanges and best practices among various departments within the function.

COMPLIANCE ENFORCEMENT APPLICATIONS

Three types of IT applications ensure compliance with regulations and detect breaches or situations requiring special attention:

- profiling/*scenario* management tools that trigger alerts when unusual account flows or transactions are detected, especially for Retail Banking. More specifically, they are used to prevent terrorism financing and money laundering, and to detect market abuse, price manipulation and insider trading;

- tools used to filter data based on pre-defined lists (internal lists, external databases, etc.) that trigger alerts when certain people, countries or activities targeted by sanctions and embargoes are detected;
- risk reporting/evaluation tools that provide reports/statements on specific characteristics of an entity, core business, business line or customer to notify the relevant authorities (management, senior management, regulators, etc.). There is also a tool for mapping and assessing compliance risks, a reporting tool for personal transactions, a set of tools to manage lists of insiders and possible conflicts of interests.

These tools are regularly updated to incorporate regulatory and technological changes and improve their operational efficiency.

Compliance Culture and the Code of Conduct

Compliance with ethical rules which meet the highest professional standards is part of the fundamental values of the Societe Generale Group. They are not simply followed by some, but are part of the culture which applies to everyone.

The Group has established protection of the company's reputation as a strategic goal and ensures that each employee acts with integrity on a daily basis. Numerous culture and conduct workshops have been conducted since 2011. The Group has a set of strict good conduct doctrines and rules. The Group's Code of Conduct was covered in a directive which went into effect in January 2013. The individual and group behaviour principles and rules promulgated go beyond the strict application of current laws and regulations, in particular when the ethical standards in certain countries are not consistent with the values and commitments the Group applies.

This directive applies to all employees, regardless of their responsibility level, as well as to Group managers, and also specifies alert procedures when a special situation justifies it.

For a bank, compliance culture means:

- not working with a customer or counterparty for which it is not possible to gather satisfactory information to know that person;
- understanding how to assess the economic reality of a transaction;
- being able to justify each decision under any circumstance.

As a result, the Group:

- may not complete transactions in countries or enter into relationships with natural persons or legal entities whose activity would violate the laws or principles that guide a banker's behaviour;
- will not work with customers or counterparties in transactions for which it cannot assess the economic reality, or where there is an absence of transparency which could lead to the conclusion that they violate accounting or ethical principles;
- provides correct, clear and non-misleading information regarding the products and services offered and ensures that they meet customer expectations.

The Societe Generale Group implements the recommendations of the G30 International Consultative Group on economic and monetary issues in its report entitled "Calls for fully comprehensive cultural and conduct reforms at major global banks".

These recommendations are organised around five major themes: a fundamental shift in the overall mindset on culture; senior accountability and governance; performance management and incentives; staff development and promotion and three effective lines of defence including, inter alia, strengthening the role and positioning of the compliance function.

The Compliance Function's Transformation Programme

The Societe Generale Group launched a programme covering the period from 2015 to 2018 to transform and improve the operational efficiency of the Compliance function, in particular to raise our monitoring standards and better fulfil the increasing requirements of regulatory authorities.

Among other things, this programme strengthens governance and increases the resources made available to the function, both by recruiting additional resources and by investing in streamlining the Compliance function's existing IT applications and strengthening alert controls and management.

It targets the continued enhancement of priority functions, the central tools for monitoring regulatory application (including training, harmonisation, and regulatory oversight), financial security, constant oversight, customer protection, market integrity (including preventing conflicts of interest), and reporting quality.

The Societe Generale Group Compliance function significantly increased its workforce in 2015. This increase affected all function departments. This growth in employees also included numerous training sessions, many of which were mandatory.

Implementation of compliance policies

PREVENTION OF MONEY LAUNDERING AND TERRORISM FINANCING

The main events in 2015 were:

- Reworking the Group instruction governing the prevention of money laundering and terrorism financing;
- strengthening the mechanism to prevent terrorism financing and to monitor Group employees;

- continuing the COSI (systematic information communication) project with TRACFIN, which includes cash deposit/withdrawal transactions and international wire transfers;
- the launch of a Group IT application implementation project to optimise operational dossier processing and to facilitate information sharing among various business lines.

KNOW YOUR CUSTOMER

As part of "Know Your Customer", periodic dossier review received special attention within the Group in 2015.

We also note:

- the publication of an instruction covering banking relationship management;
- the launch of a project on best practices to filter politically exposed persons;
- the continuation of actions to distribute and share KYC data.

EMBARGOS AND FINANCIAL PENALTIES

With respect to embargos, the international context in 2015 continued to be very complex for the banking sector. Compliance function employees, in particular the corporate department advance team, were trained on this topic.

- the major rules governing international sectoral penalties against Russia were updated in 2015 based on additional information received from authorities (European Commission, Office of Foreign Assets Control, etc.).
- The Financial Security Department of the Societe Generale Group issued specific instructions on preventing financing of Islamic State (Daech) for the Iraq, Syria and Libya region, as well as to manage accounts to freeze credits.
- Filtering tools were strengthened in 2015, in particular aimed at controlling the re-issue of Swift payment messages (e.g. anti-stripping control).
- In 2015, the Financial Security Department continued to raise awareness among management and employees. In addition, it should be emphasised that mandatory training for all global Group employees on the risks of international penalties was conducted in mid-2015. By the end of 2015, most Group employees had already completed this training in French and English. The training will continue in 2016 in local languages mainly for the subsidiaries of International Retail Banking & Financial Services.

FIGHTING CORRUPTION

The fight against corruption has become global. Many countries have strengthened their anti-corruption laws and increased the corresponding penalties.

In 2000, Societe Generale made certain commitments as part of the Wolfsberg Group and, in 2003, under the Global Compact. The anti-money laundering mechanism includes monitoring the use of the banking system by third parties to identify cases of corruption.

To fight corruption, Societe Generale applies strict principles which form part of its Code of Conduct and comply with the strictest regulations in this regard, including the UK Bribery Act. Their implementation is strictly monitored. Mandatory instructions and controls which are applicable throughout the Group have been distributed since 2001.

To enhance vigilance, a training module designed to increase Societe Generale Group employee awareness of fighting corruption was deployed in 2015 and is mandatory.

EMPLOYEE ETHICS

Compliance with ethical policies is a constant obligation under Societe Generale's rules of conduct. Procedures and their proper application are closely examined, including those related to the supervision of outside personnel (employees of service providers, temporary employees and trainees).

CROSSING OWNERSHIP THRESHOLDS

The cross-business tool for monitoring share ownership and voting rights in listed issuers ensures worldwide compliance (103 countries) with regulations regarding the crossing of share ownership thresholds (legal, statutory, or during public offer periods).

It monitors all shares and derivatives with underlying equity securities held by the Societe Generale Group. These holdings are calculated in accordance with the specific rules in each country.

CONFLICTS OF INTEREST

The Group has an instruction on the prevention and management of conflicts of interest which specifies the principles and mechanisms to be implemented by their appropriate management. This instruction was updated in 2015 to take into consideration the regulatory changes in the field.

The policy addresses potential conflicts of interest liable to involve the Group, its customers or employees. It also maps out potential conflicts of interest which could arise when providing investment or related services.

MARKET ABUSE

To adapt to technological change (development of new trading platforms) and the growing risk of pricing manipulation (particularly indices), and to incorporate regulatory developments already known to the Group, special efforts are made to raise employee awareness, including the staff of the Retail Banking arm, of *ad hoc* procedures and their application in all businesses, and of ongoing developments in detection and analytical tools.

As part of the entry into force on 3rd July 2016 of the reform of the Market Abuse System (the "Market Abuse" Regulation of 12th June 2014 and the "Market Abuse 2" Directive), the Group launched a dedicated project managed by the Compliance Department in 2015.

CUSTOMER PROTECTION

Customer protection is central to the Group. It is a prerequisite to high-quality customer relationships.

Among the actions taken, the following are particularly important:

- the Compliance function's contribution to developing products through its participation in the New Product Committee, where it establishes pre-requisites, if needed;
- the response to the Customer Protection questionnaire of the French Prudential Supervisory Authority (l'Autorité de contrôle prudentiel et de résolution);
- the distribution of an instruction governing the relationship of Societe Generale Group entities with financial sector intermediaries and introducing agents (apporteurs d'affaires) (in France, the rules applicable to banking intermediaries and "IOBSP" payment departments, "CIF" financial investment advisors, "ALPSI" investment service agents, and "IAS" insurance intermediaries).

Finally, the Group is preparing to implement the new customer protection requirements in the MIF 2 Regulation, which will apply from 2017.

CLAIMS AND MEDIATION

A claim is treated foremost as a commercial action which contributes to customer satisfaction. The Compliance function carefully monitors customer claims to identify inappropriate procedures or offers. Each of the Group's core businesses has governance, an organisation, procedures and resources tailored to its business to process and monitor claims.

Significant efforts to train and enhance the awareness of employees were conducted within the Group, in particular in French Retail Banking (Societe Generale, Boursorama Banque and Crédit du Nord) and within the Insurance business line (ISO 9001 quality requirement), which significantly contributed to process optimisation (recording, quality and customer response times). In addition, customer information was improved.

Group instructions include an escalation process for claims handling, as well as the possible use of an internal or external mediator (a mediator independent from the Societe Generale Group jointly with the Crédit du Nord Group, the French Financial Markets Authority (AMF), and the French Banking Federation). International entities and subsidiaries can also use local mediators (if regulation so requires) or local mediation bodies approved by professional organisations.

REGULATORY PROJECTS

Finally, in 2015, in cooperation with the business lines, the Compliance function continued development and compliance workshops covering numerous important regulations, in particular: the French banking law of 26th July 2013, the Volcker reforms, the DFA ("Dodd-Frank Act"), EMIR ("European Market Infrastructure Regulation"), MIF 2, FATCA ("Foreign Account Tax Compliance Act"), Common Reporting Standards ("CRS") and Market Abuse Directive/ Market Abuse Regulation ("MAD II/MAR").

Looking Ahead to 2016

2016 will see an acceleration in the transformational actions under the "Compliance Engagement" programme with further recruitments, an improvement in the operational effectiveness of the Compliance function and control mechanisms, as well as an optimisation of the various IT systems included in the mid-term strategic plan.

These actions will allow the Societe Generale Group to better frame its business both in France and abroad given the significant transaction volumes, data and alerts which have to be handled. Further, they will reduce the implementation time for various regulatory requirements.

This programme will also contribute to the "Culture and Conduct" strategic action plan led by senior management which is designed, among other things, to develop training and enhance employee and management awareness.

RISKS AND LITIGATION

The Group reviews in detail every quarter the disputes presenting a significant risk.

- Societe Generale, along with numerous other banks, financial institutions, and brokers, is subject to investigations in the US by the Internal Revenue Service, the Securities and Exchange Commission, the Antitrust Division of the Department of Justice, and the attorneys general of several states for alleged non-compliance with various laws and regulations relating to their conduct in the provision to governmental entities of Guaranteed Investment Contracts ("GICs") and related products in connection with the issuance of tax-exempt municipal bonds. Societe Generale is cooperating with the investigating authorities. Societe Generale resolved the investigations of the attorneys general of several states, as announced on 24th February 2016, without admitting or denying allegations of misconduct. The settlement amount was fully provisioned.

  Several lawsuits were initiated in US courts in 2008 against Societe Generale and numerous other banks, financial institutions, and brokers, alleging violation of US antitrust laws in connection with the bidding and sale of GICs and derivatives to municipalities. These lawsuits were consolidated in the US District Court in Manhattan. Some of these lawsuits are proceeding under a consolidated class action complaint. In April 2009, the court granted the defendants' joint motion to dismiss the consolidated class action complaint against Societe Generale and all the other defendants except three. A second consolidated and amended class action complaint was filed in June 2009. Societe Generale's motion to dismiss the second consolidated and amended class action complaint was denied and the proceeding is continuing as to Societe Generale and numerous other providers and brokers. The class plaintiffs filed a third amended class action complaint in March 2013. Societe Generale reached a settlement with the class plaintiffs, and on 24th February 2016, the class plaintiffs filed a motion with the court seeking preliminary approval of the settlement. The settlement amount was fully provisioned. In addition, there are other actions that are proceeding separately from the consolidated class action complaint, including another purported class action under the US antitrust laws and California state law as well as lawsuits brought by individual local governmental agencies. Motions to dismiss the complaints in these related proceedings have been denied in their entirety or in part, and discovery is proceeding.

- On 24th October 2012, the Court of Appeal of Paris confirmed the first judgment delivered on 5th October 2010, finding J. Kerviel guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. J. Kerviel was sentenced to serve a prison sentence of five years, two years of which are suspended, and was ordered to pay EUR 4.9 billion as damages to the bank. On 19th March 2014, the Supreme Court confirmed the criminal liability of J. Kerviel. This decision puts an end to the criminal proceedings. On the civil front, the Supreme Court has departed from its traditional line of case law regarding the compensation of victims of criminal offences against property. The amount of damages will be heard by the Versailles Court of Appeal before which the case was remanded.
- Since 2003, Societe Generale had set up "gold consignment" lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold reserves held at Goldas. These suspicions were rapidly confirmed following the failed payment (EUR 466.4 million) of gold purchased. In order to recover the sums owed by the Goldas Group and to protect its interests, Societe Generale brought civil proceedings in Turkey against its insurance carriers and Goldas Group entities. Goldas, for its part, has recently launched various proceedings in Turkey against Societe Generale. Societe Generale also brought proceedings against its insurers in the United Kingdom, which were discontinued by consent, without any admission of liability by any party. Proceedings in France against its insurers are still underway.
- Societe Generale Algeria ("SGA") and several of its branch managers are prosecuted for breach of Algerian laws on exchange rates and capital transfers with other countries. The defendants are accused of having failed to make complete or accurate statements to the Bank of Algeria on capital transfers in connection with exports or imports made by clients of SGA. The events were discovered during investigations by the Bank of Algeria, which subsequently filed civil claims before the criminal Court. Sentences were delivered by the court of appeal against SGA and its employees in some proceedings, while charges were dropped in other ones. All proceedings were referred to the Supreme Court. To date, twelve cases have been terminated in favour of SGA and seven remain pending.
- In the early 2000s, the French banking industry decided to transition to a new digital system in order to streamline cheque clearing.

  To support this reform (known as EIC – *Echange d'Images Chèques*), which has contributed to the improvement of cheque payments security and to the fight against fraud, the banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20th September 2010, after several years of investigation, the French competition authority considered that the joint implementation and the setting of the amount of the CEIC and of two additional fees for related services were in breach of competition law. The authority fined all the participants to the agreement (including the *Banque de France*) a total of approximately EUR 385 million. Societe Generale was ordered to pay a fine of EUR 53.5 million and Crédit du Nord, its subsidiary, a fine of EUR 7 million.

  However, in its 23rd February 2012 order, the French Court of Appeal, to which the matter was referred by all the banks involved except *Banque de France*, upheld the absence of any competition law infringement, allowing the banks to recoup the fines paid. On 14th April 2015, the Supreme Court quashed and annulled the Court of Appeal decision on the ground that the latter did not examine the arguments of two third-parties who voluntarily intervened in the proceedings. The case will be heard again by the Court of Appeal before which the case was remanded.
- Societe Generale Private Banking (Suisse), along with several other financial institutions, has been named as a defendant in a putative class action that is pending in the US District Court for the Northern District of Texas. The plaintiffs seek to represent a class of individuals who were customers of Stanford International Bank Ltd. ("SIBL"), with money on deposit at SIBL and/or holding Certificates of Deposit issued by SIBL as of 16th February 2009. The plaintiffs allege that they suffered losses as a result of fraudulent activity at SIBL and the Stanford Financial Group or related entities, and that the defendants bear some responsibility for those alleged losses. The plaintiffs further seek to recoup payments made through or to the defendants on behalf of SIBL or related entities on the basis that they are alleged to have been fraudulent transfers. The Official Stanford Investors Committee ("OSIC") was permitted to intervene and filed a complaint against Societe Generale Private Banking (Suisse) and the other defendants seeking similar relief.

  The motion by Societe Generale Private Banking (Suisse) to dismiss these claims on grounds of lack of jurisdiction was denied by the court by order filed 5th June 2014. Societe Generale Private Banking (Suisse) sought reconsideration of the Court's jurisdictional ruling, which the Court ultimately denied. On 21st April 2015, the Court permitted the substantial majority of the claims brought by the plaintiffs and the OSIC to proceed.

  In May 2015, the plaintiffs filed a motion for class certification, which Societe Generale Private Banking (Suisse) and the other defendants have opposed. The motion is now pending for decision.

  On 22nd December 2015, the OSIC filed a motion for partial summary judgment seeking return of a transfer of USD 95 million to Societe Generale Private Banking (Suisse) made in December 2008 (prior to the Stanford insolvency) on the grounds that it is voidable under Texas state law as a fraudulent transfer. Briefing on this motion is ongoing.

  Connected with the allegations in this class action, Societe Generale Private Banking (Suisse) and Societe Generale have also received requests for documents and other information from the US Department of Justice. Societe Generale Private Bank (Suisse) and Societe Generale are cooperating with the US authorities.

- Societe Generale, along with other financial institutions, has received formal requests for information from several authorities in Europe, the US and Asia, in connection with investigations regarding submissions to the British Bankers Association for setting certain London Interbank Offered Rates ("Libor") and submissions to the European Banking Federation (now the EBF-FBE) for setting the Euro Interbank Offered Rate ("Euribor"), as well as trading in derivatives indexed to various benchmark rates. Societe Generale is cooperating with the investigating authorities

  Societe Generale, along with other financial institutions, was 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 23rd June 2014, the court dismissed the claims against Societe Generale in putative class actions brought by purchasers of certain over-the-counter derivative contracts and purchasers of certain exchange-based derivative contracts. On 5th March 2015, Societe Generale was voluntarily dismissed from a third putative class action brought by purchasers of adjustable rate mortgages tied to Libor. The two other putative class actions are effectively stayed pending resolution of the appeal described below. On 20th October 2015, the court dismissed the claims against Societe Generale in an individual action brought by the liquidating agent of several failed credit unions. On 4th August 2015, the court dismissed several claims asserted by individual plaintiffs, but permitted some state law claims to proceed against defendants in limited circumstances. The parties are still litigating the impact of this decision on the claims against Societe Generale and the other defendants. The plaintiffs in most of the class and individual actions have appealed the court's dismissal of their antitrust claims against all defendants to the US Court of Appeals for the Second Circuit.

  Societe Generale, along with other financial institutions, also has been named as a defendant in two putative class actions in the US District Court in Manhattan 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. These actions allege violations of, among other laws, the US antitrust laws, the CEA, the civil provisions of the Racketeer Influenced Corrupt Organization ("RICO") Act, and state laws. On 28th March 2014, the court dismissed the exchange-based plaintiffs' antitrust claims, among others, but permitted certain CEA claims to proceed. On 31st March 2015, the court denied the exchange-based plaintiffs' motion for leave to add a RICO claim and additional class representatives, who sought to assert CEA, RICO and state law claims. Motions to dismiss the over-the-counter plaintiffs' claims are due shortly.

  Societe Generale, along with other financial institutions, also has been named as a defendant in a putative class action in the US District Court in Manhattan brought on behalf of purchasers or sellers of Euribor-linked futures contracts on the LIFFE exchange, Euro currency futures contracts on the CME, Euro interest rate swaps, or Euro foreign exchange forwards, who allege that their instruments traded or that they transacted at artificial levels due to alleged manipulation of Euribor rates. The action alleges violations of, among other laws, US antitrust laws, the CEA, RICO and state laws. Motions to dismiss have been filed.

  Societe Generale, along with other financial institutions, also has been named as a defendant in litigation in Argentina brought by a consumer association on behalf of Argentine consumers who held government bonds or other instruments that paid interest tied to US Dollar Libor. The allegations concern violations of Argentine consumer protection law in connection with an alleged manipulation of the US Dollar Libor rate. Societe Generale has not yet been served with the complaint in this matter.

  On 4th December 2013, the European Commission issued a decision further to its investigation into the EURIBOR rate, that provides for the payment by Societe Generale of an amount of EUR 445.9 million in relation to events that occurred between March 2006 and May 2008. Societe Generale has filed an appeal with the Luxembourg Court regarding the method used to determine the value of the sales that served as a basis for the calculation of the fine.

- On 10th December 2012, the Council of State (French Conseil d'État) made two rulings on the lawfulness of withholding tax (précompte), a tax which has now been abolished. It concluded that this tax violated EC law and defined the conditions pursuant to which the amounts levied towards the withholding tax should be restituted to companies. The conditions for restitution defined by the Council of State significantly reduce the amount of restitution. In 2005, two companies (Rhodia and Suez) assigned their rights to restitution to Societe Generale with a limited right of recourse against the assignors. One of the Council of State's rulings concerns Rhodia. Societe Generale defended its rights in the various proceedings against the French tax authorities before French administrative courts in France – the last decision having been handed down by the Paris Administrative Court of Appeal on 12th December 2014 in the Suez matter – which continue to implement the conditions of restitution of withholding tax defined by the Council of State in its decision of 10th December 2012.

  Seized by several French companies, the European Commission considered that the decisions handed down by the Council of State on 10th December 2012, following the decision handed down by the European Court of Justice C-310/09 on 15th September 2011, breach several European law principles. The European Commission informed the plaintiffs, including Societe Generale, that it initiated an infringement procedure against the French Republic by sending a letter of formal notice on 26 th November 2014.

- Societe Generale has engaged in discussions with the US Office of Foreign Assets Control, the US Department of Justice, the office of the District Attorney of New York County, the Board of Governors of the Federal reserve System in Washington, the Federal Reserve Bank of New York, and the New York State Department of Financial Services in relation to US dollar transfers made by Societe Generale on behalf of entities based in countries that are the subject of economic sanctions ordered by the US authorities. In connection with these discussions, Societe Generale is conducting an internal review and is cooperating with the US authorities.
- Vladimir Golubkov, CEO of Rosbank at the time of the events, and an employee of the bank are under criminal investigation in the Russian Federation for actions that would amount to corruption. According to the press, the case against Vladimir Golubkov was dismissed in December 2015.
- On 22nd May 2013, the ACPR (French Prudential Supervisory and Resolution Authority) launched disciplinary proceedings against Societe Generale in relation to the resources and procedures deployed by it pursuant to the legal requirements relating to the "right to a bank account" ("Droit au compte"). On 11th April 2014, the ACPR sanctions commission imposed the following sanctions on Societe Generale: a fine of EUR 2 million, a reprimand, and the publication of the decision. In May 2014, Societe Generale referred this decision to the Council of State. By a judgment handed down on 14th October 2015, the Council of State cancelled the ACPR's penalty of 11th April 2014. By a letter dated 9th November 2015, the ACPR informed Societe Generale that it will resume the proceedings before the sanctions commission. The college representative filed its brief on 18th December 2015. Societe Generale must file its response on 1st February 2016.
- On 7th March 2014, the Libyan Investment Authority ("LIA") brought proceedings against Societe Generale before the High Court of England regarding the conditions pursuant to which LIA entered into certain investments with the Societe Generale Group. LIA alleges that Societe Generale and other parties who participated in the conclusion of the investments notably committed acts amounting to corruption. Societe Generale firmly refutes such allegations and any claim tending to question the lawfulness of these investments. The English Court decided that the trial hearing will take place in January 2017. Also, on 8th April 2014, the US Department of Justice served Societe Generale with a subpoena requesting the production of documents relating to transactions with Libyan entities and individuals, including the LIA. Societe Generale is cooperating with US authorities.
- Societe Generale, along with other financial institutions, has been named as a defendant in a putative class action alleging violations of US antitrust laws and the CEA in connection with its involvement in the London Gold Market Fixing. The action is brought on behalf of persons or entities that sold physical gold, sold gold futures contracts traded on the CME, sold shares in gold ETFs, sold gold call options traded on CME, bought gold put options traded on CME, sold over-the-counter gold spot or forward contracts or gold call options, or bought over-the-counter gold put options. The action is pending in the US District Court in Manhattan. Motions to dismiss the action have been filed and are pending for decision. Societe Generale and certain subsidiaries, along with other financial institutions, have also been named as defendants in putative class action in Canada (Ontario Superior Court in Toronto) involving similar claims.
- On 30th January 2015, the US Commodity Futures Trading Commission served Societe Generale with a subpoena requesting the production of information and documents concerning trading in precious metals done since 1st January 2009. Societe Generale is cooperating with the authorities.
- Societe Generale Americas Securities, LLC ("SGAS"), along with other financial institutions, has been named as a defendant in several putative class actions alleging violations of US antitrust laws and the CEA in connection with its activities as a US Primary Dealer, buying and selling US Treasury securities. The cases have been consolidated in the US District Court in Manhattan. SGAS's time to respond to the complaints has not yet been set.
- Societe Generale, along with several other financial institutions, has been named as a defendant in a putative class action alleging violations of US antitrust laws and the Commodity Exchange Act in connection with foreign exchange spot and derivatives trading. The action is brought by persons or entities that transacted in certain over-the-counter and exchange-traded foreign exchange instruments. The litigation is pending in the US District Court in Manhattan. Motions to dismiss the action have been filed. Societe Generale and certain subsidiaries, along with other financial institutions, have also been named as defendants in two putative class actions in Canada (in Ontario Superior Court in Toronto and Quebec Superior Court in Quebec City) involving similar claims.

10. OTHER RISKS

EQUITY RISKS

Investment strategies and purpose

Societe Generale Group's exposure to its non-trading equity portfolio relates to several of the bank's activities and strategies. It includes equities and equity instruments, mutual fund units invested in equities, and holdings in the Group's subsidiaries and affiliates which are not deducted from shareholders' equity for the purpose of calculating solvency ratios. Generally speaking, due to their unfavourable treatment under regulatory capital, the Group's future policy is to limit these investments.

- First, the Group has a portfolio of industrial holdings which mainly reflect its historical or strategic relations with these companies.
- It also has some minority holdings in certain banks for strategic purposes, with a view to developing its cooperation with these establishments.
- In addition, the equities that are not part of the trading book include Group shares in small subsidiaries which operate in France and abroad, and which are not included in its consolidation scope. This includes various investments and holdings that are ancillary to the Group's main banking activities, particularly in French Retail Banking, Corporate and Investment Banking, and Securities Services (private equity activities in France, closely linked with banking networks, stock market bodies, brokerages, etc.).
- Lastly, Societe Generale and some of its subsidiaries may hold equity investments related to their asset management activities (particularly seed capital for mutual funds promoted by Societe Generale), in France and abroad.

Monitoring of banking book equity investments and holdings

The portfolio of industrial holdings has been significantly reduced in recent years, further to the disposal of non-strategic lines. It now includes only a limited number of investments. It is monitored on a monthly basis by the Group's Finance Division, and where necessary value adjustments are recognised quarterly in accordance with the Group's provisioning policy.

The holdings that are ancillary to the Group's banking activity are monitored on a quarterly basis by the Group's Finance Division and, where necessary, value adjustments are recognised quarterly in accordance with the Group's provisioning policy. Private equity activities in France are subject to dedicated governance and monitoring, within the budgets periodically reviewed by the Group's Executive Committee. Investment or disposal decisions take the financial aspects and the contribution to the Group's activities into consideration (supporting clients in their development, cross-selling with flow activities, Corporate and Investment Banking, Private Banking, etc.).

Valuation of banking book equities

From an accounting perspective, Societe Generale's exposure to equities that are not part of its trading book is classified under shares held for sale insofar as the equities may be held for an indefinite period or they may be sold at any time.

Societe Generale Group's exposure to equities that are not part of the trading book is equal to their book value net of impairments.

The following table presents these exposures at end-December 2015 and 2014, for both the accounting scope and the regulatory scope. Regulatory data cannot be reconciled with data from consolidated financial statements, specifically because the regulatory scope excludes equity investments held on behalf of clients by the Group's insurance subsidiaries.

TABLE 30: BANKING BOOK EQUITY INVESTMENTS AND HOLDINGS

(In EUR m)	31.12.2015	31.12.2014
Banking book equity investments and holdings - Accounting scope	14,720	15,201
Of which equities and other equity instruments (AFS) Note 3.3	12,091	13,181
Of which AFS equities held over the long term	2,629	2,020
Banking book equity investments and holdings - Prudential scope (EAD)	7,081	10,799
Of which listed shares	717	466
Of which unlisted shares	6,364	10,333

AFS: Available For Sale.
EAD: Exposure At Default.

With regard to the regulatory scope, the exposure to equities and holdings that are not included in the trading book, and calculated as EAD, amounted to EUR 7.1 billion at the end of 2015, versus EUR 10.8 billion at the end of 2014. This change is due primarily to the sale of liquidity instruments.

Changes in fair value are recognised in shareholders' equity under "Unrealised or deferred capital gains and losses". In the event of a sale or durable impairment, changes in the fair value of these assets are recorded in the income statement under "Net gains and losses on available-for-sale financial assets". Dividends received on equity investments are recognised in the income statement under "Dividend income".

For listed shares, the fair value is estimated based on the closing share price. For unlisted shares, the fair value is estimated based on the category of financial instrument and one of the following methods:

- the share of net assets owned;
- the valuation based on recent transactions involving the company's shares (acquisition of shares by third parties, expert valuations, etc.);
- the valuation based on recent transactions involving companies in the same sector (earnings or NAV multiples, etc.).

TABLE 31: NET GAINS AND LOSSES ON BANKING BOOK EQUITIES AND HOLDINGS

(En M EUR)	31.12.2015	31.12.2014
Gains and losses on the sale of shares	374	163
Impairment of assets in the equity portfolio	(28)	(28)
In proportion to the net income on the equities portfolio	56	63
Net gains/losses on banking book equities and holdings	402	198
Unrealised gains/losses on holdings	1,058	1,587
Share included in Tier 1 and Tier 2 capital*	1,057	467

* Amounts pro forma Basel 3.

Provisioning policy

The impairment of an available-for-sale financial asset is described in Note 3.8 of the financial statements in Chapter 6 of this Registration Document (p. 322 and next).

Regulatory capital requirements

To calculate the risk-weighted assets under Basel 3, the Group applies the simple risk weight method as defined in the Internal Ratings Based approach for the majority of its non-trading equity portfolio.

Shares in private equity companies are assigned a risk-weighting coefficient of 190%, shares in listed companies a coefficient of 290%, and shares in unlisted companies, including the holdings in our insurance subsidiaries, a coefficient of 370%. Note that private equity shares acquired before January 2008 can be weighted at 150%.

Furthermore, if they are not deducted from own funds, material investments in the capital of finance companies are assigned a weighting coefficient of 250%.

At 31st December 2015, the Group's risk-weighted assets related to its non-trading equity portfolio, and its capital requirements were as follows:

TABLE 32: CAPITAL REQUIREMENTS RELATED TO BANKING BOOK EQUITIES AND HOLDINGS[1]

(In EUR m)			31.12.2015			31.12.2014		
Equities & holdings	**Approach**	**Weighting**	**Exposure at default**	**Risk weighted assets**	**Capital requirements**	**Exposure at default**	**Risk weighted assets**	**Capital requirements**
Private equity	Standard	150%	114	171	14	123	185	15
Private equity	Simple approach	190%	121	229	18	171	325	26
Financial securities	Simple approach	250%	807	2,016	161	1,404	3,511	281
Listed shares	Simple approach	290%	283	821	66	403	1,169	93
Unlisted shares and insurances	Simple approach	370%	4,706	17,412	1,393	4,387	16,231	1,299
Total			**6,030**	**20,650**	**1,652**	**6,488**	**21,421**	**1,714**

(1) Excluding cash investments.

STRATEGIC RISKS

Strategic risks are defined as the risks inherent in the choice of a given business strategy or resulting from the Group's inability to execute its strategy. They are monitored by the Board of Directors, which approves the Group's strategic direction and reviews them at least once every year. Moreover, the Board of Directors approves strategic investments and any transaction, particularly disposals and acquisitions, that could significantly affect the Group's results, the structure of its balance sheet or its risk profile.

Strategic steering is carried out by the Executive Committee under the authority of the General Management, with the assistance of the Group Management Committee. The Executive Committee meets once a week, barring exceptions.

The makeup of these different bodies is laid out in the Corporate Governance chapter of this Registration Document (p. 64). The Internal Rules of the Board of Directors define the procedures for convening meetings as described in Chapter 7 of this Registration Document (p. 471).

ACTIVITY RISK

Activity risk is the risk of taking a loss if expenses incurred are higher than revenues generated. They are managed by the Finance Division through monthly revenue committees. During these meetings, which are chaired by a member of the General Management, the Group's business lines present their results and comment on the state of business, and also present an analysis of their consumption of their budget and scarce resources (especially capital and liquidity).

RISKS RELATING TO INSURANCE ACTIVITIES

Through its insurance subsidiaries, the Group is also exposed to a variety of risks inherent to this business. These include ALM risk management (risks related to interest rates, valuations, counterparties and exchange rates) as well as premium pricing risk, mortality risk and structural risk related to life and non-life insurance activities, including pandemics, accidents and catastrophes (such as earthquakes, hurricanes, industrial disasters, terrorist attacks or military conflicts). The risk monitoring structure related to these risks and related issues are described in Note 4.3 of the consolidated financial statements and in Chapter 6 of this Registration Document (p. 338).

ENVIRONMENTAL AND SOCIAL RISKS

Information on environmental and social risks appears in Chapter 5 of this Registration Document, (p. 209).

5

CORPORATE SOCIAL RESPONSABILITY

Message from Frédéric Oudéa

"For Societe Generale, being a responsible company lies at the very heart of our business lines' mission and reflects the essence of the relationship bank of reference that we strive to be. As a key player in financing the economy, our mission is to offer the best solutions to advise and connect individuals, companies and institutions, in order to support them in the development of their projects, the management of their financial means and their risk coverage. Sensitive to the different stakeholders within our ecosystem, we also strive to ensure the generation of a long-term positive impact on the environment surrounding us.

In 2015 we continued our proactive approach initiated in the 2000s with the signature of national and international commitments that bear the hallmark of precise and demanding principles. The Group also signed a global agreement with UNI Global Union as part of its commitment to respect human rights and labour rights in all its countries of operation. Furthermore, it joined the Manifesto on Positive Impact Finance of the United Nations Environment Programme to identify the environmental and social impacts of its activities and reduce them in compliance with international best practices. Moreover, in correlation with the COP21 held in the same year, Societe Generale in 2015 announced its ambitious commitments for the climate, which aim to contribute towards limiting the global temperature rise to less than 2°C by 2100.

In this manner, the Societe Generale Group positions itself as a prominent banking player at the forefront of the global playing field for its CSR accomplishments and its transparency: in 2015, Societe Generale made its comeback among the first quartile of banks according to RobecoSam, and Vigeo ranked it as the first company among 1,300 multinationals for quality and relevance of CSR information.

Accordingly, the Group is firmly committed to being a solid, responsible financial player aiming to serve its customers. This commitment is held by all of us, and rests upon our exemplary individual and collective behaviour. I am convinced that the leadership model that we have decided to adopt, applicable to all employees and centred on four client-focused values – team spirit, innovation, responsibility and commitment – will enable us to consolidate our position among the most responsible banks on a global level."

COMMITMENTS, CHALLENGES AND AMBITION

GROUP COMMITMENTS

Societe Generale conducts its business with the utmost respect for the values and principles under:

- The Universal Declaration of Human Rights and its associated covenants;
- The fundamental conventions of the International Labour Organisation;
- The UNESCO World Heritage Convention;
- The OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises.

In addition, Societe Generale has shown its voluntary commitment since 2000 to the following public or private initiatives:

- 2000: founding member of the Wolfsberg Group;
- 2001: joined the United Nations Environment Programme Finance Initiative (UNEP-FI);
- 2003: joined the United Nations Global Compact, which encourages companies to integrate principles relating to human rights, working conditions and the fight against corruption;
- 2004: signed the Diversity Charter (France);
- 2007: adopted the Equator Principles;
- 2007: signed the SME Pact (France);
- 2010: signed the "Responsible Supplier Relations" Charter (France);
- 2014: signed the Joint Declaration organised by Transparency International France for the promotion of transparent, honest lobbying;
- 2014: support for the Green Bond Principles;
- 2014: Lyxor signed the Principles for Responsible Investment (PRI);
- 2015: signed a Global Agreement on Fundamental Rights with UNI Global Union;
- 2015: Séverin Cabannes (Deputy Chief Executive Officer) launched the "Positive Impact Manifesto" on behalf of the Banking Commission of the UNEP-FI.
- 2015: joined the "Soft Commodities Compact" of the Banking Environment Initiative (with the Consumer Goods Forum) to fight deforestation;
- 2015: subscribed to the "Principles for Mainstreaming Climate Actions within Financial Institutions", launched during COP21.

Environmental and Social General Guidelines

Societe Generale's proactive role in financing the real economy makes it aware of the environmental, social and economic convergence issues at play within its sphere of influence and makes it intent to factor them into its business. For the last ten years or so, the credit risk and reputation management policies and processes have thus gradually incorporated the assessment of Environmental and Social (E&S) criteria.

In addition to its regulatory obligations, the Group has made many voluntary commitments related to these topics. All these obligations and commitments are set out in the Environmental and Social General Guidelines and the sector and cross-sector policies appended to them. They have Internal Directive status, are signed by the Chief Executive Officer, and apply to the entire Group. These principles constitute the global reference framework for applying E&S evaluation procedures, which were first developed for the Investment Banking activities and are gradually being applied to the other activities of the Group (See p. 219, E&S Sector and Cross-Sector Policies).The Group's Environmental and Social General Guidelines are available on its website. They are regularly revised to best reflect the consideration of E&S challenges in the economic and social sphere.

In 2015, the Group reaffirmed its commitment to the fight against climate change by establishing a climate strategy that is consistent with the international objective of limiting global warming to 2°C (see p. 225, The Group's climate strategy). Within this framework, Societe Generale has committed to an overall reduction in its coal-related activities (consistent with the IEA's 2°C *scenario)* and, starting now, will no longer be involved in financing coal-fired power plant projects in high-income OECD countries or financing coal mine development projects. Societe Generale is also reinforcing its commitment to the fight against deforestation by adopting the Soft Commodities Compact of the Banking Environment Initiative.

Human rights

Regarding human rights, the General Guidelines list in particular the standards and initiatives that Societe Generale has committed to respect and has identified as the most significant for the E&S evaluation of its clients:

- The Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights;
- The Fundamental Conventions of the International Labour Organisation, which address, in particular, issues related to forced labour, child labour, discrimination and freedom of association;
- The United Nations Principles on Business and Human Rights;
- The OECD Guidelines for Multinational Enterprises;
- The United Nations Global Compact.

Many sectorial initiatives referenced in the E&S policies as being the framework expected at the Group's customer companies also incorporate the human rights dimension.

These commitments to human rights in the Group's sphere of influence are consistent with the signing of a global framework agreement on fundamental rights with UNI Global Union (see page 41).

Biodiversity

Regarding biodiversity, Societe Generale adopted a specific E&S policy in 2012, which applies to all Group banking and financial operations through review procedures conducted on specific transactions and customers. The E&S General Guidelines also list the UNESCO World Heritage Convention among the international conventions with which the bank undertakes to comply. Lastly, the normative framework of the Equator Principles includes specific standards on biodiversity.

Equator Principles

Adopted by the Group in 2007, and revised in 2013, the Equator Principles (EP) constitute one of the initiatives that underlie the Environmental and Social (E&S) General Guidelines. Dedicated internal procedures and tools are used to ensure their implementation. The EP are intended to serve as a common framework for the financial sector to identify, evaluate and manage the E&S risks of projects for which the 83 international financial institutions that have joined the initiative to date provide financing and advice.

In 2015, the EP introduced new reporting obligations in order to improve transparency on transactions financed by members of the association. Accordingly, Societe Generale published a first annual report (which can be consulted on the Group's institutional website) dedicated to the initiative's implementation and discloses the list of project loans within the EP scope in which the bank participates (see http://www.societegenerale.com/sites/default/files/documents/Document%20RSE/Finance%20responsable/Societe_Generale_EP_Report.pdf).

Each year the bank participates in the EP General Meeting and in the initiative's working groups.

CSR PRIORITY ISSUES

The Corporate Social Responsibility (CSR) policy ensures that the Group upholds each of its commitments and makes sustainable progress according to priority areas related to its global strategy that respond to two types of challenges:

- the relative significance for external stakeholders with particular attention given to the expectations of non-financial rating agencies and particularly RobecoSAM;
- the potential impacts on the business model in the medium and long term (results, risks, competitiveness, opportunities, innovation, role of the bank, human capital, operational effectiveness).

The challenges (17 in total) were sorted by the CSR and Sustainable Development Department jointly with a group of experts according to their level of maturity or Group performance (existence of objectives, performance indicators, level of the non-financial rating, or points of view of other stakeholders).

They represent the Group's CSR action priorities developed for 2015 in this chapter.

Essential	▪ Supporting emerging countries and new economic actors'development ▪ Sustainability of the bank through comprehensive risk management, including environmental and social aspects ▪ Compliance with rules and regulations
Very Important	▪ Transparent and efficient corporate governance ▪ Business ethics ▪ Customer satisfaction ▪ Career management/Mobility ▪ Employability ▪ Eco-friendly business activities ▪ Respect for human rights in our activities
Important	▪ "Sustainable development" products ▪ Engaging compensation policy ▪ Diversity ▪ Quality of life at work
Relevant	▪ Involvement in international initiatives on environmental and social topics related to finance ▪ Transparent, relevant and reliable information on Environmental, Social and Governance (ESG) aspects
Visible	▪ Sponsorship and partnerships

THE REFERENCE BANK

Societe Generale's aim is to become a benchmark in CSR policy among Europe's leading financial institutions. Since 2014, this ambition has been demonstrated by the incorporation of the Group's non-financial performance into the compensation components of approximately 46,000 people (Societe Generale employees in France). This same criterion is also one of the qualitative criteria applicable to the assessment of Chief Executive Officers and/or Directors when determining a portion of their variable compensation.

A RELATIONSHIP BANKING CULTURE BASED ON COMMON VALUES

Societe Generale aims to set the standard for relationship banking, working closely with its customers and chosen for the quality and commitment of its teams. This means placing the customer at the centre of the bank's concerns.

To achieve this, Societe Generale redefined its fundamental values in 2014 (the values of commitment and responsibility were added to the historical values of innovation and team spirit), then emphasised the behaviours through which these values should be expressed by all employees to the benefit of its customers. This approach to employee behaviour relies on the new Societe Generale Leadership Model and has helped to reinforce a corporate culture combining the ambition to develop activities (innovation), the desire to set an example as an individual (commitment) and as a group (team spirit), as well as the concern for ethics and compliance with rules (responsibility). (See p. 238, Developing a relationship banking culture based on common values).

1. CSR GOVERNANCE AND MANAGEMENT

CSR MANAGEMENT

Organisation & governance

CSR management at Societe Generale forms an integral part of the Group's organisation and is implemented by various resources and structures at all levels (governance, compliance and internal control functions, Risk Committees, New Product Committees, internal regulations, directives and instructions, etc.).

The Executive Committee defines the broad outlines of the Group's CSR policy and periodically validates any action plans based on the reporting by the CSR and Sustainable Development Department.

The Board of Directors is regularly informed of the application of the Environmental and Social commitments made by the Group.

The Group's business lines and corporate divisions are responsible for implementing the CSR strategy. Each entity appoints its own "CSR contributors" to carry out action plans and monitor their execution. The network of "CSR contributors" has a total of about sixty people.

The CSR and Sustainable Development Department reports to the General Management through the Group Corporate Secretary. Along with the CSR managers, it is in charge of defining and promoting CSR policy throughout the Group as well as coordinating the activities of its contributors and all related initiatives. It also provides practical assistance to the different business lines and encourages both the exchange and dissemination of best practices.

To evaluate its overall CSR performance, the Group has defined a series of quantitative indicators. Every year since 2005, the corresponding values have been gathered, consolidated and analysed using a dedicated global reporting system, in which more than 1,200 individuals participate. In 2014 the Group deployed "Planethic Reporting", a new powerful CSR reporting tool, throughout the Group.

Employee training and awareness activities

A dedicated section on the Group's website pools information on the implementation of the CSR strategy. In parallel, an intranet, which was first set up in 2009, enables the entire workforce and all managers of the Group to learn about good CSR practices and related events. The intranet is supplemented by a bi-monthly newsletter.

Conferences that are open to all employees at Head Office are organised every quarter. In 2015 they focused on topics involving climate change and the COP21, human rights and water-related issues.

Sustainable Development Week is another opportunity for the Group to demonstrate its involvement through initiatives devised within the various departments and to raise employee awareness of these challenges. In 2015, for the third year running, the internal Environmental Efficiency Awards was a platform for promoting new projects to support the bank's environmental policy. This scheme allows all the bank's entities and business lines to contribute to the efforts to reduce CO_2 emissions (See p. 228, Internal carbon tax).

In October 2015, in connection with Solidarity Finance Week, Societe Generale established a week of activities for its employees at the head office in La Défense around its solidarity banking offer.

Societe Generale also promotes innovative CSR initiatives *via* the Innov'Group Awards (dedicated to innovation), which are organised every year. The 2014 Innov'Group Awards, granted by the Executive Committee in 2015, rewarded a placement offer of Social and Responsible Deposit for companies (SRD).

The HR department regularly organises conferences on "Well-being at work" in the context of the "Life at work" programme (See p. 243, Well-being at work).

DIALOGUE WITH STAKEHOLDERS

Societe Generale remains attentive to stakeholders and consequently adapts, whenever possible, its measures to best respond to their expectations with respect to the current regulations and laws. The Group has a response policy for claims or solicitations, with dedicated teams for each stakeholder. Assessments conducted by third-parties on the bank's achievements are part of its governing system, as with the reputational risk chart that is submitted on a quarterly basis to the General Management with a comprehensive overview of relations, or with indicators presented in this Registration Document. More specifically, the Group is highly attentive to:

- clients,
- employees,
- investors and shareholders,
- regulators,
- NGOs,
- suppliers,
- non-financial rating agencies.

Refer to the Group's website for the analysis of its ratings and refer to p. 224 for the detailed elements.

2. IMPLEMENTING SUSTAINABLE FINANCE

RISK CULTURE AWARENESS

more than
52,000
employees trained

Risk Culture
Everyone's aware. Everyone wins.

FAIR PRACTICES

Code of conduct in 8 languages

1 Taxe code of conduct
+
1 Charter for responsible advocacy

SECTOR POLICIES

12
Environmental & Social Policies

100%
GBIS clients from sensitive sectors were subject to an E&S review

106
transactions were subject to an E&S evaluation for
EUR 6.7 bn

LOYALTY OF PRACTICES

The loyalty shown to its external stakeholders and, more generally, the integrity of its banking and financial practices contribute decisively to Societe Generale's reputation. By ensuring that it abides by these rules, the Group helps to develop a key asset: the trust of the customers, suppliers, service providers, employees and regulatory authorities on which it depends.

Thus a large number of mechanisms and initiatives related to the loyalty of practices are deployed throughout the Group.

"RISK Culture" places Responsibility values at the heart of the relationship bank's culture

Controlling and managing risks are at the heart of the expertise of Societe Generale's businesses, which is why it is a focal point of the "responsibility" theme of the Group's new Leadership Model. The Group's actions taken under "RISK Culture" and put forward in the frame of the Enterprise Risk Management (ERM) programme have existed since 2011. This approach contributed significantly to the elaboration of the new Leadership Model (See p. 228, Focus on the "responsibility" theme).

Code of Conduct

The strategic goal the Group set for itself is to protect the company's image and to ensure that the employees act with integrity on a day-to-day basis. Many strides were taken since 2011 on the subject of Culture & Conduct. The Group has taken on a body of vigorous doctrines and rules on good conduct.

The Code of Conduct is the foundation of Societe Generale's professional ethics. It exists in the form of an internal directive signed by the Chief Executive Officer and thus it is part of the normative documentation on which the governance system is based. These rules go beyond strict application of the legal and regulatory provisions in force, particularly when these, in certain countries, are not in line with the ethical standards the Group imposes on itself within its values and commitments, and constitute a uniform base.

The Code clarifies the rights and duties of employees, customers, suppliers and shareholders in their relationships with Societe Generale. It promotes social and environmental responsibility and reminds them of the main commitments made by the Group, such as the Global Compact and the UNEP-FI (United Nations Environment Programme – Finance Initiative), and the sparing use of natural and energy resources. Details are added to the fundamentals: respect for fundamental commitments (such as human rights, respect for the environment, etc.), the prevention of conflicts of interest, corruption, money laundering and financing terrorism, the gift and invitation policy, responsible sourcing and the escalation procedure in the event of non-compliance.

It is available in the eight most widely-used languages in the Group and applicable to all Group employees, no matter their level of responsibility, including its Directors. It details the procedures for exercising the right to alert when a specific situation justifies it. Thus, it contributes to the prevention of risks in order to strengthen the company's reputation and responsible approach.

The Code of Conduct is available on the Group's website.

(See chapter 4.9, p. 200, "The compliance culture" and p. 228, Focus on the "responsibility" theme).

Tax Code of Conduct

The Group's Tax Code of Conduct, approved by the Board of Directors in November 2010, is part of the worldwide developments to fight harmful tax practices, particularly at the request of the OECD. It is available on the Group's website.

Under this Code, Societe Generale undertakes in particular to refrain from facilitating or supporting transactions with customers where the effectiveness of such transactions depends on withholding information from the tax authorities.

To this end the Group has fully committed itself to implementing regulations aimed at ensuring fiscal transparency (FATCA, the EU Directive on administrative cooperation in the field of taxation, and recently the Common Reporting Standard). It is particularly worth noting that all the subsidiaries of Private Banking are based in countries that have adopted the Common Reporting Standard. From 2016 onwards, and by 1st January 2017 at the latest, based on the international agreements that have been signed, these subsidiaries will consequently automatically exchange information with the 98 countries that have committed themselves so far. It has also been decided to give our international Private Banking customers more explicit information about their obligation to comply with the tax laws and regulations of all the jurisdictions that apply to them.

Thus the Group continues to be vigilant about the tax compliance of its activities and of its customers. Since 2003, Societe Generale has laid down strict internal regulations for preventing the development of any operations in countries that have been designated as non-cooperating tax havens by the OECD.

Societe Generale already decided in 2010 to close down, and has taken the necessary steps to close down, all Group sites considered to be Non-Cooperative Countries and Territories (NCCTs) by France, the list of which was updated by the ministerial decree of 21st December 2015 (published in the OJ of 22nd December 2015).

As of 2015 Societe Generale no longer holds, either directly or indirectly, any active operation in the countries in question. Societe Generale holds an unused banking licence in Brunei.

Moreover the Group prohibits setting up new operations in an extended list of locations known as the “SG list” (drawn up on the basis of countries that left the OECD’s grey list of tax havens belatedly), unless otherwise authorised by the General Management upon motivation by the local business.

Lastly the Group complies with the provisions of the French General Tax Code, particularly Article 209 B (“Controlled Foreign Companies’ Rules”, which provides for the French taxation of Group entities established in countries where taxation on income is less than 50% of the French tax rate (e.g. SGA in the Netherlands Antilles). (See Chapter 2.12, Information regarding sites and activities on 31st December 2015)

Responsible lobbying

The rules and regulations that are likely to have an impact on the bank’s activities are growing in number and complexity. In this context, Societe Generale endeavours to be a proactive interlocutor vis-à-vis political actors, with its Public Affairs Department making a transparent and constructive contribution to the public debate on the drafting of the legislation that has an impact on our activities.

Since 2014 Societe Generale has signed the joint declaration organised by Transparency International France to promote lobbying that is based on transparency and integrity. The Group also published its Charter for responsible representation before public authorities and representative institutions, which has the following aims:

- to lay down the conditions for the Group’s contribution to the work of the regulatory authorities at every level of governance;
- to foster lobbying that has transparency and integrity and contributes to public debate among those of its employees and third-parties that participate – in the name of the Group – in the public decision-making process;
- to establish the main rules governing representational activities in dealings with public authorities and representative institutions.

In accordance with its commitments:

- the employees of the Public Affairs Department that are chiefly concerned are duly declared in the transparency registers of the institutions with which the representational activities are exercised: European Union (Commission and Parliament), the French Parliament (National Assembly and Senate);
- the main stances adopted by the Group in connection with its responsible representation policy are public and can be consulted in particular on the Group’s institutional website, in the “Sustainable finance” section.

Anti-corruption initiatives

The fight against corruption is increasing globally. Many states are reinforcing their anti-corruption regulations with a hardening of the corresponding sanctions.

By 2000, Societe Generale had already taken on a series of commitments linked to the Wolfsberg Group as well as, in 2003, the United Nations Global Compact. Its anti-money laundering measures include monitoring potential abuse of the banking system for the purposes of corruption.

Societe Generale has very strict principles on the prevention of corruption, which are included in its Code of Conduct, and complies with the provisions of the most stringent regulations on the subject, in particular the UK Bribery Act. Close monitoring of their implementation has been put in place. Information concerning obligatory measures and controls has been disseminated and applied throughout the Group since 2001 in the form of instructions, which are updated on a regular basis.

In order to enhance vigilance, a mandatory training module on raising awareness on the prevention of corruption amongst employees of the Societe Generale Group has been deployed in 2015.

(See chapter 4.9: “Risks of non-compliance, reputational risks and legal risks”, p. 198.).

Customer satisfaction and ombudsman

CUSTOMER SATISFACTION

In 2014, Societe Generale reaffirmed its ambition is to be the “reference relationship bank on its markets, close to its customers and chosen for the quality and commitment of its teams”. This ambition is at the core of its strategy. To this end, all of the Group’s business lines are firmly committed to devising action plans to improve customer relations and the customer experience, and are structuring themselves so as to steer their satisfaction and their recommendation intentions more closely.

Since the quality of customer service is closely linked to the quality of team management (the principle of the “symmetry of attentions”), the Group has developed a broad managerial support system in line with the Group’s customer-oriented values.

IN FRANCE

Within each of the main customer segments serviced by French Retail Banking (individual, professional and corporate customers), Societe Generale, its specialised subsidiaries (Sogecap, Sogessur, Franfinance, etc.) and Crédit du Nord have been surveying the business goodwill among representative samples of their respective customers as well as among those of the top 11 French banks every year for some ten years now in order to assess their level of relative satisfaction. The customers polled express their overall and detailed level of satisfaction across every aspect of the banking relationship.

Furthermore, in order to refine its products and services offer and to better respond to the needs of its clients, Societe Generale Coverage & Investment Banking in 2015 measured the rate of recommendation of the bank by its large corporate and institutional clients all over the world (Net Promoter Score), by questioning more than 1,200 people representing more than 160 economic players.

To refine its measurement of customer satisfaction in the Societe Generale network, the national competitive survey is backed up by annual satisfaction surveys and their results are available down to the level of each branch. These surveys are conducted by leading external service providers (e.g. the market research agency CSA). Within the scope of these, every year 120,000 individual customers, 14,500 professional customers and 5,000 SMEs (every 18 months) are polled on behalf of Societe Generale with regard to their recommendation intention and their overall and detailed level of satisfaction with their branch and its staff. Moreover all Societe Generale's branches receive several mystery visits every year. Following each mystery visit, each branch is given a detailed feedback report enabling it to assess the quality of the handling of prospects so as to capitalise on its successes or identify areas for improvement.

The Crédit du Nord Group (CDN) carries out the same competitive surveys among customers, which are supplemented by an internal programme. The customers of the Crédit du Nord Group have been asked about their level of satisfaction every year for more than twenty years. In 2015, 55,129 customers were polled (45,990 individuals, 5,568 professionals and 3,571 businesses). The CDN Group also carries out mystery calls and mystery visits within its branches on an annual basis. Since 2013 this programme has been strongly reinforced by the creation of a Customer Satisfaction and Optimisation Department, which reports directly to General Management and is responsible for training all CDN Group employees on "Customer Satisfaction". Improving customer satisfaction ratings is the main annual performance target for the branches of the regions and subsidiaries of the CDN Group.

The quality of the Group's service and the programme it has implemented to this end have received a number of awards. For the fourth year running, Societe Generale won the Viséo Conseil award for "2016 Customer Service". For its part, CDN is regularly among the winners in the customer satisfaction category for the Individual, Professional and Corporate markets. In 2015 it was ranked in first place in the Individuals market, fourth in the Professionals market and third in the Corporate market.

Societe Generale also gathers immediate "hot" feedback from its customers after each real estate loan transaction. The main objective is to steer our customers' key events more closely to ensure that there is a good fit between the service level expected and the performance delivered. This "hot" feedback is gathered across all the branches and the results are shared on a monthly basis with all the player-stakeholders participating in the operation.

Lastly, in order to steer the high standards of quality delivered by the bank on a daily basis, monthly monitoring based on around fifteen quality indicators is carried out and feedback is given down to the most granular level (quality of the handling of telephone calls, quality of the advice given, timeframes for processing or for issuing offers, etc.) to enable every branch to act swiftly in the event of any shortcomings in the quality of the service provided.

These combined measures are at the heart of a quality certification programme for the branches, launched in 2013 by Societe Generale to make its resolutely customer-focused strategic orientation a reality. The percentage of the certified branches meeting the criteria of excellence has continued to grow strongly over the past three years. At the same time, the percentage of branches that are lagging furthest behind is simultaneously declining, which makes it possible to ensure a more uniform level of service quality across the Network as a whole.

The customer satisfaction level in each market is one of the key objectives assigned to each Regional Director and is an integral part of each performance review of the entity. The customer satisfaction level and its development affects employees' variable compensation packages given that individual sales commission no longer exists (See p. 242, An attractive and rewarding remuneration policy).

To support the work of the teams in the field and to ensure the corrective measures that depend on the support functions, the Corporate Divisions at Head Office embarked on a service culture programme in 2013. To feed this continuous improvement plan, an initial quantitative metric was put in place in 2015 with the production of an internal barometer that measures the (overall and detailed) satisfaction level of the front, middle and back office teams of the Network with the services provided by the teams at Head Office. In terms of service quality, the voice of the Network regularly gives fresh impetus to the various central departments *via* "employee panels". Conducted internally, these panels afford an opportunity for the customer contact teams to report directly on various topics, by business line and by market, thereby driving the continuous improvement of the bank's services.

The overall plan is managed on a day-to-day basis by the team of the Customer Satisfaction and Optimisation Department at French Retail Banking, which relies on an efficient network of facilitators in the sales force, based locally to be able to take action in the closest possible proximity to the branches, to support them and to play a proactive role in relaying any problems and failings to Head Office. The bank's intranets have wide-ranging coverage of customer satisfaction, notably via areas dedicated to supporting all the players.

ABROAD

In 2015 International Retail Banking's "Banking and Consumer Credit" Division launched a cross-functional initiative to manage and measure customer experience and satisfaction, which will be rolled out in stages between 2016 and 2018 at its Banking and Consumer Finance subsidiaries. This programme aims to equip the entities with a sound and consistent system for managing the customer experience, based on two pillars: identification and monitoring of customers' key experiences with the bank, and measurement of their satisfaction with the banking relations and transactions. Making a common system of analysis available to all the banks in the International Retail Banking Networks will facilitate managing and sharing relevant action plans in order to constantly adapt to meet customer expectations and to build a relationship banking programme that is founded on "the voice of the customer". This programme will initially be rolled out within the scope of the individual and professional customer segments; a parallel and consistent programme, based on the Net Promoter Score, is under development within the scope of the Corporates customer base.

CLAIMS AND OMBUDSMAN

Each of the Group's core businesses has a governance, an organisation, procedures and methods adapted to the activities of its business lines for the measures related to the complaint treatment and follow-up procedure.

Important training actions and acts raising awareness amongst employees were conducted by the Group, notably within French Retail Banking (Societe Generale, Boursorama Bank and Crédit du Nord) and within the Insurance business line (ISO 9001 quality approach), which has significantly contributed to the optimisation of the processes (registration, quality and customer response times). The information linked to clients has also been improved.

In terms of treatment of complaints, the Group's instructions integrate an escalation process in addition to the possibility of using an internal or external mediator (independent mediator from the Societe Generale group common to the Crédit du Nord Group, the French Financial Market Authority, and the French Banking Federation).

IN FRANCE

Societe Generale is committed to finding a rapid if not immediate solution to complaints or problems linked to its Retail Banking network as soon as a branch is duly informed by its customer. However, should the bank and its customer disagree on the action to be taken, customers may file a complaint with their Customer Relations Department and, where applicable (i.e. if the dispute is still not resolved), request the intervention of the ombudsman whose services are entirely free of charge. Exceptional circumstances aside, customers are systematically sent a reply from Societe Generale within 10 days or from the ombudsman within two months.

The free and amicable ombudsman services to which Societe Generale customers have had access since 1996, and which were institutionalised by the legislator in 2002, are publicised by the bank to customers and are even outlined in the permanent insert on the back of account statements. The bank has undertaken to comply in full with all decisions taken by the independent ombudsman.

In 2015 the ombudsman handled 267 cases. Disputes linked to loans represent 24.3% of claims presented to mediation, while those related to financial investment, which have fallen, represent 19%.

Mr Yves Gérard has been the ombudsman for Societe Generale and the Crédit du Nord Group since 1st January 2015. In March 2015 a dedicated employee responsible for processing the claims was put at the disposal of the ombudsman.

Customers of Societe Generale's other business lines in France may also request the intervention of the Group ombudsman or other public ombudsmen (ASF, FFSA, etc.).

ABROAD

For its subsidiaries overseas, customers have recourse to a local ombudsman appointed by the bank (where required by local legislation) or to a local ombudsman appointed by a professional body.

For measures to protect customers, see Chapter 4.9, "Implementation of compliance policies" and for proactive measures to protect customers in situations of economic hardship, see p. 253, Combating insecurity and protecting vulnerable populations.

Digital security and data protection

Within the global context of digital transformation, one of the challenges the Group is facing consists of offering customers a digital service that is easy to use, readily available and highly secure. Consequently, Societe Generale is continuously investing in order to ensure the security of transactions and the protection of its customers' data. It is a crucial issue given the escalation of cybercrime. The Group guarantees the security of data and of compliance with banking secrecy. The Group's expertise in these subjects of security and protection of customer data makes it a trusted third party in the eyes of its customers.

As part of the transformation of its relationship banking model, Societe Generale's French network has announced that it will invest EUR 1.5 billion in its information system by 2020; 5% of this will be dedicated to security.

DIGITAL SECURITY

There is a Group-wide system for managing the security risks of information systems. It is coordinated at Group level by a Head of Information System Security and Operational Risk Management (See chapter 3.5, Operational risk (including risks related to information systems)). This system is deployed in each core business, business line and entity.

To combat cybercrime Societe Generale offers solutions to protect the assets and transactions of its customers (individual and corporate customers). As an example, three new solutions were launched in 2015:

- Secure Access: a dedicated solution for companies that secures the authentication and validation of orders (payment orders or collection orders). Regardless of the channel used to initiate the transaction, the validator will receive an alert and can validate it from his/her smartphone, tablet or PC easily and independently of the original channel.
- Card with a dynamic crypto code: a card for which security has been strengthened even further for online purchases. The three-digit security code is replaced by a small built-in screen that displays a new code every hour, rendering any data that might have been stolen inoperative and useless. The format and functionalities of the card, such as the contactless feature, remain unchanged. A trial run on a group of 1,000 individuals is planned in 2016.
- Machine learning: in addition to the big data tools that it has rolled out to monitor and protect its customers' transactions, the bank is studying the implementation of machine learning systems in order to detect anomalies of behaviour in real time and to better anticipate fraud.

Societe Generale is also continuing its preventive measures against phishing or social engineering:

- Providing Trusteer free of charge, an additional means of protection (firewall and antivirus) that specialises in the banking sector (for the individual and professional customer bases).
- Making it obligatory to change the confidential bank code remotely every 12 months (in place for individual customers since 2015).
- Security Pass (equivalent to Secure Access for individual and professional customers).

- A series of conferences on scams entitled “fraud in the name of the CEO” in partnership with the French National Police (for corporate customers).

In December 2015 Societe Generale was also a partner for the first national public campaign on the protection of personal data. The “Hack Academy” campaign, which was set up at the initiative of CIGREF (Club Informatique des Grandes Entreprises Françaises) and which aims to disseminate preventive messages as widely as possible, invites residents in France to adopt good practices to combat the most common threats on the web (find out more at www.hack-academy.fr).

Internationally, for the protection of its clients’ data, recommendations on good practices are posted on the different online banking services.

See Chapter 3.5, Report of the Chairman on internal control and risk management).

PERSONAL DATA PROTECTION

The Group is particularly sensitive to personal data protection. The respect of the personal data protection rules is a major challenge to the controlled development of computing and new technologies at the heart of the Societe Generale group.

Being a partner of privileged confidence and the guardian of its clients’ data, Societe Generale has no intention to sell data to a third party. The clients’ data is used for relevant purposes that have the objective of insuring the expected level of quality of service and offer.

Societe Generale decided to strengthen its system for protecting personal data back in 2007. A “Protection of personal data” Group division was created within the Legal Department, which specialises in dealing with the challenges of protecting private life and is in close contact with the CNIL. This division has the mission to assist, advise and inform all of Societe Generale’s entities in the matter of protecting personal data, to respond to the demands of assistance from the Group’s subsidiaries, as well as to ensure the relations with the CNIL. They must be consulted when implementing new automated processes (computational) or in the case of modification, so as to specify to the managers of these processes the necessary precautions that must be taken, the formalities if need be, and to ensure the centralised follow-up of sending declarations to the CNIL.

Internal instructions, in line with local and European regulations, define the rules to apply and the processes that must be carried out in order to guarantee the protection and security of our clients’ and employees’ data. The Group guidelines on “the treatment of data of personal nature” particularly specify that the implementation of processes consisting of transfers of personal data outside of the European Union (EU), including other Societe Generale Group entities, must be accompanied by specific guarantees (conclusions of standard clauses from the European Commission specifically) and must go through an authorisation process by the CNIL.

In France, the intranet site was also developed by the “Protection of personal data” division. It specifically reiterates the people’s rights, makes available to the agency network a notice reminding the procedure to follow in the case of the exercising of these rights, in addition to a model of response to an inquiry of access rights. Also, Societe Generale implemented the adequate measures to guarantee the respect of the clients’ access rights to personal data concerning them, which includes: a mention of advanced notification appearing at the foot of all paperwork related to data collection of personal nature, but also within the general and special policy conditions of our products and services. This mention specifies the service to which the access rights may be exercised. Furthermore, response models to the requests of the concerned persons related to the removal of the data held by our establishment as well as requests against the treatment of their data are at the disposal of the agencies.

On the websites of the Group’s banks, clients have access to the documentation related to the protection and the use of their personal data.

Regarding more precisely employee data, the Group Human Resources Division adopted HR personal data protection rules, which apply to job candidates and employees alike: the Binding Corporate Rules (BCR). All the Societe Generale Group entities worldwide must confirm their undertaking to comply with the BCR, which are binding within the Group and aim to ensure an adequate and uniform level of protection for the personal data and the private life of employees and job candidates within the scope of the human resource management processes. To this end, Societe Generale has registered a Data Protection Officer with the CNIL for a defined scope of processing purposes. He guarantees the compliant handling of personal data within his scope of intervention.

DEPLOYMENT OF E&S COMMITMENTS IN RELATION TO OUR BANKING AND FINANCIAL SERVICES

The Group has adopted various procedures for implementing its E&S commitments (E&S General Guidelines, sector policies and the Equator Principles). These set out the procedures for handling the E&S challenges associated with transactions or customers to whom the bank provides banking and financial services. Although they initially concerned Coverage & Investment Banking activities, they are developed and rolled out in stages with the aim of ultimately covering all the Group's businesses. In addition to facilitating the identification, assessment and appropriate handling of operations with a potential negative E&S impact, these procedures also make it possible to qualify transactions with a positive impact in relation to sustainable development. This dual approach underpins positive impact finance (see p. 220, Positive Impact Finance).

Sector and cross-sector E&S policies

The sector and cross-sector policies now cover twelve sectors that are considered to be potentially sensitive from an E&S or ethical point of view and in which the Group plays an active role. The energy and extractive sectors are covered by multiple sector policies due to their importance for the economy and for the Group, but also due to their potentially significant impact in terms of emissions into the atmosphere (including greenhouse gas emissions) as well as their impact on the natural environment and local communities (this applies to the following sectors in particular: Dams and Hydropower, Thermal Power, Coal-Fired Power, Mining, Civil Nuclear Power, and Oil and Gas). Several policies are also in place for the agriculture and forestry sectors (Agriculture, Fisheries and Food, Forestry and Palm Oil). The Defence and Shipping sectors are also covered. An E&S policy on biodiversity applying to all our activities completes the sector approach.

Developed by cross-department working groups within the bank, the E&S policies are approved by the Executive Committee. They specify the main E&S challenges and risks in the sector, identify the international standards of reference of the sector and also specify the criteria for corporate clients and dedicated transactions. In an ongoing improvement process, sector monitoring makes it possible to assess the need to update the existing policies. In 2015 the Coal-Fired Power sector policy was updated in order to clarify the requirements for the thermal efficiency of new power plants that may be the subject of financing or advisory services by the bank.

The E&S policies are public and accessible on the Group's website (http://www.societegenerale.com/en/measuring-our-performance/csr/responsible-finance).

E&S watch list

To facilitate the identification of controversies relating to E&S issues, an E&S watch list is drawn up and updated quarterly by internal E&S experts. It lists the projects, companies or business sectors, whether or not they are financed by Societe Generale, that are the subject of controversy or public campaigns from civil society for E&S reasons. This internal list enables monitoring on a global scale; it is intended to give the operational teams an advance warning and to implement a more stringent E&S evaluation process.

Defence exclusion list

In addition to the E&S watch list, an exclusion list has been drawn up for the Defence sector. It covers companies that produce, manufacture, stock or sell anti-personnel mines or cluster bombs as well as other types of highly controversial weapons. Societe Generale has, through its sector policy, undertaken to refuse to knowingly supply banking and financial services to such companies, their parent companies or their subsidiaries.

Transaction E&S evaluation procedures

The evaluation of transaction E&S risk and impact involves the operational implementation of the Equator Principles (EP) within the scope covered by this initiative. Societe Generale has also voluntarily extended the EP scope of application and has integrated dedicated transactions likely to present E&S challenges, such as equity capital market transactions, debt capital market transactions, mergers and acquisitions, and acquisition financing.

Within the Corporate and Investment Banking division, a dedicated team of E&S experts lends support to the sales managers in the evaluation and understanding of the E&S impact of transactions and corporate clients.

In 2015, Societe Generale continued its efforts to update and improve the reliability of its processes for implementing its E&S commitments, particularly the EP, by developing its procedures, training its employees and deploying new IT tools.

The key stages of the E&S evaluation of transactions within the bank relies on the identification phase, then the E&S evaluation phase and finally the action phase.

During 2015, a total of 106 transactions that underwent an E&S review were signed off by the Group. Among these transactions, 31 project loans, 5 project-related corporate loans, 1 bridging loan and 10 advisory mandates relating to project financing fell within the scope of the Equator Principles. Over 2015 the total amount of the commitments for transactions that underwent an E&S review was EUR 2.9 billion within the scope of the EP and EUR 3.7 billion outside the scope of the EP (Societe Generale's voluntary scope of application).

Client E&S evaluation procedures

In 2010 a procedure for evaluating clients based on E&S criteria, which was revised in 2015, was introduced within the Corporate and Investment Banking division. If a high level of E&S risk is identified, Societe Generale may decide not to enter into a relationship with a new client, to impose restrictions on the relationship and/or to get a specific undertaking from an existing client for the purposes of prompting it to develop its E&S practices.

In 2015, more than 1,500 private groups among Investment Banking clients were subject to an E&S review. Around 70% of these clients are active in sensitive sectors with regard to E&S (mostly defined to be consistent with the Group's sector policies). The most exposed clients are subject to a more thorough and frequent (every 1 or 2 years) E&S evaluation.

Furthermore, Societe Generale is continuing to gradually roll out customer E&S analysis to other business divisions in the Group and is taking a progress-oriented approach by continually improving its E&S analysis methodology.

POSITIVE IMPACT FINANCE (PIF)

Societe Generale is one of the pioneers of positive impact finance in the banking world, which is defined as a new way of financing. It is characterised by the financing of any activity that verifiably produces a positive impact on the economy, society or the environment whilst ensuring that the potential negative impact has been properly identified and managed.

The Group's Corporate and Investment Banking business has been reporting on new positive impact finance transactions since 2012 and the number of cases is rising steadily. Over the period 2012-2015 the number of positive impact finance transactions was multiplied by three. In 2015 positive impact finance transactions amounted to EUR 1,856 million (versus EUR 958 million in 2014).

The Group is continuing to work on developing positive impact finance and is one of the initiators of the “Manifesto on Positive Impact Finance” launched last October by Mr. Séverin Cabannes, Deputy Chief Executive Officer of the Group, on behalf of the Banking Commission of the UNEP-FI (Financial Initiative of the United Nations Environment Programme). The Manifesto on Positive Impact Finance calls on banks and other players in the financial sector to develop innovative financial solutions to address the financing needs that are necessary to attain the Sustainable Development Objectives of the United Nations. In accordance with the programme set out in this Manifesto, Societe Generale is now engaged in hatching “positive impact” transactions and in defining the Positive Impact Principles.

The Group, which aims to be a key player in energy transition financing, has demonstrated its commitment by successfully issuing the first ever Positive Impact Bond. This is a EUR 500 million fixed-rate senior note with a 5-year maturity in respect of which the funds raised will serve exclusively to finance projects that contribute to the fight against climate change and whose negative impacts have been identified and properly managed. This bond establishes a benchmark in the market in terms of transparency and traceability, and was met with great success among the community of investors, as it was six times oversubscribed.

Examples of positive impact financing:

- Financing a solar power plant with a nominal capacity of 104 MW in the region of Antofagasta in Chile. In addition to providing a source of clean and renewable energy, the project also contributes to the development of the renewables industry in Chile. The project won the award for the transaction of the year in Latin America bestowed by the Project Finance International Magazine.
- Financing an emergency water treatment system to supply the city of Yaoundé in Cameroon with drinking water and to meet the present and increasing needs of the population. Moreover, this system also has the advantage of being mobile and re-usable in order to fill any potential shortages of drinking water in other regions in the country. The project is being built in compliance with international norms and standards with minimal impact on biodiversity and the soil.
- Financing one of the largest wind farms in the Baltic Sea, north of the island of Rügen in Germany. The project combines clean and renewable energy production with efforts to reduce its impact on biodiversity during the design, construction and operational phases. The wind farm, which has a nominal capacity of 288 MW, should make it possible to supply electricity to around 340,000 households per year.

SOCIALLY RESPONSIBLE INVESTMENT (SRI)

SRI/ESG research

Societe Generale offers its customers dedicated research on Environmental, Social and Governance (or ESG) issues. The SRI team, currently consisting of four analysts, is part of the financial research branch of Investment Banking.

This year, Societe Generale was ranked first in the SRI & Sustainability Research category of the Extel Survey.

The bank's primary aim is to assist investors and asset manager clients in better integrating ESG criteria in their investment decisions. In order to accomplish this, the team works in close collaboration with the financial analysts in order to demonstrate the financial materiality of these ESG aspects.

As part of its Corporate Access activities, numerous conferences and roadshows for investors and listed companies on the themes of sustainable development and social responsibility were organised in Paris, London, etc.

In November 2015, thirty or so companies presented ESG topics related to their activities to institutional investors at the “ESG/SRI Conference”.

Lastly, SRI research is used to underpin several indexes and baskets of listed stocks, *via* the issue of financial products in the SRI thematic sectors of ESG (e.g. corporate governance, renewable energies, etc.) and sustainable development (a list of products and methodologies is available at www.sgbourse.fr).

SRI products for individual investors

SRI FUNDS

Societe Generale is committed to meeting investor demand for socially responsible investment (SRI) products by offering several types of investments (equities, bonds and money market products), particularly through 3 investment funds grouping together the most advanced companies based on these three ESG criteria. At the end of November 2015, Societe Generale’s SRI assets under management in these 3 funds totalled EUR 273 million.

Since November 2015, the new mutual fund SG Solidarité was added to the range of SRI products (See p. 250, Life insurance: the “Érable Essentiel” policy).

SRI OFFER WITHIN PRIVATE BANKING

Since 2015, Private Banking has been offering its customers an SRI-dedicated collection of advice and products (customised mandates, funds, ETFs and structured products). Its assets under management at the end of 2015 amounted to EUR 315 million.

SRI LIFE INSURANCE

To meet the needs of savers looking to diversify and invest in a socially responsible manner, Sogecap and Oradea Vie’s investment-backed life insurance policies offer money market, bond or equity SRI vehicles, depending on the investment duration and level of risk desired by the customer.

SRI assets under management by Sogecap amounted to EUR 40.02 million at the end of 2015 (+10% versus 2014). The global offering of SRI financial vehicles has grown, with 41 vehicles now available (versus 31 in 2014).

SRI-CERTIFIED SAVINGS FOR SOCIETE GENERALE EMPLOYEES

Societe Generale’s employee savings plan offers employees the opportunity to invest in various company mutual funds (FCPE) certified SRI by the CIES (Inter-union Committee on Employee Savings).

As of 31st December 2015, the collection of SRI funds in savings plans for the Group in France (the various Company Savings Plans, Group Savings Plans and Collective Retirement Savings Plans) invested in SRI represented EUR 406.8 million in assets under management for an average of approximately 22,000 unit holders.

SRI products for professional investors

In 2015, Investment Banking strengthened its teams and its ranges of SRI products across all its business lines. Assets under management for SRI products amounted to EUR 1.3 billion in 2015, broken down as follows:

- Global Markets, starting this year, now have a structured SRI product range (in addition to the SRI/ESG research activities presented below) with EUR 986 million SRI assets in the portfolio, particularly *via* the Societe Generale Index (SGI) franchise, which offers securities on indexes with ESG-related underlyings. One of the successes of the year occurred on an index sponsored by FINVEX, which combines an ESG filter with financial filters (EUR 711 million). In addition to the products on indices with ESG-related underlyings, the product range also includes debt securities where the utilisation of the funds serves to finance ESG projects.
- The management of Lyxor assets has also strengthened the screening and SRI evaluation of its products (funds and SRI ETFs) and the assets under management amounted to EUR 320 million at the end of 2015. Moreover, Lyxor is a signatory of the PRI.

DEPLOYMENT OF OUR E&S COMMITMENTS IN OUR SOURCING POLICY

The Group’s total purchases amounted to EUR 6.5 billion in 2015, which makes the Sourcing function a key player in the Group’s CSR strategy. Pursuing a responsible sourcing policy works towards the fulfilment of Societe Generale’s commitments in relation to contributing to economic and social development and in relation to limiting its environmental impact.

For the past 10 years, the Group has implemented this policy through a series of multi-annual action plans that seek the proactive involvement of all stakeholders in the value chain (key influencers, purchasers and suppliers).

Under the Sustainable Sourcing Programme (SSP) 2011-2015, three priorities have been defined:

- Economic pillar: making it less difficult for SMEs to win Societe Generale procurement contracts and establishing a framework of mutual trust with suppliers;
- Social pillar: having recourse to players from the social and solidarity economy and in particular to the adapted sector[2];
- Environmental pillar: participating in the reduction of the Group’s environmental impact thanks to targeted sourcing actions.

(1) For Societe Generale: SG Obligations ISR, SG Diversifié ISR, Arcancia monétaire, Amundi label actions solidaires; for Crédit du Nord: Amundi Label Equilibre Solidaire, Amundi Label Obligataire et Solidaire, Arcancia Ethique & Solidaire, Etoile Sélection Développement Durable.

(2) “Adapted” enterprises are enterprises serving a social purpose; they are obliged to ensure that at least 80% of their employees are people with disabilities and they must operate in accordance with the provisions of the French Employment Code. The establishments of Services d’Aide par le Travail (ESAT), which facilitate the integration of disabled individuals into the mainstream labour market, are medi-social establishments whose operation is primarily governed by the French Family and Social Action Code.

Key actions have been carried out in France:

- compliance rules governing sourcing (signed by 100% of purchasers);
- the inclusion of a sustainable development clause in contracts (incorporated in 100% of Group contracts) committing suppliers to uphold any employment laws (and where no such laws apply, to at least comply with the provisions of the ILO (International Labour Organisation)) and environmental legislation in force in the countries in which they operate;
- environmental and social risk mapping on products and services purchased;
- an evaluation of suppliers, which is requested by the third-party organisation EcoVadis prior to each purchase (see below);
- the incorporation of CSR objectives by all purchasers in a CSR initiative specific to their purchasing category (contracts with protected sector companies, inclusion of environmental criteria in specifications);
- the launch of a CSR-specific "Purchasing and Sustainable Development" training module in in-house training (100% of purchasers undergo this training course);
- the publication and the dissemination of the instruction "Conducting a Responsible Sourcing Policy & a Code of Ethics for Sourcing", which applies to all Group employees, including those of the subsidiaries and the branches;
- Launch of the project "Payment within 30 days" for suppliers.

Management of supplier risk

In 2015, the Know Your Provider (KYP) was launched. Accordingly, whenever a purchase is made, an analysis is carried out to get to know each of the providers invited to participate in a call for tenders. In particular, this analysis includes an analysis of the financial viability of our providers by studying their financial health and their economic dependency rate while respecting the Group's commitments in favour of SMEs. A specific training course, "Monitoring Supplier Risks", incorporated into the internal training programme, is run for all purchasers.

In order to fight against undeclared work, our independent partner Provigis collects mandatory legal documents from our subcontractor suppliers every six months, throughout the contracting period.

CSR evaluation of suppliers, products and services

EVALUATION OF SUPPLIERS

A CSR evaluation of suppliers is required for each purchase. This evaluation, which is carried out by the independent expert EcoVadis, serves as a basis for measuring suppliers' performance in relation to environmental and social issues, business ethics and subcontracting.

The CSR rating given is factored into the selection criteria with a minimum weighting of 3%. Since 2011, a total of 2,687 suppliers have been invited to take part in this evaluation. In 2015, the scope of the purchases represented by the suppliers that were invited to participate amounted to EUR 2.5 billion. The suppliers' average score is 46.5/100; those that got a score of 30/100 or less are deemed to be at risk (i.e. 76 suppliers under contract in 2015 versus 67 in 2014) and are encouraged, in a process of continuous progress, to implement a remedial action plan. Up until the end of 2014, the suppliers concerned were invited, on a voluntary basis, to define a remedial action plan *via* the EcoVadis platform. Since the beginning of 2015, a remedial action plan management and monitoring process has been put in place in order to help suppliers to improve their CSR performance.

In 2015, nine suppliers thus identified as being at risk were encouraged to implement such plans. Three of them were re-evaluated at the end of the remedial action plan and all were rated as not being at risk. At the same time, an on-site audit approach supplements the plan for suppliers identified as at-risk and belonging to a sensitive sourcing category (in 2015, in collaboration with an independent body, 4 on-site audits were completed and another 6 were initiated).

CSR RISK MAPPING ON PRODUCTS & SERVICES

The CSR risk mapping covers all 62 purchasing categories, each of which underwent a risk evaluation based on four aspects: Environment, Social, Business Ethics, and Suppliers.

31 categories were identified as being highly sensitive in terms of the CSR risk for Societe Generale and underwent, simultaneously, an analysis of the measures implemented to minimise and control these risks.

In addition, an external audit was conducted to evaluate the level of control of these risks. At the end of this audit, the risks of 28 of the 31 sensitive purchasing categories were identified as being under control or partly under control. Overall, 59 of the 62 purchasing categories are considered to be risk-free, or to have risks that are under control or partly under control, i.e. 97%, the amount estimated for the period from January to December 2015, of the Group's total purchases in 2015. The 3 remaining categories identified as presenting a risk are now becoming priorities for CSR action.

Progressive development abroad

The principle of the CSR evaluations of suppliers has also been put in place in Germany, in Italy, in the Czech Republic, in Great Britain, in Luxembourg and in the United States (these 6 countries represent 17%(1) of the Group's expenses), by means of internal questionnaires.

The "Conducting a Responsible Sourcing Policy" instruction has been appended to the Global Agreement on Fundamental Rights signed with UNI Global Union in June 2015, demonstrating the Group's intention to implement it throughout the Group.

Commitment to supporting SMEs

SMEs are key players in the French economy and at the heart of the strategy that French banks pursue. Societe Generale facilitates access for these companies to the Group's procurement contracts and establishes a climate of mutual trust with its suppliers.

(1) Cumulative volumes from the beginning of October 2014 to the end of September 2015.

SME PACT

Societe Generale, which was the first bank to sign the SME Pact in December 2007, continues to reinforce its commitment to supporting innovative SMEs. Various activities are carried out in the Group within the scope of the SME Pact, particularly calls for skills (*via* the open innovation platform of the SME Pact (Pacte PME; http://innovation.pactepme.org)); mentoring, beneficial partnerships and the supplier satisfaction survey. The supplier satisfaction survey is an annual evaluation of the quality of the relationships that Societe Generale maintains with its SME suppliers. In 2015, 214 SME suppliers were invited to respond to the satisfaction survey. The Societe Generale Group was rated 62/100, an increase of 2 points year-on-year, which is above the average rating for the Banking and Insurance sector.

Purchases from the adapted sector

A close collaboration between the Group's Mission Handicap and the Sourcing Division enables "adapted" enterprises in the protected sector to be included, as soon as possible, in the search for suppliers during calls for tenders. Since 2014, the purchasers in the Group have benefited from direct access to the platform of GESAT (national network for the protected and adapted sector), which lists adapted enterprises and establishments of EA and ESAT by geographic area and type of service. Many services are now provided by enterprises that employ disabled workers. In the French Retail Banking network, such enterprises collect and recycle paper on a nationwide basis and manage the post for 72 sites in the network. For their part, all Societe Generale branches have their waste paper collected and recycled, of which over 85% is carried out by companies in the adapted sector. At the end of 2014, a project aiming to develop recourse to the adapted sector under our Intellectual IT Services initiative was launched. This initiative has a dual objective: to support the adapted sector in the professionalisation of its IT function, and to develop recourse to the adapted sector through activities that are strategic for the bank and that represent a significant volume of expenses for Societe Generale. Thus the project should enable the Group to maintain, even increase, its expenditure in the adapted sector whilst certain historical activities carried out in partnership with this sector will decrease over the coming years in line with the digital transition.

Willing to progress

The Group has been a signatory to the "Responsible Supplier Relations" Charter since 2010. This Charter sets out 10 commitments for facilitating the building of a balanced and sustainable relationship between the major corporate signatories and their suppliers.

In 2012, Societe Generale SA (France) received the "Responsible Supplier Relations" certification from Médiation Inter-entreprises, Médiation des Marchés publics and Compagnie des dirigeants et acheteurs de France (CDAF). This certification, awarded following an on-site audit of our practices by an extra-financial evaluation agency, attests to the fact that our organisation and our day-to-day management provide reasonable assurance of compliance with the objectives and commitments defined in the certification's frame of reference. At the end of 2015, in light of the follow-up evaluation, the Awarding Committee decided to renew Societe Generale's certification.

Procedures have also been set in motion for specific purchasing categories. The Group is the founder member of the Charter of Best Practices in Procurement of Private Security Services (security, transport of funds, remote monitoring), created under the auspices of the French Ministry of the Interior.

Since October 2014, Societe Generale has been a signatory to the "La Belle Compétition" Charter, which encourages competition, for "Communication Agency – Advertiser" calls for tender.

With the Sustainable Sourcing Programme (SSP 2011-2015) coming to an end at end-2015, a new multi-year Responsible Sourcing policy is presently in the process of being defined, calling on the input of a wide panel of stakeholders (key influencers, purchasers, suppliers, etc.). Its operational rollout will take place over the next three years (2016 to 2018).

DIALOGUE WITH CIVIL SOCIETY

Societe Generale makes every effort to promote constructive talks with all its stakeholders. In particular, the Group is careful to listen to and engage in dialogue with NGOs that alert it to E&S issues within its sphere of influence or that can help it to adapt its policies and procedures in a progress-oriented approach. The bank ensures it has regular exchanges on the development and the implementation of its policies. In 2015 this type of exchange took place on, in particular, the bank's commitments to benefit the climate.

Through its E&S watch list, Societe Generale monitors projects, companies and sectors, whether or not they are financed by the bank, that are the subject of controversy or public campaigns on the part of civil society (see p. 219, Watch list).

The bank has put a procedure in place for centralising correspondence and contact originating from NGOs or other players in civil society within the CSR Department, which is intended to alert it to the impacts associated with its financing or other services. Wherever possible, an internal enquiry is conducted and documented replies are supplied in writing or at meetings where appropriate.

In the course of 2015, Societe Generale participated in various work and discussion meetings with around ten NGOs (including BankTrack, Amis de la Terre, Oxfam, and WWF, etc.) either through bilateral meetings or during more wide-ranging consultation meetings organised by the associations themselves or by the OECD, the Equator Principles Association or the World Bank.

Two main topics were covered with the NGOs:

- the challenges of finance for the climate, particularly for coal-related financing;
- human rights.

The Group also maintains regular, constructive contact with CRESUS (regional agencies preventing over-indebtedness) through its partnerships with Group entities (CGI, Franfinance, BDDF) as well as a dialogue on the role of lending institutions in preventing individuals from getting too far into debt and assisting people in difficulty (See p. 253, Focus on over-indebtedness).

NON-FINANCIAL EVALUATION

The Group attaches great importance to its financial and non-financial ratings and strives to obtain ratings that best reflect its CSR actions by ensuring the quality and transparency of the data provided. Societe Generale is recognised for the transparency shown to its stakeholders. In 2015 Vigeo named Societe Generale's CSR reporting to be the most complete among the 1,309 companies observed. As a result, Societe Generale's stock has been listed for many years in the main international SRI indices (DJSI World and Europe, FTSE4Good, Euronext Vigeo, Ethibel, STOXX, etc.) and is also a popular choice amongst a large number of SRI funds. (See Group website).

THE BANK IS ATTENTIVE TO INVESTORS

A dedicated team

Societe Generale's department in charge of institutional and individual investor relations is responsible for overseeing the Group's financial communications and disclosure and for ensuring that investors and shareholders are kept up to date regarding its strategy and results.

Meeting with investors

The Group regularly meets with its investors to present its strategy and results and exchange views with them, including on environmental and social topics. In 2015, Societe Generale's management and the Finance Department's teams, accompanied by the Investor Relations team, conducted nearly 100 roadshow days and participated in a dozen broker conferences in the major international financial centres. In total, they met with nearly 70% of the institutional shareholders.

Also this year, a new type of roadshow was organised as part of the first Societe Generale positive impact green bond, which contributes to the financing of the low-carbon economy. The funds raised are used exclusively to finance projects contributing to the fight against climate change (see p. 220, Positive Impact Finance). This was an opportunity to present, in November 2015, Societe Generale's SRI/CSR accomplishments to the institutional investors (this presentation is available on the Group's website).

Maintaining and developing a policy of dialogue with its individual shareholders is a priority for the Group. In 2015, Societe Generale thus organised two shareholders' meetings in Versailles and Cannes. Each of these events brought together around 600 guests and allowed shareholders to exchange views with a member of the General Management. In November the Group also participated in Salon Actionaria, an individual shareholder trade fair attended by more than 25,000 visitors. The bank also took part in three information meetings in partnership with other issuers, in Lille, Aix-en-Provence and Nancy, each of which was attended by 150 to 400 participants.

Five times a year the Group publishes its Letter to Shareholders, which appears quarterly in newsletter format and in June in paper format after the General Meeting. In late 2015 Societe Generale launched an app for shareholders, available on smartphones and tablets on iOS and Android devices. The app provides easy, instant access to all necessary information for shareholders: stock prices, press releases, calendar of upcoming events, and so on. This new tool is the perfect complement to the single-channel communication system made available to shareholders: dedicated pages on the Group's website, dedicated phone number, Shareholders' Club, and more.

To make sure it continues to meet the needs and expectations of its individual shareholders, the Group has had a Shareholders' Consultative Committee since 1988, whose primary role is to advise on the Group's individual shareholder relations and communications policy. The Committee meets twice a year. Their questions are relayed to the General Meeting.

In 2015 the Group received several awards: the Grand Gold Award for Best Shareholder Relations and the Gold Award for Best Digital Communication of CAC 40 companies from Le Revenu, and the 2015 Shareholders' Club prize awarded by economic publications Les Echos and Investir/Le Journal des Finances in partnership with auditing group Mazars.

3. ACTION TO BENEFIT THE ENVIRONMENT

ENVIRONNEMENT

THE GROUP'S CARBON FOOTPRINT
ANNUAL AVERAGE OVER 3 YEARS

-4,700 T of CO_2

EUR 13 m in savings

30 GWh in savings

PLAYER WITHIN THE ENERGY TRANSITION

EUR 2 bn in GREEN BONDS

76% of new electricity production financing dedicated to Renewable Energies (vs. 70% in 2014)

SOURCING

2,700 suppliers assessed by Ecovadis

1 Responsible sourcing code

100% of buyers receive CSR training

SOCIETE GENERALE HAS MADE COMMITMENTS FAVOURING THE CLIMATE

Faced with the many climatic and ecological changes, one of the challenges of this century will undoubtedly be the preservation of environmental balances. The interdependence of activities to address these increased risks shows that comprehensive, coordinated action is necessary.

COP 21 (21st conference of the parties that took place in Paris from 11th November 2015 to 7th December 2015) is a milestone in general mobilisation to stop the average temperature of the earth from increasing by more than 2°C, with concrete commitments from countries, local and regional authorities, businesses and financial partners worldwide.

On this occasion, Societe Generale adopted a range of new climate commitments aimed at ensuring that the bank's actions by 2020 are in phase with the *scenario* of a 2°C limit on global warming defined by the International Energy Agency (IEA) and complementing the existing Environmental General Guidelines of the Bank (See p. 211, Environmental and Social General Guidelines).

Those commitments are accompanied by a proactive policy in the renewable energy sector, with a twofold increase in the funding of renewable energy projects and the capacity to access up to EUR 10 billion in funding for projects in the renewable energy sector by 2020, in addition to the desire to reduce its own carbon footprint.

Societe Generale has set a new objective compared to 2014 to reduce its CO_2 emissions by 20% by 2020. In order to achieve this objective the Group is extending its "internal carbon tax" incentive scheme based on the emissions made by each Group entity, which are then redistributed to finance internal environmental efficiency initiatives.

As such, Societe Generale will strive over the first half of 2016 to implement a framework to steer and monitor its actions that is consistent with the "Principles for the integration of actions in support of climate in financial institutions" which it supports. These principles help guide financial institutions as they take climate change issues into consideration in their funding strategy, investment and risk management procedures alike, as well as in the disclosure of information.

SUPPORTING OUR CLIENTS WITH THEIR LOW-CARBON INVESTMENTS

Societe Generale wishes to be a key player in the funding of the energy transition by focusing on:

- the diversification of sources of energy production with increased funding of the renewable energy sector;
- the reduction in customers' energy consumption;
- the increase in our energy transition actions in developing countries, specifically in Africa where Societe Generale has a strong presence, and attracting investors to these projects.

All this can only be achieved by strengthening its partnerships with the players in energy transition and the low carbon economy.

Green finance and services

In 2015, in terms of funding activities of private or public sector companies, Societe Generale's environmentally-friendly funding amounts to nearly EUR 2 billion, and 66% of the global portfolio of the Corporate and Investment Banking division's power generation sector consists of renewable energy assets (compared to 60% in 2014). As for green funding in favour of individual customers, it amounts to EUR 173 million, and for local authorities EUR 24 million. Green funding is up about 82% compared to 2014, thanks to a more dynamic market. This includes wind farms, all renewable energy production, waste and recycling, public transport projects, alternative fuels and clean vehicles. They benefit from the bank's capacity to fund complex projects.

The ambition consists of doubling financing towards renewable energy projects to reach as much as EUR 10 billion of funding for projects from the renewable energies (RE) sector by 2020.

FUNDING FOR LARGE-SCALE CLIMATE PROJECTS

The bank has been particularly active in the funding of renewable energy projects and is a major player in the funding of energy infrastructures. The Investment Bank has extensive experience in the environmental and renewable energy sector (solar, biomass, wind, etc.). With a global presence and acknowledged sectoral expertise, the bank has continuously supported its customers for over ten years in the development of these sectors. In 2015, 76% of new project funding in the electricity production sector was dedicated to renewable energy assets for the Group (compared to 70% in 2014).

The bank specifically played a decisive role in the USD 248 million funding of the 30 MW Block Island (USA) offshore wind power project, the first offshore wind farm in the USA, representing a major technological breakthrough. This debt-based funding has established a new funding model for the country's future offshore wind farms.

In Europe, the Group, amongst others, assisted in the largest offshore wind project to date in the United Kingdom, known as the Galloper project, with a capacity of 336 MW located in the Thames Estuary.

The Group has been a leader in implementing a financial solution for the 100 MW Hornsdale wind power project in southern Australia.

In addition, Group subsidiaries abroad are also present in the sector. Internationally, Societe Generale helps local communities to grow while preserving their ecosystem. This type of funding comprises improved public transport routes, the installation of solar panels or dedicated infrastructures.

For example, in 2015:

- SGEF Poland and SGEF Czech Republic contributed EUR 1.2 million and EUR 17 million respectively to the acquisition of buses to improve public transport;
- SGEF UK (United Kingdom) funded the installation of solar panels in several cities for the benefit of the Aspirations Academy Trust. This charitable trust promotes education based on the development and personal ambitions of students;
- Societe Generale Algeria awarded funding of EUR 63.7 million to a company specialising in the assembly of trams in order to provide public transport solutions in major Algerian cities;
- Komerční Banka (Czech Republic) provided funding of EUR 4.4 million to install several infrastructures enabling better access to water and heating for those populations with systems tailored to preserve the ecosystem, as well as funding for 25 multi-source energy production projects using solar energy, hydro energy and biogas amounting to EUR 160 million;
- SG Express Bank (Bulgaria) provided EUR 0.66 million for low carbon emission buses and in 2015 continued to fund several solar energy production plants for EUR 10 million;
- Rusfinance (Russia), the consumer credit subsidiary in Russia, arranged funding loans amounting to EUR 26 million for individuals to buy their own vehicles with a guarantee by the Societe Generale Group;
- Fiditalia (Italy) provided funding of EUR 9.5 million to a thousand individuals for renewable energy production projects.

Among the innovative transactions seen this year, KB (Czech Republic) was the first European bank to establish a partnership to encourage investment in the field of energy efficiency and renewable energies (PF4EE, Private Finance for Energy Efficiency), which combines a financing line with a risk-sharing and technical assistance scheme.

A SPECIFIC OFFER OF SERVICES

SOGEPROM: INTEGRATED AND INNOVATIVE URBAN SOLUTIONS

In 2014 SOGEPROM, the Group's property development subsidiary, announced the launch of the "E+" programme for "Positive Energy" and the signing of a series of long-term partnership agreements with major industrial groups such as OTIS, RENAULT and SCHNEIDER ELECTRIC, the objective being to harness positive synergies based in particular on renewable energies.

At the first edition of its «New Uses" Award, the corporate property fair SIMI (Salon de l'immobilier d'entreprise), held in December 2015 in Paris, chose to single out Lucibel and Sogeprom in the "User Services" category for this LIFI bi-directional broadband technology, the transmission of data through lighting.

ALD: A RESPONSIBLE UTILISATION OFFER OF AUTOMOBILE FLEETS

Under the ALD newmobility programme launched in 2012, ALD Automotive, the Group's automobile leasing subsidiary, deploys concrete, innovative actions to meet its customers' new mobility expectations by developing company car-sharing (ALD sharing), flexibility (ALD switch), and multi-mode (ALD Railease, ALD companybike, etc.) solutions and more recently a "mobility budget" (ALD mobility card) solution, allowing its user to opt for the most appropriate means of transport for a given journey (public transport, taxi, vehicle hire, etc.).

ALD Automotive also continues to develop its ALD Bluefleet offer aimed at the everyday reduction of CO_2 emissions and fuel consumption of its fleets by promoting it to companies.

As of late September 2015, ALD Automotive managed a fleet of some 6,700 electric vehicles in 13 countries. With the addition of rechargeable hybrid vehicles and conventional hybrid vehicles, the fleet of new-technology vehicles managed by ALD Automotive was close to 30,000 vehicles, an increase of 48.9% in 12 months. Closely following emerging technologies, ALD Automotive also funded 8 fuel cell vehicles powered by hydrogen on the same date.

Environmental banking offer in France

In its French banking networks, Societe Generale promotes funding aimed at improving energy efficiency.

SUSTAINABLE DEVELOPMENT SAVINGS ACCOUNT (LDD)

As of 31st December 2015, the deposits in these accounts amounted to EUR 8 billion. The bank mostly uses the amounts paid into these savings accounts to finance SMEs and sustainable development projects.

ECO-PTZ AND OTHER LOANS GENERATING ENERGY SAVINGS

The Group distributes green products and loans designed for its individual customers. Since being introduced in France over 26,000 interest-free eco-loans and sustainable development loans have been granted, representing more than EUR 410 million.

LOANS TO PURCHASE OF ELECTRIC OR HYBRID VEHICLES

Since September 2012, a preferential "Clean Vehicles" schedule is reserved for clients who wish to finance the purchase of new or second-hand electric or hybrid vehicles *via* an Expresso loan.

In 2015 2,750 Expresso loans totalling EUR 33.6 million were granted. Since this specific schedule was put in place, a total of 6,695 "Clean Vehicles" Expresso loans have been granted, for an overall amount of EUR 87.5 million.

At the same time, Societe Generale's clients can benefit from a 5% discount on their motor insurance premium (for vehicles emitting less than 120g of CO_2/km) for the entire duration of their contract, regardless of the option selected.

CGI, the Group's consumer credit entity (Car Financing France) signed a partnership agreement with the world leader in electric cars, TESLA, regarding the retail funding of the brand's electric vehicles. This agreement has been effective since October 2014. CGI will also take part in the manufacturer's CSR approach by promoting access to "green" cars *via* extremely competitive lease-to-purchase offers.

ENVIRONMENT BUSINESS CARD WITH THE ONF

Through its Environment Business Card dedicated to corporate customers, the bank has reiterated its commitment until the end of 2016 by contributing EUR 5 cents for each payment made with the card. This offer includes making paperless card statements available to company employees to enable them to track their expenditure, which can be consulted on Societe Generale's secure website (www.sogecartenet.fr).

In 2015, payments to the ONF, the French Forestry Commission, amounted to EUR 126,855, i.e. a 26% increase on 2014. These payments will permit the financing of 2 projects in 2016: the site layout of the "Salle de bal des demoiselles coiffées" in the Hautes-Alpes and a project raising public awareness and access for all to the forest in "Pays de Monts" in the Vendée region.

BOURSORAMA AND BLABLACAR

Since December 2015, Boursorama, the Group's online banking subsidiary, has sponsored the travel of customers of the carpool site who deposit funds with it. Along with the carpool specialist, they launched a joint promotion to encourage carpool fans to use online banking and vice versa.

Innovative solutions to rise to the challenges of the energy transition

Societe Generale uses its structuring and distribution expertise to provide innovative solutions responding to risk/profitability concerns and integrating the ESG criteria required by investors, particularly through impact positive financing under the aegis of the UNEP-FI (see p. 220, Positive Impact Finance).

GREEN BONDS

In support of its Corporate customers, the Group is keen to contribute to the development of a Green bonds market, which allows them to finance projects and acquisitions in renewable energies and energy efficiency, taking part in the fight against climate change and bringing the Group's structuring and bond distribution solutions to the table, combined with its long-standing expertise in ESG management (Environmental, Social and Governance).

In 2015, Societe Generale contributed to the emission of 6 green bonds representing a total sum of EUR 2 billion.

Thus, the Group supported the City of Paris as it issued its first climate bond. The funds will be used to finance projects to combat climate change, in line with the city's Climate and Energy Plan 2020.

THE FIRST POSITIVE IMPACT GREEN BOND

In order to meet the obligations of low-carbon investors, the Group issued a EUR 500 million bond with a twofold environmental and positive impact component (see p. 220, Positive Impact Finance).

FINANCIAL SOLUTIONS TO BENEFIT NEW TECHNOLOGIES

The Group's teams are dedicated to the search for financial solutions that foster new climate-friendly technologies, such as Carbon Capture & Storage (CCS). It advises on several of these essential climate change mitigation projects – for example, the White Rose Project in the United Kingdom, with EUR 300 million in funding provided as part of the European Union's NER300 programme, which aims to demonstrate the efficiency of carbon capture and storage techniques. This approach expands the range of available solutions whilst favouring progress and experimentation, paving the way to innovation.

Moreover, the Bank is a long-standing player on the carbon market, ranked second and fifth respectively in 2014 and 2015 by Energy Risk in terms of the European ETS, and has been rated first in terms of its research on the subject, both in 2014 and 2015.

STRENGTHENING PARTNERSHIPS IN DEVELOPING COUNTRIES

In accordance with its global strategy, the Group strives to forge and develop partnerships, in the other countries where it operates, with International Financial Institutions (AFD, EBRD, EIB, World Bank, etc.) to propose financing solutions responding to the needs of the local businesses and stakeholders it works with, with a particular focus on energy transition projects.

As a major player in Africa, Societe Generale is accompanying the development of this fast-growing continent. The Group is present in 18 countries and is one of the most established international banks on the continent, with 3 million customers, including 150,000 businesses. Given that 75% of Africa's population still has no access to electricity, the role of the bank is twofold:

- Project financing to give African countries access to electricity, with a role as an adviser or arranger in EUR 17 billion worth of investments over the past 5 years throughout the entire value chain (funding of generation equipment, distribution grids, production units and financial advice for major infrastructure projects).
- Green funding initiatives and offers for SMIs/SMEs and individuals to enhance the effort made by governments to promote the green economy (for instance a tax exemption on renewable energy in Burkina, desire to break the cycle of dependence on oil in Tunisia, 6th green business forum in Congo).

Societe Generale has signed several partnership agreements (AFD, EBRD, EIB, etc.) specifically dealing with the energy transition with international financial institutions, and intends to strengthen these agreements as much as possible.

- Agreement with the EIB as part of the "France Energies Renouvelables" programme to promote investment in renewable energies (EUR 750 million) across the French territory between 2014 and 2016.
- In Senegal, SGBS and the French Development Agency (AFD) signed an agreement for EUR 5 million as part of the SUNREF programme, a facility to promote investment in energy efficiency and renewable energies in developing countries;
- The same type of partnership for EUR 6 million was signed between SGBCI and AFD in the Ivory Coast in July 2015. This line of funding facilitated the granting of credit to one of the country's leading corrugated board producers to finance the purchase of equipment that would reduce its energy consumption by 40% and improve its production capacity;
- In Macedonia, OBSG established a credit line of EUR 4 million with the Green Growth Fund (GGF) to support the funding of projects related to energy efficiency and renewable energies.

Relations with the EIB (European Investment Bank) continued to flourish (see p. 249, Supporting financial institutions and development agencies).

REDUCING THE GROUP'S CARBON FOOTPRINT

The bank also generates impacts on the environment through its activity. Aware of this responsibility, Societe Generale is pursuing its own environmental policy, which involves the control and improvement of its direct impacts on the environment, in association with its various stakeholders. At the same time, each division and business seeks to contribute to the Group's environmental policy by developing its own initiatives, including within its business lines.

Similarly the Buildings and IT Infrastructures divisions incorporate and steer the environmental aspects of their activities.

Carbon Reduction Programme

The 2012-2015 carbon reduction programme came to an end in late 2015. At COP 21, Societe Generale set a new target compared to 2014 to reduce its CO_2 emissions by 20% per occupant by 2020. The Group's carbon footprint incorporates energy consumption, business travel, freight transportation (covering banking transportation (mail and parcels), cash transportation and transportation due to relocation), total paper consumption and consumption of data hosted in France.

The 2012-2015 programme aimed:

- to reduce greenhouse gas (GHG) emissions per occupant by 11% compared to 2012 by the end of 2015 (excluding the purchase of green electricity);
- to increase energy efficiency by 13% compared to 2012 by the end of 2015.

By the end of 2015, GHG emissions per occupant were reduced by 11.4% compared to 2012, surpassing the 11% goal, and energy consumption has been reduced by 11.3% compared to 2012, instead of the established 13% goal. The reduction of energy consumption per occupant of 4.3% observed between 2014 and 2015 was not sufficient to make up for the delay identified. The year 2015 was particularly successful in terms of CO_2 reductions since the number of job positions was reduced between 2014 and 2015. The Group's carbon footprint amounts to 2.19 tCO_2/occ. (7.6% reduction compared to 2014).

Since 2005, the Group has performed an inventory of greenhouse gas emissions in accordance with the GHG Protocol (an international standard). The monitoring of environmental indicators is enhanced from year to year as a result of using a CSR reporting tool (Planethic Reporting) to manage information. The data collected *via* this inventory serves as a basis for calculating the internal carbon tax.

Internal carbon tax

The carbon reduction programme is based on the implementation of an innovative scheme: each Core Business and Corporate Division pays an internal carbon tax according to their carbon footprint (EUR 10/tCO_2) and the revenue from this tax is allocated to internal environmental efficiency initiatives *via* the Environmental Efficiency Awards.

This scheme, based on a twofold incentive, encourages each entity to:

- cut its CO_2 emissions to reduce the amount of the tax;
- implement environmental efficiency initiatives, for which they may receive funding.

The goal of this scheme is to show that environmental measures are also opportunities to create value and innovation for the bank. A committee makes the selection, ensuring that each initiative implemented has demonstrated its environmental additionality and represents an economic interest for the Group.

In 2015, 56 initiatives won awards totalling EUR 3.4 million.

Over the three years of this scheme's existence, all 119 winning initiatives, involving building, IT, paper, transport or waste (since 2015), enabled annual recurring savings of an average of EUR 13 million on overheads, an average of 4,700 tonnes per year of CO_2 and an average of 30 GWh of energy savings.

Measures taken to improve environmental efficiency

BUILDINGS

REDUCTION OF ENERGY CONSUMPTION

With floor space of over 4 million sq. m., in 2015 the Group made a commitment to continually enhance the performance of its buildings by implementing an environmental strategy for its building stock.

To this end, one of the objectives it has set is to increase the energy performance of its central buildings (excluding branches and subsidiaries) in 2015 by 15% in comparison to 2012. This objective strongly contributes to the reduction of energy consumption achieved since 2007.

Several tools have been implemented to reach this objective. An Environmental Diagnostic Tool (EDT) has been developed to evaluate the environmental performance of the building stock. A collection of environmental profiles on buildings over 5,000 m^2 was completed in early 2015. This made it possible to set a benchmark for these buildings against the Group building standard (Responsible Building Benchmark – RBB) for the purposes of deploying consistent and effective action plans at country or entity level and improving the energy performance of the building stock as a whole.

A management tool (GREEN) allowing the real-time monitoring of a given building's energy and water consumption and waste management is currently being rolled out. It was rolled out in 2015 at the main central buildings in France, and is used to manage the energy efficiency of these buildings and to monitor energy management on all buildings certified ISO 50001 for a period of three years (19 central buildings in France that represent 167 GWh of energy consumed in 2014, the benchmark year).

The GREEN tool was also deployed in the United States (a building in New York), India (Bangalore and Chennai) and Luxembourg, and is being deployed in other Asian countries as well as the UK.

The DUNES real estate project located east of Paris, with an area of 89,000 sq. m. and the capacity for up to 5,500 people, is under way. It is built according to RT (Thermal Regulations 2012) rules, and is undergoing HQE Construction and LEED certification, meaning that by the end of 2016, there will be a sharp improvement in the Group's environmental and energy performance as older generation buildings are replaced.

Specific measures are also being taken with respect to the existing buildings at the level of the corporate services and the branch and subsidiary networks in order to gain better control of consumption and even greater energy savings, namely:

- managing consumption data: there were 192 branches equipped with a remote meter system at the end of 2015. In the buildings in Paris and the Paris region, an Environmental Management System (EMS) with incentives for saving energy and fluids is in place with the operator. The energy consumption of the central buildings fell by 1.7% in 2015 versus 2014;
- renovating buildings: major work and upgrading are continuously carried out in Societe Generale branches and buildings. This has led to a reduction in energy consumption of around 3 GWh/year;
- using renewable energy: in 2015, 26% of the Group's electricity consumption was from renewable sources, thanks partly to generating renewable energy in our buildings (solar panels and the anaerobic digestion of the food waste of some of the Group's in-house restaurants, totalling 1.4 GWh in 2015), and partly to acquiring green certificates. The Bank of Polynesia installed a solar and wind hybrid power plant at the "Head office and Pomare branch" in Papeete.

Decreased Water Use

The Group's water consumption was 2 million m^3 in 2015, showing a slight increase in consumption compared to 2014 due to a broadening of the scope of coverage.

In the buildings, water management is done in conjunction with energy management. It is boosted by consumption-cutting measures (motion detectors, replacement of leaky air conditioning units, etc.).

Waste management

Societe Generale strives to reduce the direct impact of waste on the environment through recycling. At Group level, waste production is estimated at about 16,000 tonnes in 2015, down 1.7% compared to 2014.

The objective of the new 2014-2020 carbon reduction programme is to incorporate waste into the Group's carbon footprint. A large number of measures for improving waste management are in place within the Group. Efforts are focused especially on reducing waste (printing reduction, an eco-design scheme for designing equipment in collaboration with the manufacturer), reusing waste (reselling office equipment that is in good condition) or recycling waste (the management of Electrical Waste and Electronic Equipment; the anaerobic digestion of 455 tonnes of food waste in some buildings in the Paris region, which has produced 160 MWh of thermal energy; recycling waste paper in branch networks - 1,265 tonnes of recycled paper and 150 tonnes of recycled cardboard processed by the protected sector).

IT INFRASTRUCTURES

The IT Division has adopted an environmental strategy that gives greater consideration to environmental aspects when managing its IT stock. The aim underpinning this strategy is twofold: to improve the management of energy consumption data for equipment and to systematically integrate environmental considerations into project design and management.

Multiple levers for action are used to reduce the environmental footprint of the Group's IT stock:

- consolidation: a highly focused strategy to consolidate the number of datacentres by increasing their occupancy rates and making "cloud" solutions systematic both internally and externally with the aim of making 80% of applications virtual by 2020;
- wider use of pull printing and a "zero paper" by 2020 objective thanks to the "digital for all" programme;
- reducing travel through the establishment of new video-conferencing technology, phone software and telecommuting;
- technology watch: identifying the technologies with the most efficient performance in environmental terms as part of an ongoing process to improve equipment;
- an annual analysis of equipment: identifying obsolete or redundant equipment to cut down on energy wastage.

In 2015, 13 out of 56 rewarded initiatives received funding on the grounds of environmental efficiency (see p. 228, Internal carbon tax). They have led to savings of 11.3 GWh/year.

TRANSPORT

Societe Generale has long since implemented measures for reducing the environmental impact of personal and business travel as well as of the transportation of goods.

BUSINESS TRAVEL

Group employees travelled 504 million km by train, airplane and car in 2015, representing 3,358 km per occupant. The Group therefore recorded a 0.5% decrease in travel per occupant compared to 2014, with an increase in kilometres travelled by car which are emitting less and less CO_2, and a reduction in distances travelled by airplane and by train.

The Group's Sourcing Division, in collaboration with Group entities in France, has endeavoured for four years to reduce the Group's carbon footprint by listing the vehicles with the lowest emissions on the market. In order to accelerate its work and achieve the ambitious objective of reducing its CO_2 emissions, the "EdisOn" project was launched, with a target of 5% of electric vehicles in the Group's fleet within 3 years. At the end of 2015, 27 new electric vehicles were ordered by the Network's Regional Divisions. To continue this growth, the Sourcing Division decided to launch, in the second quarter of 2015, a draft listing of electric charging stations to ensure the optimal business conditions for recharge infrastructure purchases for the entire Group.

It also encourages the use of good practices, such as sharing company cars and applying a threshold of 10,000 km/year for travel by private car, below which an alternative mode of transport must be considered.

COMMUTING AND TELECOMMUTING

Targeted measures are deployed to promote alternative solutions to the personal use of vehicles. At Head Office a carpool platform and a car-sharing scheme are in place. Measures have also been implemented in the subsidiaries. In particular, CGI and ALD International have made bicycles and electrically assisted bicycles available to their employees, used for commuting to work as well as for some business trips.

The implementation of telecommuting solutions in several Group entities also helps to limit the amount of daily travel. 5,000 people are involved in telecommuting, of which half are in France (see p. 237, Developing new ways of working and organisation models).

PAPER

Paper is the top consumable used by the departmental activities. It represents a significant economic issue and a sensitive environmental theme (waste management, fight against climate change and pollution).

It is a constant concern for the Group and an increasing number of initiatives are being implemented to rationalise consumption, which stood at 16,545 tonnes in 2015. This figure has gone down compared to 2014 (-6.4%). The consumption of office paper has been decreasing since 2007. In 2015, it was 54.5 kg per occupant, a 6% drop compared to the previous year. Recycled paper represents 48% of office paper used, a 20% increase compared to 2014.

The progress achieved is the result of various measures implemented throughout the Group, such as good use of printers, conversion of paper materials to digital materials and use of recycled paper. For instance, the winning measures for the past 3 years in the "Paper" category in the Environmental Efficiency Awards – which only represent a portion of the measures in place at Group level – enable annual recurring savings of 101 tonnes of paper.

As part of its environmental commitments, Societe Generale not only joined EcoFolio[1] but also supported its creation by becoming a shareholder alongside other companies representing different sectors of the economy. It has been on the Board of Directors of this eco-organisation since 2012. It promotes the circular economy through this eco-organisation.

BIODIVERSITY

Within its subsidiaries abroad, initiatives to raise awareness about preserving biodiversity and maintaining ecosystems are growing in number. This is particularly the case with SGAL in Albania, DeltaCredit in Russia, SGCB in New Caledonia, and ALD Automotive in Brazil and Hungary which all participate in reforestation operations and support biodiversity programmes.

(1) Since 2006, French legislation has stipulated that issuers of unsolicited printing for business purposes (publicity, free press advertisements, corporate publications, etc.) aimed at individual consumers must contribute to the financing of the recycling, recovery and destruction of such material by local authorities. EcoFolio, a state-approved private company, was set up in 2007 to enable companies to uphold this obligation.

ENVIRONMENTAL DATA

ENVIRONMENTAL INFORMATION	Units	2015	2014	Ref. year 2012[2]
General environmental policy				
Total number of Group employees[1]	**Employees**	**146,492**	**148,324**	**149,812**
Total number of occupants covered in the reporting	**Occupants**	**153,512**	**152,391**	**143,464**
Coverage data collection scope	%	100%	99%	89%
Total surface area counted	m^2	4,029,343	4,046,680	3,921,013
Pollution and waste management				
Waste	**Tonnes**	**16,071**	**16,346**	**15,503**
Coverage[3]	%	90%	86%	62%
Business travel	**Millions of km**	**504**	**508**	**437**
Coverage[3]	%	98%	99%	90%
Business travel per occupant	**Km**	**3,358**	**3,374**	**3,101**
Plane	Millions of km	238	248	168
Train	Millions of km	49	52	51
Car	Millions of km	217	207	219
Sustainable use of resources				
Water consumption	**Millions of m^3**	**2.00**	**2.01**	**1.64**
Coverage[3]	%	98%	94%	71%
Total paper consumption[4]	**Tonnes**	**16,545**	**17,676**	**17,249**
Coverage[3]	%	100%	100%	91%
Total paper consumption per occupant	Kg	108	116	125
Office paper consumption	**Tonnes**	**8,367.36**	**8,856.41**	**8,774.43**
Coverage[3]	%	100%	100%	89%
Office paper consumption per occupant	**Kg**	**54.5**	**58.1**	**63.4**
of which recycled office paper	%	48%	38%	38%
Total energy consumption	**GWh**	**861**	**904**	**916**
Coverage[3]	%	100%	100%	90%
Total consumption per occupant	KWh	5,661	5,915	6,385
Total electricity consumption	GWh	617	635	666
Total electricity consumption per occupant	KWh	4,052	4,151	4,640
Electricity production from renewable sources	**MWh**	**1,432**	**304**	**434**
Consumption of energy by data centres[5]	GWh	99	111	213
Climate change				
GHG emissions[6]	**T CO_2 e**	**326,377**	**355,079**	**346,416**
Coverage[3]	%	97%	98%	98%
GHG emissions per occupant	**T CO_2 e**	**2.19**	**2.37**	**2.47**
GHG emissions avoided[7]	T CO_2 e	32,815	17,898	32,736
SCOPE 1[8]	T CO_2 e	30,839	33,035	32,702
SCOPE 2[9]	T CO_2 e	202,418	215,927	216,046
SCOPE 3[10]	T CO_2 e	93,121	106,117	97,668

(1) The Group's environmental issues cover a wider scope than the consolidated subsidiaries. This figure includes employees outside the HR and financial scope of the following subsidiaries: Ald Automotive Brazil, Ald Automotive India, Ald Automotive Turkey, Ald Automotive Ukraine, Concilian France and SG Mauritanie. These subsidiaries are not consolidated on the HR and financial level.

(2) In order to ensure the comparability of the data and in order to present the environmental indicators on the basis of constant criteria, the reference year has been changed to factor in the integration of Newedge. Historical data has been restated as follows:

– new indicators integrated into the calculation of CO_2 emissions have also been integrated into the historical data.

The restatements do not correct the variations related to the growth or the reduction of the activity within the entity itself.

(3) Coverage represents entities having contributed to data in proportion to their FTE (full-time equivalent) workforce.

(4) Includes office paper, documents for customers, envelopes, account statements and other types of paper.

(5) Includes own data centres hosted in France. Only the energy consumption of own data centres is included in total electricity.

(6) Greenhouse gases (GHG).

(7) CO_2 emissions avoided through generation and consumption of electricity from renewable sources.

(8) Includes direct emissions related to energy consumption and emissions of fluorinated gases.

(9) Includes indirect emissions related to energy consumption.

(10) Includes GHG emissions related to overall paper consumption, business travel, transport of goods and energy consumption of data centres hosted in France.

4. A RESPONSIBLE EMPLOYER

EMPLOYMENT

15,155 employees recruited on permanent contracts worldwide

23,385 internal mobility movements

DEVELOPMENT

25.2 training hours per employee

CULTURE

4 values
values to shape behaviour towards customers

DIVERSITY

59% women within the Group

122 nationalities

50% women on the Board

1 International framework agreement on fundamental rights and 1 Charter of "15 Commitments for Work-life Balance"

Societe Generale aims to set the standard for relationship banking. This ambition shapes the Group's Human Resources policy, which closely links the human element to strategy, and corporate culture to performance, all in service of the customer. Accordingly, in order to gain the best understanding of the specific challenges facing the businesses and any changes in the environment, the HR Department has the following strategic priorities:

- Supporting the Group's rapidly changing businesses. The banking landscape is undergoing profound change: the evolution of customer and stakeholder expectations, the emergence of new technologies, and the regulatory framework are transforming Societe Generale's businesses and the skills required to work in them. The Group must anticipate the skills that its businesses will require in the medium and long term and the skills that are no longer essential. It must also allow employees to develop their employability through training and the formulation of clear career paths while recruiting the best profiles for its growing or emerging businesses. Lastly, the digital transition is opening the door to new ways of working and new interactions both internally and with customers. For Societe Generale, this means seizing this opportunity to grow and develop its employees. Their ability to adapt their skills and ways of working is critical to the sustainability of the businesses.
- Developing a relationship banking culture based on common values. Societe Generale's corporate culture is based on its values (team spirit, innovation, commitment, responsibility), the behaviour and skills they inspire, and the conduct to be followed by the employees working in these businesses. It has been shaped by more than 150 years in service of its customers. The focus is on the customer, and all employees are guided by the Group's fundamental values. Societe Generale's new Leadership Model contributes to this approach, in particular through its integration into all HR processes. It is this corporate culture that makes the Societe Generale Group unique and enables it to properly meet the expectations of all its stakeholders.
- Fostering employee commitment. The Human Resources Department pays close attention to employee commitment, which is intrinsically linked to team performance. Recognising each individual's contribution to the Group's long-term performance, ensuring well-being at work and drawing on the strength of the teams' diversity are all essential to maintaining employees' ties to the company and improving efficiency.

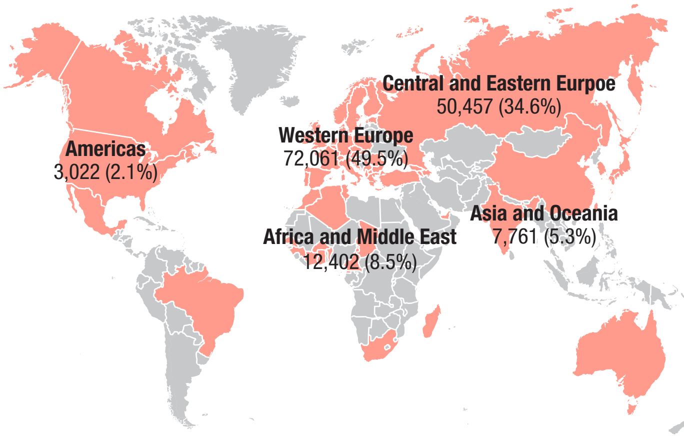
THE SOCIETE GENERALE GROUP'S TEAMS AT THE END OF 2015

The Societe Generale Group employed 145,703 people(1) at the end of 2015, i.e. a 1.7% decrease in total headcount compared with 2014. This headcount represents 131,572 full-time equivalents (FTE)(2).

	2015	2014	2013	2012	2011	2010
Group headcount (at end of period, excluding temporary staff)	145,703	148,322	147,682	154,009	159,616	155,617

(1) Total number of employees on permanent contracts or fixed-term contracts, including work-study contracts, whether they are present or absent.
(2) As detailed in chapter 2, page 60.

Geographic breakdown



Societe Generale has 145,703 employees located in 66 countries, including:

- Mainland France (40.3%, i.e. 58,712 people of which 43,228 at Societe Generale SA);
- Russia (13.6%);
- Czech Republic (6.7%);
- Romania (6.3%).

Mix of countries in which Societe Generale has operations:

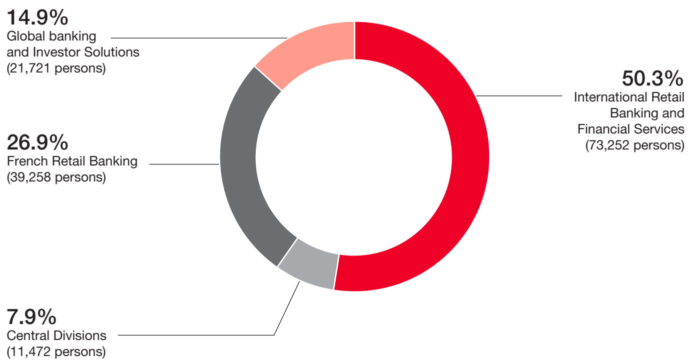
- 10.5% of the workforce in low-income or lower-middle income countries[(1)];
- 11.6% in middle-income countries[(2)].

Breakdown by core business

The most significant changes in headcount in 2015 reflected the Group's restructurings and adaptations to the environment. They affected each core business differently:

- for International Retail Banking and Financial Services, the 6.5% decrease in headcount was due to the downsizing of staff in Russia (21% decline in headcount at Rosbank) in line with the strategy announced in 2014 and in a strained environment, to the ongoing withdrawal from the consumer credit activities in Brazil (almost 1,000 fewer employees), and to an adjustment to the consolidation scope;
- for Global Banking and Investor Solutions, the nearly 10% increase in headcount was mainly due to the integration of the Newedge subsidiary, which was acquired in 2014 (about 2,000 people);
- for French Retail Banking, the 1.5% decline in headcount can be attributed to retiring employees who were not replaced in the Societe Generale network;
- for the Group's Corporate Divisions, the 11% increase in headcount was due to the ramp-up of the IT and compliance teams, to support the Group's adaptation to technological developments and regulatory requirements.

BREAKDOWN OF STAFF BY CORE BUSINESS (HEADCOUNT AT END-2015 EXCLUDING TEMPORARY STAFF)



(1) As defined by the World Bank: "Low-income + Lower-middle income economies ($4,125 or less)", mainly Ivory Coast, Ghana, Georgia, India, Madagascar and Morocco.

(2) As defined by the World Bank: "Upper-middle-income economies ($4,126 to $12,735)", mainly Algeria, Brazil, Bulgaria, Romania, Serbia and Tunisia.

BREAKDOWN OF WORKFORCE BY STATUS

	2015	2014
Overall headcount on permanent contracts at 31st December	135,050	136,759
Overall headcount on fixed-term contracts (including work-study participants) at 31st December	10,653	11,563
Temporary staff	10,891	11,028
Outside contractors(1)	6,850	6,989

(1) Monthly average in 2015 for Societe Generale SA in France. The use of outside contractors concerns mainly the sub-contracting of specialised activities such as IT systems, security, catering, and building maintenance.

SUPPORTING CHANGING PROFESSIONS

Today, the banking profession is experiencing profound economic, regulatory and technological changes. The Group's Human Resources policy supports this transformation so that each of the Group's businesses has the skills required to serve the needs of its customers, while enabling its employees to develop their employability over the long term.

Anticipating and supporting changes in the businesses

STRATEGIC WORKFORCE PLANNING: A KEY TOOL

The strategic workforce planning in place since 2013 is a key tool to support the current and future development of the Group's businesses: it corresponds to a strategic management approach that gives the Group the skills its business lines will need in the medium and long term. This approach is based on implementing the right HR policies, particularly with respect to training and filling vacant positions. It gives employees the resources to examine their motivations and ambitions in light of the organisation's new requirements.

This Group-wide strategic workforce planning has a three-pronged approach:

- a three- to five-year forward-looking macro vision to anticipate major qualitative trends in key professions undergoing change or in which the Group is having difficulties filling vacant positions; it is based on the Group's strategic plan and on market trends/the market environment;
- a one-year strategic management plan, in conjunction with each business line's operational plan; this enables the Group to draw up collective development, mobility and recruitment plans for the full year;
- an individual development plan for each employee, which relates back to the individual management process (training, professional development) and the performance management process.

Through the Societe Generale job trends observatory in place since 2013, the Group was involved in 10 studies with the Branch Observatory (AFB - Association française des banques, the French banking association); as such, close attention was paid to the impact of digital technology on the banking professions.

AN EMPLOYMENT DYNAMIC THAT RESPONDS TO THE GROUP'S CHANGES

MOVEMENTS: ARRIVALS AND EXITS

	2015	2014
New hires on permanent contracts	15,155	16,061
New hires on fixed-term contracts (including work-study participants)	9,627	9,753
Departures of employees on permanent contracts	19,402	18,212
Turnover of employees on permanent contracts(1)	14.4%	13.3%

(1) Exit rate for permanent contracts (ratio between all departures and end-of-period headcount for permanent contracts).

RECRUITMENT: ATTRACTING TALENT THAT THE GROUP NEEDS

In the 2015 financial year, the Group's recruitments broke down as follows:

- 15,155 permanent contracts, including 50.6% women;
- 9,627 fixed-term contracts, including 67.3% women.

In France, Societe Generale recruited:

- 3,901 permanent contracts (of which 2,541 for Societe Generale SA in France);
- 3,859 fixed-term contracts (including work-study contracts).

The recruitment and talent attraction policy is adapted to the characteristics of each business line and activity, in addition to the specific regional environment.

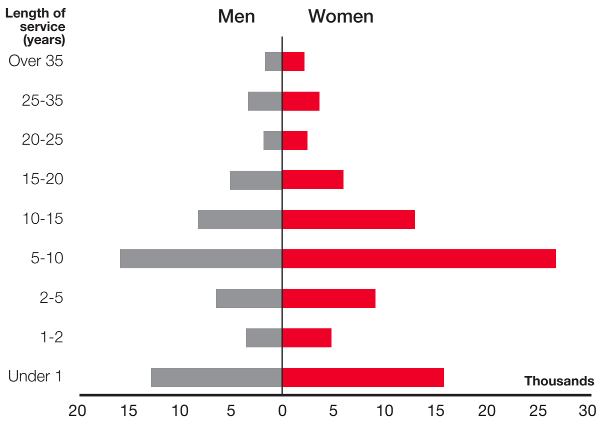
The careers.societegenerale.com website is the key tool for interaction with candidates. Since 2013, it has provided the Group with a unified recruitment process in 20 countries. In 2015, 341,000 applications were submitted *via* the Careers website, which had received more than 3.4 million hits.

DEPARTURES AND TURNOVER

In 2015, a total of 19,402 employees on permanent contracts left the Group, for an overall Group turnover rate for employees on permanent contracts of 14.4% (up 1.1% compared with 2014). The main reasons for departure were, in descending order of importance: resignations (49%), redundancies (38%, of which 60% at the Russian entities) and retirements (10%).

The voluntary turnover rate for employees on permanent contracts (due to resignations only) was 7% (versus 8.4% in 2014). This rate was 5.2% excluding the Russian entities (where, in addition to significant structural adjustments, turnover rates are traditionally high), with rates that are particularly subdued in key countries such as France (3.3%) and the Czech Republic (3.6%). Nevertheless, voluntary turnover varied by business and geographical area: highly competitive financial markets (especially in Asia) and countries with a dynamic labour market have higher voluntary turnover rates than most of the Group's entities. Specific, targeted actions have been undertaken to retain the best talent.

BREAKDOWN OF STAFF BY LENGTH OF SERVICE(1)



(1) Data at 31st December 2015, for 98% of the Group.

An analysis of the above graph shows that the average length of service within the Group is 9.2 years.

SPECIFIC FOCUS ON INDUCTING YOUNG PEOPLE

One of Societe Generale's HR challenges is attracting, recruiting and retaining the best talent, particularly junior employees, whose academic experience matches the Group's skill requirements. The Group is therefore committed to a proactive approach to the professional integration of young people. Accordingly:

- at the end of 2015, nearly 3,300 work-study participants and Volunteers for International Experience (VIEs) were stationed within the Group's French entities, a figure in line with the legal requirement. A total of 5,056 work-study participants were hosted Group-wide during the year;
- in the 2015 financial year, 3,990 interns were welcomed in France (including subsidiaries). These training courses, most of which are mandatory for graduation, allow students to be immersed in the business world, while benefiting from the support and guidance of their training supervisor. Globally, the Group welcomed 11,094 interns during the year.

Societe Generale's former interns, VIEs and work-study participants represent a priority recruiting ground for recent graduates. To attract the best candidates and retain the loyalty of the recent graduates who make up this talent pool, Societe Generale has, for example:

- partnered with a number of schools and institutes of higher education worldwide. In France and Europe, for example, the Group has partnered with more than 50 schools and institutes of higher education (university, engineering or business training);
- held “1 contrat en 1 jour” recruitment events, where applicants can sign a work-study contract in one day;
- funded educational programmes and research through 11 chairs, with a EUR 1.5 million commitment in 2015 (e.g. Energy & Finance Chair with HEC, Financial Risk Chair with the École Polytechnique, UPMC and the École Nationale des Ponts et Chaussées);
- established the Global Banking and Investor Solutions' GeneratioNext (interns, VIEs and apprentices) and Junior Programme (recent graduates) support and development programmes, which serve as in-house launching pads (development of the professional network, mentoring, in-depth introduction to the businesses, training seminars, etc.). These programmes each have more than 1,500 members worldwide;
- promoted the entry exam to join the General Inspection Department. The 2015 edition of this entry exam enabled 34 recent graduates of 13 different nationalities to join the Group's General Inspection Department.

These initiatives demonstrate the Group's determination to attract and recruit talent by raising their awareness, from their very first contact with the company, of the challenges and responsibilities of the banking sector and its professional realities. They also reflect the Group's determination to guide students as they formulate their professional goals and give them the keys to understanding their future working environment.

INTERNAL MOBILITY, A VECTOR FOR IMPLEMENTING TRANSFORMATION

Societe Generale is determined to develop an active, effective internal mobility policy in order to promote the ongoing adaptation of employee skills to the rapid changes in the economic, regulatory and technological environment.

In 2015, the Group's internal mobility rate was 17% with 23,385 employees moving worldwide. In total, more than 60% of permanent positions were filled through internal mobility during the year.

At Societe Generale SA in France, internal mobility is steered by the "Campus Métiers Mobilité" (Job Mobility Campus) which centralises the positions to be filled for the core businesses(1) and corporate divisions. It offers employees greater visibility on internal opportunities and gives them priority for filling positions. In total, more than 8,700 employees were moved internally at Societe Generale SA in France in 2015 (i.e. a mobility rate of 21%), including 2,500 *via* the Campus.

Group-wide, the mapping produced since 2013 of all professions and the identification of possible connections between different professions have made it possible to offer employees better guidance regarding their mobility options. A "jobs" intranet allows them to simulate various clear paths depending on their experience. By offering internal opportunities for advancement, this mobility policy also promotes loyalty among employees, who become deeply attached to the Group: the 2015 Employee Satisfaction Survey measured a rate of pride of belonging to the Societe Generale group of 84% among employees (up 6 points from 2013).

International mobility is also encouraged to support the company's intercultural dimension. At the end of 2015, the Group had approximately 1,000 international mobility employees (all origin and destination countries combined), including 60% within Global Banking and Investor Solutions (London, New York, Singapore, Hong Kong, etc.), 30% within International Retail Banking and Financial Services (mainly on the African continent and in Eastern Europe) and 10% in the corporate divisions. The Group has simultaneously developed short-term assignments abroad, lasting a few months, for employees on international teams. These assignments are more flexible than an expatriation contract and can increase synergies and facilitate relationships within multicultural teams. The employees involved overwhelmingly supported the testing conducted in the Information Technology Division of Global Banking and Investor Solutions since mid-2014.

Developing the skills and employability of staff members

ADAPTING THE TRAINING POLICY TO MEET CURRENT BUSINESS AND CUSTOMER NEEDS

Societe Generale puts a great deal of effort into training to enable its employees to develop their skills and employability, taking into account the needs of the company and its customers and their future development. Strategic training initiatives are analysed and prioritised by the Learning Board, composed of Executive Committee and Management Committee members. In 2015, the emphasis was on:

- overhauling management training in conjunction with the Group's Leadership Model (see page 238);
- developing innovative solutions to disseminate knowledge, particularly through digital (see page 237);
- continuing specific support initiatives.

In 2015, 77% of the Group's employees were able to finish at least one training programme, for a total of close to 4 million hours, of which 14% were completed remotely (e-learning, virtual classes, etc.). This represents an average of 25.2 hours of training per employee, compared with 24.4 in 2014. A total of EUR 93 million was earmarked for training expenses (3% more than in 2014, due in particular to the integration of Newedge's training programmes and the increased use of work-study contracts, see page 235). Most of the training provided was related to business-specific expertise, with a focus on technology; the remainder involved the Group's cross-business modules, including the risk management, regulatory, managerial, behavioural and personal development components.

DEVELOPMENT AND PROFESSIONAL TRAINING WITH INTERNAL ACADEMIES

Societe Generale continued to expand its development courses and professional training for the functions in 2015. Designed to improve skills and knowledge, these programmes are grouped into academies, which provide reinforced support and help to align practices abroad. Some of the current initiatives include:

- the Banker's Academy programme, led by senior bankers and internal experts in advising large corporates and designed for employees with experience in the sales functions across the Group;
- the Retail Banking Academy course, which certifies participants to an international standard, is recognised by the Chartered Bankers Institute and targets strategic and sales managers in Retail Banking;
- "FACs" (Favouring Acquisition of Competence), intended for salespeople (branches, call centre agents) as soon as they start working at French Retail Banking. These training modules cover the related behavioural, technical, business-specific and risk aspects;
- the HR Academy, which helps disseminate the HR operational model and fosters professionalism among the HR Business Partners (HRD and HR managers) and HR experts in France and abroad.

INTERNAL PROMOTION: CURSUS CADRE AND PASSERELL'E

The long-established Cursus Cadre and Passerell'E initiatives, vectors for employability and internal promotion in France, were renewed in 2015, in a format that places a greater emphasis on working collaboratively through the use of digital tools:

(1) Excluding internal movements within the French Retail Banking Network, which are managed in a decentralised manner in light of its organisation and geographic breakdown.

- the "Cursus Cadre" is an 18-month training programme that enables high-potential employees to obtain "cadre" status, thereby preparing them for greater responsibility and, in some cases, team leadership;
- Passerell'E, a 10-month qualifying course, is designed to help employees with their skills development in order to achieve France's banking classification Level E.

In 2015, a total of 380 employees of Societe Generale SA in France successfully completed the Cursus Cadre and Passerell'E courses.

SUPPORTING THE DIGITAL TRANSITION

Technological developments have shifted practices towards greater mobility and created new ways to interact. These developments, supported by specific efforts in terms of recruitment of IT specialists, have a direct impact on the Group's businesses, such as the evolution of the relationship and interactions with current and prospective customers, the transformation of products and services, and the transformation of operational models and the working environment for employees.

DEVELOPMENT OF A DIGITAL CULTURE

In 2014, Societe Generale launched its "Digital for All" programme with the aim of relying on all employees to accelerate the bank's digital transition by encouraging everyone to adopt digital tools. Most Group employees worldwide now have collaborative tools available at their workstation, and 70,000 tablets have been distributed. These tablets come with a suite of application tools that make it easier for employees to do their daily work. A community of early adopters, equipped before the project rollout, helped promote this digital culture by sharing best digital practices. A variety of internal events (conferences, hackathons, etc.) also gave employees opportunities to learn about digital innovations.

Societe Generale also confirmed its position as the fourth-ranked company in the CAC 40 in terms of digital maturity at the second annual eCAC40 awards organised by Les Échos Business and Gilles Babinet.

DIGITISATION OF TRAINING

Societe Generale has committed to an ambitious strategy to rethink training in the digital age. New procedures are emerging within the Group and give employees the opportunity to grow in areas of their choosing, at their own pace and at the location that suits them best (using mobile tools or from a virtual office, for example). In 2015, the Group gave employees access to:

- 4 MOOCs[1]: covering digital technology, project management, financial analysis, risks and compliance. Through numerous self-tests, videos and interactions with the learning communities, they help employees delve deeper into the different topics available;
- more than 100 self-study videos on the intranet (general economic and banking culture, data protection, IT tutorials, employee savings, management control, etc.);
- 1,900 hours of training through virtual classes, which use short (one to two hours), effective formats and provide the interactivity necessary for sharing practices, while limiting travel;
- nearly 100 new Rapid Learning modules[2], designed strategically and in response to specific needs by Societe Generale experts in France and abroad, using a solution implemented throughout the Group since 2012.

DEVELOPING NEW WAYS OF WORKING AND ORGANISATIONAL MODELS

TELECOMMUTING AND REDEFINING THE WORKSPACE

Telecommuting serves a dual purpose: to develop innovative operating procedures in the digital age and help employees achieve a better work-life balance. It is therefore a motivating factor (98% satisfaction rate among telecommuters in France), a source of empowerment, and a performance lever that several Group entities are experimenting with *via* policies aligned with the local environment. At end-2015, the number of regular telecommuters in the Group almost tripled compared with 2014, increasing from 1,800 to nearly 5,000 people, half of whom work for Societe Generale SA in France. Telecommuting is also widespread in the United Kingdom (nearly 800 employees), Czech Republic (500) and Russia (300), as well as in Germany, Belgium and Romania (200 each).

The Group is also experimenting with new approaches to the workspace that encourage mobility, interaction and cooperation. Involving employees in the design process (when they move, for example) makes it easier for them to make the space their own, when offices are more modular and less formal. This is the case, for example, in Luxembourg, London, New York and, shortly, Val-de-Fontenay, where the new real estate complex "les Dunes" will house all the Ile-de-France IT teams in 2016. This eastern Paris technology park will give Societe Generale the opportunity to test FlexWork, which is based on the principle that everyone should choose their workspace according to their needs at the time, whether this means on-site at Societe Generale or off-site.

EXPERIMENTING WITH NEW WORKING METHODS

The open innovation initiative undertaken by the Group in 2015 gives the teams the chance to collaborate with the external innovation ecosystem (startups, FinTech, experts) to increase their creativity, agility and speed in their project development process. In addition to promoting alternative working methods ("pizza teams", continuous improvement through the Test & Learn method or user experience), the Group encourages teams to immerse themselves in innovative

(1) Massive Open Online Course.
(2) 15-20-minute long e-learning modules designed internally by business line experts.

communities so they can bounce their ideas off experts in this ecosystem. Societe Generale therefore draws on collective internal and external innovative capacity and strength to reinvent banking.

In Africa, a good example of the open innovation initiative in 2015 was the creation of the PanAfrican Valley Community, which involves Strategic Talents (see page 239) from subsidiaries in 14 African countries. Through daily multimodal exchanges (social networks, events, conference calls, etc.) and regular interactions with innovative local actors, members of this community become actors in the Bank's transformation in Africa, working on concrete projects that relate to the challenges facing the business lines on the continent.

DEVELOPING A RELATIONSHIP BANKING CULTURE BASED ON COMMON VALUES

Engaging the teams around the Group's values

Societe Generale wants to set the standard for relationship banking, be close to its customers and be chosen for the quality and commitment of its teams. Merely making customer satisfaction a priority will not turn this ambition into reality: customers must truly be at the forefront of everybody's concerns. This means employees must work together, regardless of their job within the Group, with one shared objective: the customer.

To achieve this goal, in 2014 Societe Generale redefined its core values (commitment and responsibility were added to the long-standing values of innovation and team spirit) and then emphasised the behaviour and skills through which these values will be expressed by all employees in service of the customer. Discussions about Societe Generale's new Leadership Model were held among Group senior management (Executive Committee and Management Committee) and nearly 300 managers. They helped strengthen the corporate culture which combines the ambition to grow the business (innovation/customer) and a desire for individual and collective excellence (commitment and team spirit, respectively), as well as attention to ethics and to compliance with rules (responsibility).

These values will bring employees together while also bringing them closer to their customers. Specific governance is being established at the highest level of the company to measure the change in the corporate culture over the long term with respect to values, behaviour and the conduct to be followed in all the businesses. The Board of Directors and the Executive Committee will be involved.

Translating values into behaviour

Societe Generale's new Leadership Model translates the customer focus and each of the company's four values into the required skills. These are categorised for the three main levels of responsibility within the company: senior management, managers and employees, thereby introducing a common language that provides everyone with the keys to their success at the Group. For example, for employees, the five areas of focus are reflected in the following behavioural skills:

- Team spirit: "I focus my energy and talent on collective success";
- Innovation: "I propose new ideas and contribute to the change process";
- Commitment: "I am engaged and demonstrate consideration to others";
- Responsibility: "I act ethically and with courage";
- Customer: "I work to increase our impact on clients".

The new competency guide resulting from the Leadership Model then provides concrete and practical examples of the behaviours that stem from each of these skills and that are observable — and therefore measurable.

In conjunction with this guide, a self-assessment intranet tool is accessible to all. By answering 20 questions, the respondent can situate him or herself relative to the behaviour that is expected and can then use the development tools provided to improve in any areas that may be necessary.

The priority in 2015 was to raise all Group managers' awareness of this Leadership Model so they can in turn explain it to their teams by the beginning of 2016. More than 100 workshops and seminars were held in all Group business lines and functions to ready all the teams to integrate the Leadership Model into the HR processes that everyone comes in contact with over time.

Taking expected behaviour into account in the HR processes

CANDIDATE EVALUATIONS

The tasks assigned to each new employee require specific behavioural skills that have been identified and are consistent with the new Leadership Model. These skills are clearly detailed and are sought in candidates through a common matrix that is used during recruitment interviews. After a test phase in France in mid-2015, this initiative became more widely used at the end of 2015, for each position to be filled at the company. Recruiters have therefore been a priority target for training on the new Leadership Model, as hiring candidates evaluated according to the Leadership Model is one of the keys to changing the corporate culture over the long term.

FOCUS ON "RESPONSIBILITY"

The core of the expertise of Societe Generale's businesses lies in knowing and understanding risks and knowing how to control and manage them. Risk management is a key aspect of the "Responsibility" focus of the Leadership Model.

Since 2011, one of the components of the Enterprise Risk Management (ERM) programme has been tied to the corporate culture through the Group's "Culture RISK" initiative. This is based on several HR mechanisms, including the systematic assessment of the “sense of risk” of candidates in the recruitment process, put in place in France since 2012 and in certain subsidiaries abroad since 2013. The goal is to select candidates who show behaviour from the start that is suitable for the Group’s demanding nature with regard to risk management and to rule out those whose attitude would be inconsistent with this aspect. This initiative has now been incorporated into the more comprehensive analysis of candidates’ behavioural skills (see above).

Since 2013, the behaviour of employees and managers whose professional activities have a significant impact on the Group’s risk profile have also been assessed by the Risk Management Division and by Compliance to complement the performance management process (see infra). Furthermore, non-compliant behaviour may be reported *via* the support functions working directly with market participants. As a result of these measures, there are now several ways to sound the alarm about employees whose behaviour does not meet the Group’s risk and compliance expectations. Their variable remuneration could be affected, if necessary.

More broadly, the awareness and training components of the Culture RISK initiative is of the utmost importance, with, to date, an awareness-raising e-learning course successfully completed by more than 52,000 employees around the world.

The success and the impact of the Culture RISK programme were confirmed by the 2015 Employee Satisfaction Survey: 86% of employees believe that risks are accurately measured when any major decision is made (15 points higher than in 2013) and 80% think that the Culture RISK action plan has been adequately implemented within their team to avoid any damage to the Group’s reputation (question not asked in 2013). Moreover, in 2015, a self-assessment conducted by 400 managers worldwide showed how deeply entrenched the Risk Culture has become in the Group’s processes, for example in terms of risk management and taking risk control into account in remuneration.

Lastly, the “Responsibility” focus of the Leadership Model also reflects Societe Generale’s requirement that employees meet the highest standards of integrity in everything they say and everything they do. As such, the Code of Conduct (see page 214) is a critical tool, regarding which employees — particularly those at Global Banking and Investor Solutions — once again received training in 2015. In particular, the Code of Conduct defines the Group’s expectations of all its employees and provides the information required to manage its businesses ethically and in compliance with the laws of the countries in which the Group operates.

INTEGRATING THE LEADERSHIP MODEL INTO THE MANAGERIAL CULTURE

In 2015, the managerial development programmes in place at the different Group entities were reviewed. The Group’s training teams and the different business lines, divisions and countries collaborated to develop a common programme. This new participatory managerial programme — focused entirely on the challenges facing the business lines — is centred on the Leadership Model. It will be rolled out Group-wide over the course of 2016 with separate modules for local, middle and strategic managers.

CHANGES TO THE PERFORMANCE MANAGEMENT PROCESS

To ensure that this new Leadership Model is firmly rooted in the daily professional work of every employee, it has now been incorporated into the performance management process. Aligning the annual appraisal with the Leadership Model is considered a key component of the transformation.

Societe Generale’s performance management process uses common criteria to recognise each employee’s skills and foster employee development and the emergence of Strategic Talents. It assesses not only the achievement of operational results, but also the manner in which these results are obtained. Starting in January 2016, one to two development objectives will have to relate to the areas of focus of the Leadership Model, drawing on the concrete and measurable examples provided in the new Group skills guide (see “Translating values into behaviour”, page 238).

In 2015, a total of nearly 116,900 Group employees had an evaluation interview, i.e. 93% of the headcount on permanent contract (up four points from 2014).

IDENTIFYING, TRAINING AND PROMOTING THE NEXT GENERATION OF MANAGERS

The first people who will have to embody Societe Generale’s new Leadership Model are the Group’s current and future senior managers. This model is thus now central to several key initiatives to identify, train and promote the leaders of tomorrow.

DETECTION OF AND SUPPORT FOR STRATEGIC TALENT

The aim of the Strategic Talent approach is to detect, develop and build the loyalty of high-potential employees to prepare the next generation of managers. A Strategic Talent is defined as an employee who embodies the Group’s values, performs well over the long term, and has strong potential for advancement. With its systematic approach, the Strategic Talent policy identifies individuals around the world on an objective basis defined by the Leadership Model, gives them the same chances to bring out their potential and enables them to advance within the Group. This initiative involves both the managerial line and the HR line and is supported by a transparent communication process vis-à-vis the employees in question. The talent pool created represents 2.5% of Group headcount; it consists of emerging, confirmed Strategic Talents and potential executives.

CORPORATE UNIVERSITY, DEDICATED TO DEVELOPING LEADERSHIP

The Corporate University is an internal centre of expertise launched at the end of 2010 dedicated to developing leadership qualities in the most senior managers, Strategic Talents, and the Group’s senior leaders. The modules it offers focus on the development of behavioural skills, which explains why its programmes have been reworked to fully incorporate the Leadership Model as adapted for senior managers. The Corporate University offers a true forum for dialogue and networking among senior managers and between peers, for participants from more than 50 countries, in a teaching environment that promotes cooperation and teamwork.

In 2015, more than 600 Group employees attended its programmes.

SUCCESSION PLANS

Societe Generale is paving the way for the next generation of managers with the succession plans in place for the Group's various scopes, both in France and abroad. The plans for 300 Group key positions are monitored by General Management. The plans for 1,500 strategic Group positions are approved and monitored by the Core Businesses and Corporate Divisions. The behaviour and interpersonal skills of the people identified as potential successors are analysed through the lens of the Group's new Leadership Model based on a matrix similar to that used when hiring new employees (see "Candidate evaluations" page 238). One of the criteria used to identify potential successors for a Group key position is whether this behaviour is consistent with the new Leadership Model.

MEASURING BEHAVIOURAL CHANGE

EMPLOYEE SATISFACTION SURVEY

The Employee Satisfaction Survey ("Employee Barometer") is a comprehensive and anonymous internal survey conducted every two years that is used to develop improvement action plans. In 2015, the survey questions were revised with the Leadership Model in mind and a more streamlined questionnaire was developed such that each question could be tied to one of the Group's four values. The results of the survey show how employees' feelings and experiences compare with the practices and behaviours associated with the company's values. They will also be used to measure the forward movement and change in the corporate culture over time, based on future surveys.

The 2015 Employee Satisfaction Survey was carried out among 132,500 Group employees in 76 countries, for a participation rate of 68% (a rate that has increased steadily since the first survey was conducted in 2009). Its results were communicated to all employees, both in general (Group results) and for their specific scope (entity results).

The Group results highlighted strong subscription to the "Responsibility" (79%) and "Team Spirit" (76%) values. They showed significant progress on commitment (70%, 5 points higher than in 2013), an improvement that could relate to the numerous initiatives implemented since 2013 (e.g. enhanced managerial practices at various entities, internal roadshow by the Executive Committee to share the medium-term strategy, celebration of the Group's 150th anniversary around the world, etc.).

The "Innovation" value (72%) emerged as an area with room for improvement, although some of its components scored quite well, such as managers' strong listening skills when employees go to them with ideas and suggestions (82%).

Action plans for all the values are being developed jointly by managers, HR and teams in the different scopes. Some were launched in the fall of 2015 and the rest will be implemented over the course of 2016.

360° EVALUATION OF GROUP KEY POSITIONS

A new 360° questionnaire was designed on the basis of Societe Generale's Leadership Model. It evaluates the holders of 300 Group key positions worldwide and nearly 1,000 managing directors in Global Banking and Investor Solutions. This annual evaluation, first conducted at the end of 2015, is used to analyse how the daily actions and behaviour of key managers are perceived by their employees, peers and superiors. It also gives the subjects of the questionnaire an idea of their impact on their colleagues and shows them where they stand in relation to the expectations of the Leadership Model, while fostering a discussion with their managers about avenues for development when they have their performance management interviews (see page 239).

Individually, the results of these assessments shed additional light on the performance management process, while the consolidated results will provide a way to measure changes in managerial practices over time.

Integrating the relationship banking culture into the teams' daily life

ENCOURAGING THOUGHTFUL BEHAVIOUR

The rationale for the cultural transformation is first and foremost to build closer relationships with our customers by meeting their expectations and furthering Societe Generale's stated "Relationship Banking" ambition. To achieve excellence in customer satisfaction, however, the same attention must be paid to the relationship with and among employees: developing relationships of trust within a team and with its manager is vital to developing this same relationship with its customers.

That is the reasoning behind the launch of an "attention symmetry" initiative, initially developed in the French networks (Societe Generale and Crédit du Nord) and Corporate Resources (IT, Purchasing, Real Estate, Innovation) and then gradually expanding to the entire Group *via* the rollout of the Leadership Model. This programme, in which the quality of employee relations mirrors customer satisfaction, thus seeks to encourage manager accessibility, direct contact and employee empowerment, as well as to foster a listening culture at every level of the organisation.

The effectiveness of this initiative and the degree to which it has been successfully implemented are assessed for different scopes. For example, within the Corporate Resources and Innovation division, a semi-annual internal survey showed that managerial practices have improved, particularly with respect to supporting employees' ideas and recognising team successes (69% favourable opinion in 2015, up 1 point in 18 months) and managers' constructive response to possible mistakes (69% favourable opinion in 2015, up 3 points in 18 months). User satisfaction with the services provided by these teams improved at the same time, including for services related to IT infrastructure (70% satisfaction rate in 2015, up 7.3 points in two years). More broadly, at the Group level, the 2015 Employee Satisfaction Survey showed that 82% of Group employees believe there is a strong mutual respect among members of their team.

PROMOTING A QUALITY EMPLOYER-EMPLOYEE DIALOGUE

All the structural and cultural transformations underway at the Group require a high-quality, constructive and broad-based social dialogue, which in 2015 was demonstrated by three milestones:

- the ongoing strategic dialogue between the union organisations and Group Management;
- the reorganisation of the representative bodies at the European level;
- the signature of the first global agreement on fundamental rights and trade union rights.

CONSTRUCTIVE SOCIAL DIALOGUE AND INTERNATIONAL STRUCTURE

With the establishment since 2013 of bodies for dialogue and consultation on the corporate strategy, Societe Generale and the national union organisations anchored the social dialogue in three key principles: agility, shared visibility and responsibility. In 2015, this took the form of:

- 2 meetings with the Chief Executive Officer;
- 6 meetings of the dialogue and consultation body, attended by Executive Committee members, to discuss strategic directions and the basis for any projects under consideration;
- 1 combined seminar for managers, HR and social partners on well-being at work;
- an ongoing constructive dialogue on the 12 agreements negotiated (for Societe Generale SA in France), including major agreements such as those on working conditions, gender equality and the reorganization of the dialogue bodies at the European level.

Also, in June 2015, Societe Generale and the global union federation UNI Global Union signed a worldwide agreement on fundamental human rights and trade union rights, thus becoming the first French bank to sign such an agreement. This agreement applies to all Group entities. It reinforces the commitments made in Societe Generale's Code of Conduct (see below) to respect human rights and recognise fundamental rights at work, notably making sure employment and working conditions are fair, not tolerating any discrimination in working relationships, and complying with all health and safety regulations. With respect to trade union rights, Societe Generale is committed to respecting the right of all employees to organise, to be members of a union and to bargain collectively. Furthermore, it sets out procedures to give unions affiliated with UNI access to the company to make it easier for them to speak to employees. The agreement also covers relationships with business partners by means of the Group Instruction on responsible sourcing included in the appendix (see page 221). This agreement is regularly monitored with UNI Global Union.

Beforehand, in 2014, the Group's Human Resources Division established a global structure that coordinates, for each country in which the Bank operates, respect for information from employee representative bodies or employees and application of the local legal provisions for implementation of social procedures that guarantee employee rights during restructuring projects. This coordination helps ensure the same principles are applied throughout the Group. It also ensures that the international framework agreement signed with UNI Global Union is properly implemented at the subsidiaries.

Lastly, the dialogue bodies were simplified in 2015 with the creation of the European Group Works Council through the merger of the Group Works Council and the European Works Council. This body operates in such a way as to boost the positioning of the Group's social communications at the European level, with representation that is consistent with the Group's organisation within the European Union and with its transnational transformation challenges.

The quality of the social dialogue within the Group can be measured by the opinions expressed in the 2015 Employee Satisfaction Survey, where only 15% of employees believe that change is occurring too quickly in their entity (a 2-point improvement from 2013).

Collective bargaining: 197 agreements were signed within the Group in 2015 (of which 84 in France); more than half deal with remuneration and employee benefits. The main themes identified also included gender equality, social dialogue procedures and working conditions.

18 agreements focused specifically on health and safety.

RESPECT FOR HUMAN RIGHTS

The Group's Code of Conduct (see page 241), now an internal directive, guarantees Societe Generale's commitment to respect human rights and the rights of freedom of speech and association, and notes its commitment to comply with the rules established by the International Labour Organization (ILO) in all countries in which it conducts business. The commitments the Group made therein were reiterated in the agreement signed with UNI Global Union (see above).

The sanction mechanism applicable to all Societe Generale employees was also revised in 2015 to be consistent with the Code of Conduct. The Leadership Model, Code of Conduct and sanction mechanism are therefore all interrelated. This mechanism has been transmitted to all managers.

FOSTERING EMPLOYEE COMMITMENT

Recognising each person's contribution to the company's performance

To support its development, Societe Generale needs to attract, motivate and retain its employees, particularly by offering them a competitive remuneration package. This includes monetary remuneration, which aims to recognise each person's contribution to the company's development, and employee benefits. The Group also offers a long-term profit-sharing programme aimed at motivating and increasing the loyalty of certain categories of employees, in particular key executives and Strategic Talents. Lastly, an active employee share ownership policy is in place with the aim of involving employees in the Group's development and promoting cohesion.

AN ATTRACTIVE AND REWARDING REMUNERATION POLICY

Monetary remuneration includes a fixed salary, which rewards the ability to satisfactorily hold a position using the requisite skills and is determined in a manner consistent with market practices. It also includes, where applicable, variable remuneration which aims to recognise collective and individual performance. Variable remuneration is contingent on operational and behavioural goals set at the beginning of the year and as a function of the environment, results and how these results were achieved (in connection with the Leadership Model – see page 239 - starting in 2016). A company agreement implemented on 1st January 2014 eliminates the individual commission system for the Retail Banking and Private Banking sales forces in France, replacing it with gross overall annual pay and the variable portion.

The Group's monetary remuneration policy is based on Group-wide principles applied in all the countries and is adjusted to the economic, social and competitive environment of the local markets as well as to the legal and regulatory obligations in force. Where the size of the workforces permits, a cross-business review between functions and business lines is carried out to ensure consistent, objective remuneration levels between the Group's different activities and facilitate cross-business cooperation.

The principles governing the Group's remuneration policy, in particular for the categories of staff whose professional activities are liable to have a significant impact on the Group's risk profile, are detailed in the compensation policy and principles report, published each year prior to the General Meeting and transmitted to the Autorité de contrôle prudentiel et de résolution (ACPR—French Prudential Supervisory and Resolution Authority).

For the 2015 financial year, personnel expenses for the Group totalled EUR 9,476 million (see note 5.1, page 344). For Societe Generale SA in France, the average gross annual remuneration[1] amounted to EUR 53,371, an increase of 1.25% as compared to 2014, showing moderate growth in remuneration.

TRANSPARENCY AND COMMUNICATION

The principles governing the Group's remuneration policy, in particular for the categories of staff whose professional activities are liable to have a significant impact on the Group's risk profile, as per the European Capital Requirements Directive No. 2013/36/EU (CRD IV), are detailed in the compensation policy and principles report. It will be published, as last year, prior to the General Meeting and transmitted to the ACPR, in accordance with the provisions of EU Regulation No. 575/2013[2]. Detailed quantitative information on those persons likely to have a significant impact on the Group's risk profile is also sent to the ACPR.

For the employees, an interactive Total Reward Statement (TRS) is sent electronically every year to staff on permanent contracts and to work-study participants at Societe Generale SA in France. This personalised HR informational document provides employees with a complete view of the components of their overall remuneration for the previous year and gives them a better understanding of these components. Other Group entities have also provided their teams with such a document, such as Crédit du Nord and certain Societe Generale branches abroad.

EMPLOYEE SHARE OWNERSHIP

At the end of 2015, current and former employees of Societe Generale, representing approximately 90,000 people, held a total of 6.83% of the share capital and 11.52% of the voting rights under the Company and Group Savings Plans. This high employee share ownership demonstrates the ongoing commitment of the workforce.

FREE SHARE PLAN

To involve each employee closely in the Group's earnings and future, a "free share plan granted to all employees" was implemented in 2010. All employees were awarded 40 shares subject to their continued employment within the Group, performance conditions, and an increase in customer satisfaction. These shares were delivered in two instalments for employees who are French residents for tax purposes (in 2013 and 2014); for non-residents of France for tax purposes, the first instalment was delivered at the end of March 2015 and the second is planned for 2016.

MANDATORY EMPLOYER CONTRIBUTIONS, VOLUNTARY PROFIT-SHARING AND COMPANY SAVINGS PLAN

In France, employees are involved in the long-term development of the Group *via* profit-sharing and/or employer contribution schemes. These schemes enable employees to finance projects or earn additional income. They are tied to the company's overall performance (financial and extra-financial) and regulated by Societe Generale agreements signed with the trade unions every three years.

(1) Average overall remuneration includes fixed and variable components as well as bonuses, excluding financial remuneration (employer contribution and profit-sharing) and employer matching contributions. The average is calculated for all employees excluding those that are regulated (whose professional activities are liable to have a significant impact on the Group's risk profile), who are subject to monitoring and disclosure elsewhere (see "Transparency and Communication").

(2) The report on the Group's compensation policy and principles in 2014 was sent to the ACPR in April 2015 and published on the Societe Generale website.

For Societe Generale SA in France, under the agreement signed with the social partners in June 2014, the total amount of mandatory employer contributions and voluntary profit-sharing for financial year 2014 rose by 30% from the previous year.

The company savings plan proposes medium- and long-term savings, offering employees the opportunity to build up assets under preferential financial conditions[1] and tax rates through tailored management of a diversified portfolio of investment securities. It comprises a diversified range of seven funds, including the employee share ownership fund (Fonds E). Financial remuneration (consisting of the employer contribution and profit sharing[2]) may be invested in the company savings plan. See also "SRI employee savings" on page 221.

INFORMATION ABOUT THE SOCIETE GENERALE EMPLOYEE SHARE OWNERSHIP FUND NAMED "SOCIÉTÉ GÉNÉRALE ACTIONNARIAT (FONDS E)"

Under the terms of the rules governing the Societe Generale mutual fund, the voting rights attached to the Societe Generale shares included in the Fund's assets belong individually to the holders of fund units in proportion to the respective shares they hold. The Fund's Supervisory Board, which is composed of an equal number of unit-holding employee representatives and representatives of Management, exercises voting rights for fractional shares and voting rights not exercised by unit holders.

In the event of a public purchase or exchange offer, the Supervisory Board decides, based on the relative majority of the votes cast, whether or not to tender shares to the offer. If there is no relative majority, the decision is put to the vote of the unit holders, who decide according to the relative majority of the votes cast.

Caring about employees' well-being at work

PROMOTION OF WELL-BEING AT WORK

In addition to the ethical responsibility, Societe Generale considers the health and, more broadly, the well-being at work of its employees to be a long-term driver of performance and critical to its attractiveness, effectiveness and sustainability. According to the 2015 Employee Satisfaction Survey, 79% of employees said they were satisfied with their work environment. The Group is convinced there is a very strong link between well-being at work and quality of work. It therefore formalised an ambitious corporate project on well-being at work and in 2015 launched the "Life at Work" programme, which focuses on six specific themes:

- individual and collective efficiency (promotion of efficient working methods);
- health and prevention (relating to the risks inherent in the Group's businesses);
- telecommuting and new organisational models (see page 237);
- work environment (see page 237);
- support during key life events (services that facilitate work-life balance);
- developing the managerial culture (training and awareness initiatives in connection with the Leadership model).

For Societe Generale SA in France, this programme was launched in conjunction with discussions with employees and their representatives. An agreement on working conditions signed in 2015 defines a framework for rethinking operating procedures. It also promotes the expansion of best practices by encouraging new initiatives on the ground as well as ways to share and test them. This agreement also requires that well-being at work be integrated into organisation or reorganisation projects that have a high impact on the teams. It will be monitored regularly by the Well-being at Work Observatory (joint forum for discussion), chiefly by means of quantitative and qualitative indicators to measure working conditions, which will be established starting in 2016.

INDIVIDUAL AND COLLECTIVE EFFICIENCY

At end-2014, Societe Generale's Executive Committee signed the "15 Commitments for Work-life Balance" Charter. This charter, introduced by the French Ministry of Social Affairs, Health and Women's Rights and the French Work-Life Balance and Corporate Parenthood Observatory, proposes that signatory companies work to improve their employees' work-life balance. Implementation of the Charter was accompanied by concrete actions in 2015, including heightened awareness of scheduling meetings and sending emails outside working hours, and the dissemination of self-assessment tools to improve practices and their effectiveness, but also initiatives to support employees on a daily basis (conferences and services relating to parenthood, launch of a dedicated space on the HR intranet to provide information for employee caregivers).

This charter also resonates outside France with the following initiatives conducted in 2015:

- establishment of a flex-time policy at several Group entities (in Romania, Belgium, Luxembourg, Germany, Spain, Serbia Scandina*via,* the United Kingdom, India, Taiwan, Canada);
- requirement that managers pay greater attention to employees' workload (in several Asia-Pacific entities in particular).

HEALTH AND PREVENTION

SOCIAL PROTECTION

Societe Generale fulfils its social responsibility by actively contributing to the social protection of all its employees, particularly in terms of healthcare, pension, death, invalidity and incapacity benefits.

As compulsory benefit plans vary according to the legislation and regulations which apply in each country, each Group entity is responsible for defining the degree of local additional cover needed, in accordance with the objective defined by the Group to offer a minimum level of cover at least comparable to local market practices. Working alongside their regulatory authorities (and potentially with other Societe Generale entities in the same country), Group entities must also factor in their development strategy, remuneration policies, and financial position when defining employee cover. For example, Global Banking and Investor Solutions makes every effort to harmonise employee benefits with the current local Societe Generale policy when staff are integrated due to an acquisition. In 2015,

(1) Employer matching contribution and discount on the Societe Generale share in the event of a reserved capital increase..

(2) In addition to Societe Generale SA in France, for which the amounts of financial remuneration paid in 2015 are detailed in Note 4.1 (page 421), most French subsidiaries belonging to the Company Savings Plans are subject to an employer contribution and/or profit-sharing agreement.

harmonisation of employee benefits between Societe Generale and Newedge affected about 2,000 employees in 12 countries.

International Retail Banking pays particularly close attention to the social protection schemes at its subsidiaries, including in Africa. Consequently, all African subsidiaries generally offer health cover to employees and their beneficiaries, personal protection insurance for beneficiaries should the employee die and, in certain cases, complementary pension plans. At the end of 2015, more than 12,000 employees in the Mediterranean Basin and Sub-Saharan Africa (i.e. 99% of the local workforce) had easier access to care and benefited from the company's contribution to their healthcare expenses.

In France, the Societe Generale Group health plan covered nearly 119,500 people (participating members and beneficiaries).

PREVENTION OF PSYCHOSOCIAL RISKS AND STRESS IN THE WORKPLACE

Stress prevention initiatives are conducted in 85 Group subsidiaries and branches in France and abroad, covering 74% of the Group's workforce in total. They seek to inform, train and support employees likely to encounter situations that could cause stress. This is reflected differently in different countries:

- free assistance programmes established in partnership with healthcare or insurance sector specialists, which allow employees to speak freely with an outside expert (France, Germany, United States, United Kingdom, Romania, Ireland, Singapore, Taiwan);
- training on psychosocial risks and/or awareness-raising through workshops (France, Italy, Luxembourg, Poland, Czech Republic, Russia, Romania, United Kingdom, Slovenia, Hong Kong, China, Japan, Morocco, Tunisia);
- stress surveys and evaluations (France, Spain, Austria, Germany, Denmark, Italy, United Kingdom, Scandina*via)*;
- leisure and relaxation activities (France, Montenegro, Romania, United Kingdom, Hong Kong, Morocco).

Under the Agreement on Working Conditions signed in 2015, Societe Generale in France continued the efforts made since 2008 with all corporate actors and with the support of external stakeholders specialised in the prevention and management of psychosocial risks. It has set two priorities: preventing internal risks (stress, harassment) and external risks (aggression, armed assault).

The internal risk training and awareness modules rolled out since 2009 (and updated in 2015) have been used to train more than 7,000 employees (including HR, managers and senior management) on psychosocial risk management. In 2016, the stress observatory will be replaced by a working conditions evaluation survey (see above). The results of the new questionnaire sent to all employees (addressing both psychosocial risk factors and protection factors) will enable Societe Generale to continue its efforts on the ground to improve working conditions. Lastly, a sexual and psychological harassment prevention initiative and a specific procedure (listening, mediation, investigation and discipline, if necessary) have been in place since 2005.

A company agreement on the prevention and management of aggression was signed in 2008. This led to the implementation of mandatory training on conflict situations (taken by all network employees) and specific psychological support programmes (partnership with the Institut National d'Aide aux Victimes et de Médiation - National Institute for Victim Support and Mediation, INAVEM - to provide post-traumatic support to employees who have been victims of armed assault or aggression).

ORGANISATION OF WORKING HOURS

The organisation of working hours depends on the regulations applicable in each country where the Group operates and the employee's function. As a result, practices vary significantly (number of working hours, flexible working hours, organisation, etc.).

- Average annual working hours(1): 1,739 hours.
- Number of part-time employees: 8,687 (or 6% of the workforce), of which 6,355 in France.
- Total overtime hours(2): 95,633 hours (or 1.6 hours on average per employee).

For Societe Generale SA in France:

- Full time for hourly-paid staff (technical employees and executives): 1,607 hours/year(3).
- Full time for salaried executives: 209 days (or 206 days depending on the length of service and age of employees in 2000, when the agreement took effect)(3).
- Part time: employees may qualify for schemes that reduce the number of working hours to 90%, 80%, 70%, 60% or 50%(4).

HEALTH AND SAFETY INDICATORS

- Number of accidents in the workplace: 945 (937 in 2014).
- Accident frequency rate(5): 4.0 (3.8 in 2014).
- Overall rate of absenteeism(6): 3.5% (3.4% in 2014).
- Rate of absenteeism due to sick leave: 1.9% (1.8% in 2014).
- Rate of absenteeism due to maternity leave: 1.3% (1.2% in 2014).

(1) Time weighted based on the size of the entities' workforce.
(2) The definition of overtime is taken from French law, which means that the reporting scope for this indicator is therefore limited to France.
(3) In accordance with the agreement on the organisation of working hours of 12th October 2000 and its amendments.
(4) In accordance with the agreement of 2nd June 2004 and its amendment.
(5) See Methodological Note, p. 258. The rate of accident severity is not an indicator that is monitored, given the nature of the Group's activities.
(6) Number of days absent paid/total number of days paid, as a percentage.

Promoting team diversity and an inclusive culture

In addition to the ethical responsibility, the diversity of Societe Generale's employees and its inclusive culture address a performance challenge. The diversity of profiles and skills combinations can generate a variety of ideas and help the Group identify weak signals to anticipate risks and opportunities, adapt and act quickly. First and foremost, they enable the bank to better understand and serve its customers, in all markets in which it operates.

DIVERSITY AT THE HEART OF BUSINESS LINE CHALLENGES

In terms of diversity, the Group has made it a priority to promote women and international profiles to positions of responsibility and seats within the Group's management bodies.

To this end, a Diversity Board, composed of Executive Committee and Management Committee members, was established in 2013. It sets strategic directions by placing diversity issues at the heart of business line challenges and ensures progress in gender balance and internationalisation. This strategy has been adapted for the different entities, with each one implementing appropriate action plans to help the Group achieve its diversity goals. Some HR processes are therefore key drivers of success in this area, particularly the establishment of succession plans (see page 240) that include international candidates and profiles. Similarly, close attention is paid to ensuring diverse Strategic Talent profiles (see page 239): currently 39% are women and 44% international (non-French).

In addition to these priorities, Societe Generale is committed to other aspects of diversity, such as generations, social inclusion and disability. A variety of initiatives are determined locally, depending on the challenges and regulations in the different countries and business divisions.

RAISING AWARENESS TO CREATE AN INCLUSIVE CULTURE

Since 2011, Societe Generale has taken action to raise managers' awareness of unconscious biases. The aim is to heighten awareness of the challenges of diversity and inclusion and to deconstruct stereotypes in order to urge everyone to change their daily management behaviours (recruitment, promotion, evaluation, decision-making, etc.). At end-2015, 1,430 managers and employees had participated in one of these training sessions, in France and abroad.

The teams' awareness of diversity and inclusion is also raised through Societe Generale's support of key events, such as the European Diversity Conference, which Societe Generale sponsored and hosted in 2013 and 2015, and inter-company initiatives such as the JUMP forum (gender balance) and the EVE (gender balance) and OCTAVE (generations) programmes.

PROMOTION OF GENDER BALANCE

Gender balance reflects the company's ability to appoint and promote the person whose skills best match a given position without bias or cultural filters. For this reason, Societe Generale encourages all its managers to promote this balance within their teams, and adopts this approach at the highest level of the company..

SHARE OF WOMEN

	2015	2014
Group	59.1%	60.2%
Managers	43.3%	44.0%
Senior management (top 1,000)	21.2%	21.6%
Management Committee (60 members)(1)	20.0%	18.6%
Executive Committee (13 members)	15.4%	15.4%
Board of Directors (14 members)(2)	50.0%	42.8%
Executives (for Societe Generale SA in France)	45.2%	44.7%

(1) Management Committee: 12 women (compared with 11 at the beginning of 2014, 8 at the beginning of 2011 and 6 at the beginning of 2010).

(2) Board of Directors: 7 women (including 2 staff-elected directors).

SUPPORT INITIATIVES

The number of support initiatives, the key means to developing female employees' skills, has risen significantly since 2006, with more than 800 women benefiting from one of the programmes established by the Group. Today, the Women in Leadership (WILL) development course is the driving force behind these actions. Designed for female Strategic Talent, it includes, over an 18-month period, group training, personal coaching and mentoring actions as well as participation in inter-company events.

The Group supports the women's and mixed networks formed within the company that actively and independently help promote gender balance. They have enabled their members to attend conferences, share their experiences, benefit from mentoring sessions and take part in personal development workshops which, since 2015, have also addressed subjects related to digitisation to help women advance in this area. These networks have more than 2,400 members worldwide, including France, the United States, Singapore, India, Luxembourg, Czech Republic, Senegal, Tunisia and Cameroon. In the United Kingdom, the "Women's Network" is part of the "UK Diversity Committee", which encourages the establishment of networks on various components of diversity (family, multicultural, sexual orientation, etc.).

GENDER EQUALITY MEASURES

The Group's gender parity policy is adapted locally through specific measures and collective agreements.

For Societe Generale SA in France, two agreements signed in 2015 will have a direct impact on gender equality:

- the agreement on working conditions (see page 243);
- the agreement of 3rd December 2015 on equality in the workplace. It continues to uphold the commitments made in four priority areas of action: training, career development, remuneration and work/life balance. It sets out the 10 principles implemented within the company to make gender equality a reality (for example, using the same recruitment process for women and men, increasing the representation of women in management, and committing to encouraging the promotion of women). It defines concrete and measurable targets and actions, such as the targeted rate of 46% women executives by the end of 2018 (it was 45% at the end of 2015), measures that allow female employees on maternity, adoption or parental leave to keep up with the transformations underway in the businesses, the methodology for eliminating pay gaps, etc.

The company also decided to allocate EUR 1.7 million in 2016 to eliminating unjustified pay gaps between men and women doing equivalent jobs or at equivalent managerial or seniority levels within the company. This new allocation builds on the work done in this area in the last six years: between 2008 and 2015, corrective measures were taken in more than 6,600 cases, for an overall amount of EUR 10.9 million.

As a result of these numerous concrete actions, the bank has benefited from the "Label Égalité Professionnelle" (Professional Equality Label) awarded by French independent certification company AFNOR since 2007.

also In addition, numerous initiatives have been implemented abroad, for example:

- in the Czech Republic, the Group's subsidiaries are focused on establishing measures to smooth the return to work after maternity leave (by maintaining contact with the company, returning gradually and starting back with part-time work, benefiting from skills upgrades, etc.). The "Maternity Programme" at Komerčni Banka has helped to increase the rate of women who return after maternity leave from 45% (in 2008) to 61% (in 2015);
- in Luxembourg, the "Opportunités égales pour hommes et femmes" (Equal Opportunities for Men and Women) project approved and supported by the Luxembourg Ministry for Equal Opportunities focuses on three topics: equal treatment between men and women, gender equality in decision-making processes and reconciling the work-life balance.

INTERNATIONALISATION

REFLECTING THE VARIOUS FACETS OF THE GROUP'S ESTABLISHMENTS THROUGHOUT THE WORLD

To better represent the diversity of the business lines, customers, countries and communities in which the Group operates around the world, Societe Generale's diversity policy also emphasises promoting the diversity of origins and nationalities of its employees.

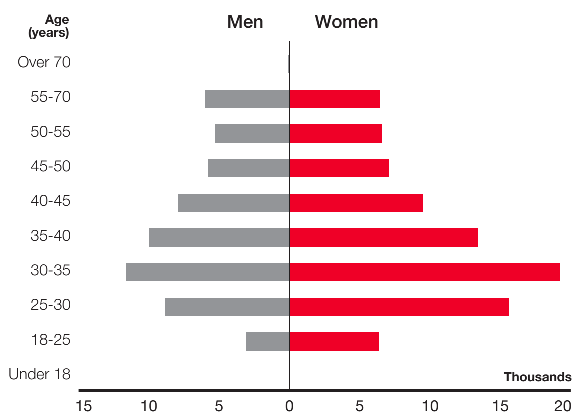
Within the Group, 122 nationalities are represented, and 58% of employees are not French.

Within the Management Committee, 10 nationalities are represented, and 25% of members are not French (compared with 22% in 2014). This is also the case in the Group's various establishments around the world, where 27% of the members of management bodies (Management Committees and Executive Committees) do not have the local nationality.

The diversity of Strategic Talent, who make up a global talent pool that can be mined for succession plans for key Group positions, is a concrete lever for promoting the international dimension of the management teams. Today, 51% of emerging Strategic Talent, regarded as the next generation of managers in the medium term, are non-French.

GENERATION BALANCE

BREAKDOWN OF STAFF BY AGE BRACKET(1)



(1) Data at 31 December 2015, for 98% of the Group.

Within the Group(1):

- 24% of employees are under the age of 30;
- 26% of employees are over the age of 45;
- the average age is 37.7.

INTERGENERATIONAL COOPERATION

The Group is committed to representing different generations and is working to improve cooperation among them, mainly through the organisation's digital transition. The "Digital for All" programme and the dissemination of new digital tools and media have led to the implementation of numerous initiatives on reverse mentoring and the transmission of know-how and knowledge between junior and senior employees (see also "Developing new ways of working and organisational models", page 237).

In addition, the Group focuses special efforts on the professional integration of young people, while overseeing the continued employment of its older employees and accompanying employees towards retirement. In France, as part of the effort to adapt the generation contract, all Group subsidiaries have established specific agreements and/or dedicated action plans to reflect these objectives. For example:

- Societe Generale SA set an annual target for the recruitment of young people on permanent contracts. In 2015, this target was 500 (a target that was met and exceeded: 914 young people under the age of 26 were recruited during the year). The generation contract also aims to develop training for seniors, implement health and prevention measures, and adjust seniors' working hours (progressive part-time and compensated half-time, dedicated to transmission of knowledge and skills or solidarity actions such as partnership/sponsorship with social entrepreneurs/charitable structures);
- Crédit du Nord set a 5% recruitment target for people over the age of 45 over the span of the Senior action plans (November 2013 to November 2016 — on the second anniversary of the plan, this rate was 11%) in order to ensure a balanced age and experience pyramid, including upon recruitment.

INTEGRATION OF PERSONS WITH DISABILITIES

As an employer, Societe Generale endeavours to take the measures required to ensure that disabled employees hold positions which match their qualifications and benefit from appropriate working conditions and training.

At the end of 2015, Societe Generale employed 2,302 disabled staff (as defined locally) around the world, accounting for 1.6% of the overall headcount. The highest proportions can be found in France, Italy and Germany.

In France, Societe Generale SA employs 1,149 disabled staff(1). The three-year agreement covering the 2014-2016 period reiterates the long-term commitment to the recruitment and professional integration of disabled employees, with an initial target of 150 hires over three years. Initiatives coordinated in 2015 by Societe Generale's Mission Handicap focused on the following four priorities:

- Integration and recruitment: specific mechanisms for promoting the integration of the disabled into the workplace, the HandiFormaBanques work-study programme, the seventh Pass pour l'emploi forum (one of the main recruitment forums in the Paris region, which offers personalised support for candidates and a place to discuss and interact on employment and disability topics), and partnerships formed with associations, schools and universities.
- Awareness-raising and training: actions to support employees and managers and eliminate unconscious biases, training for CHSCT(2) representatives and multidisciplinary teams, awareness-raising for employees, mainly at the European Disability Employment Week.
- Support and development : since 2007, nearly 2,500 adjustments made to work stations and working hours to keep disabled employees in their jobs.
- Responsible sourcing : use of companies in the protected sector to help create indirect jobs (see "Responsible sourcing", page 223).

In Serbia, the "Inclusive Academy" programme, led by employee volunteers from Societe Generale Srbija, helps young disabled people enter the job market by giving them new skills through workshops and internships. The programme has assisted 50 young people since its beginnings in 2011. More than half were able to transform their experience into long-term employment either at the bank or externally.

In Romania, the Czech Republic, Spain, Scandina*via,* Algeria and Japan, recruitment, awareness-raising, induction and support programmes have been implemented to promote the employment of the disabled.

Societe Generale also makes sure its services are accessible to disabled customers. For example, in France:

- almost all of Societe Generale's and Crédit du Nord's automated teller machines (ATMs) are equipped with voice synthesis and tactile sensors, and new facilities comply with accessibility standards for people with disabilities or reduced mobility;
- Societe Generale's mobile application is accessible to the visually impaired;
- a reduced-rate phone number puts visually impaired customers in direct contact with a customer call centre and 920 customers received their bank statements in Braille in 2015;
- at the end of September 2015, two-thirds of Societe Generale and Crédit du Nord branches were declared accessible to persons with disabilities, one year ahead of the legal deadline. The goal is to achieve full coverage by 2021 (excluding historical heritage buildings).

(1) Number of disabled employees at 31st December 2015, based on the Mandatory Annual Declaration of Employment of Disabled Workers (Déclaration Obligatoire des Travailleurs Handicapés) criteria, which will be finalised in March 2016.

(2) Comités d'hygiène, de sécurité et des conditions de travail, or committees for health, safety and working conditions.

5. SUPPORTING ENTREPRENEURSHIP AND THE SOCIAL AND SOLIDARITY ECONOMY

MICROFINANCE

37 MFIs
financed by the bank

EUR 105 m
of renewed credit lines

PRODUCTS & SERVICES

EUR 1.9 m
to 50 associations

EUR 2 bn
of Green funding
(x 2 vs. 2014)

EUR 1.9 bn
of Positive Impact Finance (PIF)

FINANCIAL INCLUSION

Generis
38,500 clients

Mobile banking

Financial Education

SUPPORTING EMERGING COUNTRIES AND NEW ECONOMIC ACTORS' DEVELOPMENT

Supporting businesses and individuals in low- and middle-income countries

Through its network of subsidiaries, the Group actively contributes to the development of the economy in the Group entities' respective countries by offering employment, supporting the creation and development of businesses, and assisting territorial communities with their projects. Its subsidiaries and branches fully assume their social and environmental responsibilities and undertake progressive initiatives.

As of the end of 2015, 59.7% of the Group's staff is located outside of mainland France, of which 10.5% are in low-income or lower-middle-income countries(1) and 11.6% in upper-middle-income countries(2) according to the World Bank's definition.

Societe Generale constantly adapts its range of products and services to the maturity level of each market, proposing new and innovative solutions in countries where access to banking is extremely limited, i.e. most countries in Sub-Saharan Africa and, to a lesser extent, Eastern Europe.

The bank has a long-term strategy. Indeed, some of its subsidiaries have had a presence in Africa for more than 50 years (Senegal, Ivory Coast and Cameroon), and some for more than 100 years (Morocco). Since opening the subsidiary of Societe Generale Benin in Togo and its subsidiary in Mozambique in 2015, the Societe Generale Group has been established in 18 African countries and is uniquely positioned to offer its customers the benefits of an international bank and the proximity of a local bank.

In Africa, the Group serves close to 3.5 million customers, of which 120,000 are corporate. Several transactions illustrated this support in 2015:

- Societe Generale Cameroon participated in the funding of the Agricultural Investment and Market Development Project, with EUR 7.5 million. The aim of this initiative is to contribute to transforming "low productivity" agriculture into "commercial" agriculture. Nearly 300 cooperatives will be able to benefit from funding, i.e. 30,000 households and 120,000 direct beneficiaries;
- In Senegal, SGBS signed an agreement for EUR 9 million with SEDIMA, one of the leaders in agro-business in Senegal, to fund a unit for slaughtering and processing chickens.

Apart from the local development of the agro-business, rapid and efficient access to mobile telephony is a key issue for the Group in Africa:

- in Morocco, SGMA took part in a significant EUR 16.8 million funding deal with a mobile telephone operator for the installation of a submarine cable to improve the network infrastructures and to improve the performance, the speed and the cost-effectiveness of telecommunications;
- in Cameroon, Societe Generale is the privileged banker of the country's leading mobile telephone operators, Orange Cameroon and MTN Cameroon. In 2015 it was the lead manager in a EUR 114 million debt-financing transaction by Orange Cameroon, providing EUR 29 million. It was also involved, to the amount of EUR 12 million, in the EUR 91 million syndicated loan for MTN Cameroon;

(1) As defined by the World Bank: "Low-income + Lower-middle-income economies (USD 4,125 or less)", in particular Ivory Coast, Ghana, Georgia, India, Madagascar and Morocco.

(2) As defined by the World Bank: "Upper-middle-income economies (USD 4,126 to USD 12,735)", in particular Algeria, Brazil, Bulgaria, Romania, Serbia and Tunisia.

- Societe Generale Algeria lent EUR 46 million as part of a EUR 374 million syndicated loan for the acquisition and rollout of a 3G telecommunications network in Algeria.

Support for business creation and SMEs

IN FRANCE

Societe Generale is a key player for corporates, very small businesses and entrepreneurship, with a customer base consisting of over 80,000 large and mid-caps and 260,000 very small businesses and professionals. The Group is committed to giving regional support to artisans, entrepreneurs and enterprises of every size throughout their life and their business cycle.

A LOCAL ORGANISATION

The bank has significantly reinforced its support programme for companies in terms of local networks or access to business expertise. In 2015, the SMEs' overall levels of satisfaction with Societe Generale confirm the momentum generated over the past few years. These positive results emphasise the relevance of the bank's programme based on the proximity of a national network with strong local roots combined with the power and expertise of a universal bank. By way of proof, 72% of Societe Generale's customers state that the bank puts its experts at their disposal, and 8 out of 10 of its customers are of the opinion that the commercial strategy that is deployed is a close fit for SME needs[(1)].

SUPPORT FOR COMPANY START-UPS

In 2015, Societe Generale entered into relationships with 24,088 new businesses that were set up less than one year ago in France (+2.4% versus the end of December 2014), i.e. 62% of new professional customers as of 31st December 2015, to which it granted approximately 4,300 medium/long-term loans amounting to EUR 464 million.

The bank relies on specialist networks to ensure tailored help for its customers, which makes it possible to substantially boost the survival rate of new companies (three-year survival rate of 87% and five-year survival rate for business creators of 84% versus an overall national survival rate of 51.5%. Source: INSEE – 2011). It includes among its partners: Initiative France, the BGE network (Boutiques de Gestion), Moovjee (Mouvement pour les Jeunes et les Étudiants Entrepreneurs), Société Nationales des Meilleurs Ouvriers de France, Adie (Association pour le droit à l'initiative économique), IME (l'Institut du Mentorat Entrepreneurial) and Réseau Entreprendre. This year Societe Generale again took part in many events alongside its partners and organised various conferences on the theme of starting up and taking over a business.

The bank is a member of the national association Initiative France and a partner of 117 of its local platforms. The Initiative France platforms have enabled the start-up or takeover of 9,038 companies, which have themselves created or maintained 20,697 direct jobs during the first year. In addition to loans on trust (interest-free, unsecured loans) of 228 platforms, the bank granted 929 loans for EUR 59.6 million to entrepreneurs approved by Initiative France in 2014 (figures reported by Initiative France in 2015 in its activity report).

Through its partnerships, such as with SIAGI[(2)] for example (which was renewed in 2014), Societe Generale also promotes access to credit for business start-ups and takeovers.

(2) Established in 1966 by the French Chambers of Trades and Crafts, SIAGI is involved in the crafts and local activities sectors. It guarantees the credit facilities granted by all the banking institutions in the marketplace.

SUPPORT FOR THE DEVELOPMENT OF BUSINESSES

The Group, within its networks (Societe Generale and Crédit du Nord), reaffirmed its commitment to supporting the development of businesses and its mobilisation of resources to support collective efforts to stimulate the European and French economies by continuing the special credit offer (launched in September 2014) exclusively for SMEs, micro-enterprises and professionals in France, which promotes investment in France (this offer is based on the various support measures initiated by the European Central Bank).

Societe Generale, *via* the intermediary of its subsidiaries, is marshalling its resources to deploy the Group support strategy. The offers put in place in 2015 notably include the following:

- the launch, in July, of an offer to mobilise RTC (Research Tax Credit) claims, developed in partnership with its subsidiary CGA, that enables its innovative corporate customers to reap the benefits of the research tax credit in advance (See chapter 2.4, «Significant new products or services")
- the Group also offers a comprehensive range of finance and investment banking services for mid-cap companies relying on 110 professionals (See chapter 1.4, "French Retail Banking")

ABROAD

SUPPORT FOR FINANCIAL INSTITUTIONS AND DEVELOPMENT AGENCIES IN THE IMPLEMENTATION OF THEIR DEVELOPMENT POLICY

In accordance with its global strategy, in the other countries in which the Group has a presence, it is committed to forging and maintaining partnerships with international financial institutions (IFIs) in order to offer financing solutions that meet the needs of the businesses (of the local economy) that it supports. Relationships with the EIB (European Investment Bank) were strengthened in 2015, with the signing of 8 contracts for a total amount of EUR 550 million, credit lines generally dedicated to SMEs and Mid-Caps, including EUR 300 million at Societe Generale Equipment Finance (SGEF).

Notable major transactions of the year are as follows:

- The EIB and SGEF Czech Republic signed a new agreement for a EUR 100 million credit line to be used to promote youth employment under the "Jobs for Youth" programme. This is the second deal between the EIB and the Group for this programme, coming after the deal between the EIB and Group subsidiary KB (in the Czech Republic) in 2014 which, after the success brought

(1) Scope of the survey: the CSA institute carried out a telephone interview with 2,715 banking relationship managers within SMEs, including 602 Societe Generale customers, between January and March 2015.

(2) Established in 1966 by the French Chambers of Trades and Crafts, SIAGI is involved in the crafts and local activities sectors. It guarantees the credit facilities granted by all the banking institutions in the marketplace.

about by the first deal, KB has signed off for a new credit line for the benefit of youth employment (EUR 70 million).

- SGEF Poland has likewise agreed to a new EUR 100 million credit line for the benefit of SMEs and Mid-Caps and to a EUR 100 million in funding agreement that has also been signed off by SGEF Germany.

Financing for states and territorial communities

Societe Generale has been helping to finance the public economy for over thirty years (public authorities, social housing, public institutions, urban planning). As of 31st December 2015, the Group's short, medium and long-term outstanding loans across these markets in France amounted to approximately EUR 16 billion. Societe Generale has diversified its range of products and services for local authorities by offering them co-financing in partnership with institutional investors.

In France as well as abroad, the Group respects the principles of the Gissler Charter (a charter on good conduct between banking institutions and local authorities) in its dealings with public authorities.

Financing of the association system in France

Associations are important players in the French economy because of their production of intrinsic wealth: jobs created and services rendered.

For many years, Societe Generale has developed close relationships with the world of associations across the country. With an overall market share of 10% and more than 100,000 customer associations, the bank puts its know-how at their service to allow them to achieve their objectives, by financing their projects, helping them to manage their assets and supporting them in their day-to-day management.

Along with CGA, its factoring subsidiary, Societe Generale enables associations to anticipate the payment of their public subsidies.

Alongside these commitments, Societe Generale, in partnership with the law firm Fidal, organised some forty information meetings on current legal and tax-related subjects in order to cast an expert eye on the problems faced by the associations.

SOLIDARITY BANKING ACTIVITIES

Solidarity banking offer to individuals

IN FRANCE

As one of the first banks to develop a range of solidarity banking products, Societe Generale forges closer links between its customers and social entrepreneurs, and accompanies them on their path of solidarity. In 2014, the bank continued to increase the number of its partner associations and to enhance its range of products and services, which is directed to all its customers – individuals, professionals and corporates –, enabling them to make contributions to a long list of general and public interest associations. Overall, Societe Generale facilitated contributions totalling more than EUR 1.9 million, up 6% compared to 2014, to more than 50 partner associations in 2015.

In the Profit for Non Profit Awards 2015 organised by the consultancy firm Axylia, Societe Generale's range of solidarity finance products and services won the One Million Award. This distinction rewards financial institutions that generate over EUR 1 million in donations per year.

LIFE INSURANCE: ÉRABLE ESSENTIEL

Launched in November 2015, Érable Essentiel is a life insurance policy that allows holders to save starting from EUR 25 per month and to invest in the SG Solidarité fund, which is certified by Finansol, a sharing and solidarity-based vehicle:

- solidarity-based because 5 to 10% is invested in solidarity enterprises of high social utility, and contributes to the social and economic development of the country;
- sharing because 50% of the annual revenues is donated to one of the following 4 partner associations: Les Restaurants du Cœur, Habitat et Humanisme, CCFD-Terre Solidaire and Fondation Recherche Médicale.

The first contributions to those associations will take place in October 2016.

SOLIDARITY SAVINGS SERVICES

Solidarity Savings Services allow customers to contribute all or part (25, 50, 75 or 100%) of the interest on their savings passbooks (Livret A, Livret Développement Durable, Livret Jeune, CSL, Livret Épargne Plus, Livret BFM Avenir) to one or more charities or foundations supporting a humanitarian or social cause and acting for health care or the environment. Societe Generale makes a matching contribution. The Solidarity Savings Services benefit 40 partner associations.

As of the end of 2015, there are 44,267 Solidarity Savings Services (Societe Generale + Banque Française Mutualiste (BFM)) and EUR 273,000 in interest has been donated (i.e. -16.5% compared to 2014, mainly due to the fall in interest rates), broken down as follows:

- EUR 238,067 in customer donations (including EUR 42,971 from BFM customers);
- EUR 23,809 in matching contributions (including EUR 4,299 in matching contributions by BFM);
- EUR 11,215 in Societe Generale donations as part of the Solidarity CRCM (Centre de Relation Clientèle Multimedia-Multimedia Customer Relations Centre) operation.

In October 2015, the Solidarity Savings Services were certified by Finansol.

CHARITY BANK CARDS

Societe Generale is currently offering a Charity Bank Card Collection, which is becoming increasingly popular with customers. These cards enable them to support causes that are dear to them, thanks to having expanded the number of beneficiaries, and to having given concrete aid to one of the 28 partner associations.

For each payment made with one of these cards, Societe Generale pays EUR 5 cents to the charity concerned.

Since the launch of these cards in May 2008, EUR 3,956,435 has been contributed to partner charities, including EUR 844,259 in 2015 (up 14% compared to 2014).

This collection was expanded with the launch of two new cards last June: Unicef and AFM-Téléthon.

FILIGRANE PROGRAMME

Since the beginning of 2014, the Filigrane Loyalty Programme, part of the JAZZ package, has allowed customers to support the Secours Populaire Français humanitarian organisation and the French Red Cross.

Under the regulations governing sales with premiums, Societe Generale has decided to donate the EUR 0.25 financial contribution made by customers for each gift order to these two beneficiaries, split equally between them. As a result they collectively received EUR 140,301 in 2015.

Members of this loyalty programme also have the option of converting their loyalty points into donations to one of these two organisations of their choice, with Societe Generale making a matching contribution for each donation. In 2015, the total contribution to these two charities amounted to EUR 404,537.

Overall, Filigrane raised EUR 544,839 in 2015, i.e. 12% more than in 2014.

SPONSORSHIP SCHEME

Societe Generale launched the Sponsorship Scheme in January 2014: for every account opened under the Sponsorship Scheme, Societe Generale donates EUR 5 to Secours Populaire Français in support of the most disadvantaged. This scheme raised EUR 145,640 for Secours Populaire Français in 2015.

SPEAR PARTNERSHIP

A partnership agreement with SPEAR (Société Pour une Épargne Activement Responsable – Society for Actively Responsible Saving) was signed in June 2012. SPEAR is a cooperative certified by Finansol that allows companies or charities wishing to carry out a solidarity project to obtain a bank loan thanks to savers who want to give meaning to their savings. Its activity consists of hosting projects responding to social, environment or cultural issues to allow them to secure financing under advantageous conditions by raising the necessary capital from individuals who wish to see their money put to good use.

Through its dedicated online platform (www.spear.fr), SPEAR positions itself as an easy-access tool providing a powerful solution for solidarity savings and ethical investment. Since 2012, Societe Generale has financed 6 projects with added social and environmental value amounting to EUR 967,000.

ABROAD

The foreign networks contribute to the number of banking products and services available to and used by local communities in countries where the level of "financial inclusion" is still relatively low. The innovative products and services they frequently launch on their domestic markets also make them a source of positive emulation for customers.

Societe Generale's International Retail Banking division constantly seeks to enhance the specific expertise needed to offer a service to small and micro-businesses that still do not have access to banking services (see p. 253, Financial inclusion).

THE "YOUR BANK: HERE & THERE" OFFER FOR MIGRANT CUSTOMERS

Introduced in 2007, Societe Generale's "Your Bank: Here & There" service is designed for foreigners or French citizens of foreign origin living in France who still have very close links with their native country (a group estimated to include 5 million people). At Societe Generale, they represent 8.7% of the account openings for individuals.

The concept was developed thanks to the Societe Generale Group's presence in countries where migratory flows to France are significant. It benefits from the synergies between French Retail Banking and International Retail Banking.

SOLIDARITY OFFER IN MOROCCO AND CROATIA

Modelled after the cards offered in France, Societe Generale Morocco (SGMA) is continuing to roll out the charity bank card SOS Villages, thereby supporting the association of the same name for the purposes of funding the schooling of children from disadvantaged backgrounds. In 2015, SGMA contributed EUR 2,295 to the association, which was able to provide 45 children with school supplies for the entire academic year.

In Croatia, Splitska Banka, as part of its child protection programme and in partnership with Unicef, has launched a new service: a direct debit scheme whereby customers make monthly donations to UNICEF and receive the title of "Champion of child protection" in return. Two years after its launch, 3,535 customers have subscribed to this service and have raised EUR 130,000 in donations.

Microfinance

Beyond its impact in terms of jobs and regional development, the Group has spent several years developing tools and products that contribute to the social cohesion of the communities and regions in which it is present with EUR 105 million in microfinance credit lines.

ABROAD

REFINANCING OF MICROFINANCE FINANCIAL INSTITUTIONS

Committed to professional integration and providing entrepreneurs and start-ups with all the support they need, Societe Generale, *via* its overseas networks, is a major player in microfinance, helping to make banking available and to develop the local economic fabric.

The Group has chosen to focus its microfinance activities in those countries in which it has a presence as a universal bank. Since 2003, it has been lending its support, *via* its subsidiaries, to the microfinance sector in two ways: granting refinancing lines to MFIs (microfinance institutions) in local currency and acquiring minority stakes in MFIs. This strategy underpins the economic support given to the social and local entrepreneurs and meets the MFIs' need to find local sources of financing, especially in local currency, to ensure their development without being exposed to currency risk.

The MFI partners facilitate access to credit for communities that do not have access to banking facilities and, in doing so, feed their local economies. As of the end of 2015, Societe Generale had granted EUR 95.8 million to 36 MFIs abroad, in Sub-Saharan Africa (Benin, Ghana, Senegal, Ivory Coast, Burkina, Cameroon, etc.), in the Middle East, North Africa (Jordan, Morocco, Tunisia), in Eastern Europe (Serbia, Moldova, Albania, Georgia) and in Asia (India).

Synergies are developed with the various partners – for instance, in the area of electronic payment, with the development of co-branded cards by Societe Generale's subsidiaries, in partnership with Advans MFIs. These cards give MFI customers access to ATMs (automatic teller machines) and to branches in the networks of Societe Generale's subsidiaries. This scheme has been in place in Cameroon since the end of September 2013 and in Ivory Coast since the end of 2014.

Since June 2015, and for the first time in the Ivorian banking landscape, an MFI (Advans CI) and a bank (SGBCI, a shareholder in Advans CI) share the same branch. Besides the objective of serving their respective customers, SGBCI and Advans CI regard this innovation as an opportunity to build on their complementarity in terms of financial solutions.

ACQUISITION OF EQUITY HOLDINGS IN MICROFINANCE INSTITUTIONS

Through its subsidiaries in Africa, Societe Generale also holds a stake in 5 MFIs *via* active minority interests and in subsidiaries of internationally recognised microfinance groups (Advans Cameroon, Advans Ghana, Advans Ivory Coast, AccesBanque Madagascar and ACEP Burkina).

IN FRANCE

SUPPORT FOR ADIE*

Societe Generale has been an active supporter of Adie since 2006, providing refinancing lines for its microfinance activity in mainland France and the overseas departments, and contributing to the financing of its support actions.

In 2015, the line of funding granted to Adie amounted to EUR 9.2 million, which included EUR 3 million for New Caledonia, Polynesia and the West Indies.

The bank made it possible for Adie to finance EUR 7.4 million in loans in 2015, corresponding to 2,139 micro-loans. More than 1,600 jobs have been created or maintained thanks to professional micro-loans, and around a further 500 jobs have been created or maintained thanks to personal micro-loans for employment. All in all, since 2006, the Group has refinanced 11,276 micro-loans for a cumulative amount of EUR 45.7 million (including EUR 5.1 million in New Caledonia, EUR 2.5 million in French Polynesia, EUR 2.8 million in Mayotte and EUR 2.5 million in the West Indies – Guadeloupe, Martinique and Guyana). The average micro-loan amount is EUR 3,041.

Furthermore, in 2015, Adie also received an operating grant of EUR 125,000 from Societe Generale, supplemented by a budget allowance of EUR 12,000 for its "Microcredit Week".

PERSONAL MICROCREDIT

Societe Generale has been offering supported personal micro-loans throughout France since 2010, wherever there is a support network with which it has concluded a partnership agreement. Its main partners to date are CRESUS, Secours Catholique and Restos du Cœur.

These networks have a dual role: bringing in business and supporting borrowers in the period before the micro-loan is granted right up to the end of its term. This has enabled Societe Generale to approve 45 microcredit applications between the end of 2010 and the end of December 2015.

For its part, CGI, a Group specialist financing subsidiary in France, has implemented a Job Mobility initiative: the "CGI solidarity-based funding" initiative was launched in 2015 to give access to mobility – *via* access to a car – to individuals who are seeking a job or who need to be mobile to keep their job. Through this initiative, CGI opens up access to car loans to those who would normally be excluded.

* French Association for the Right to Economic Initiative

COMBATING INSECURITY AND PROTECTING VULNERABLE POPULATIONS

Financial inclusion

SOME MEASURES ALLOWING EVERYONE TO HAVE ACCESS TO BANKING SERVICES IN FRANCE

In accordance with Article L312-1 of the French Monetary and Financial Code on the right to hold a bank account, Societe Generale and Crédit du Nord provide customers who are entitled to this right with free "basic banking services", such as these services are defined by law. The two institutions are thereby complying with the Moscovici law (law no. 2013-672 of 26th July 2013 on the separation and regulation of banking activities), which has reinforced the effectiveness of this right (including with respect to shorter account opening times and the exercise of the right to hold an account in the beneficiary's name by the actors in the social sphere). As of 31st December 2015, 8,906 individual customers had access to basic banking services at Societe Generale.

Since 2005, Societe Generale and Crédit du Nord have sought to "make banking easier" for everyone by offering a range of alternative means of payment (Gamme de moyens de paiements alternatives-GPA) to cheques for customers without a cheque book.

The entry into force of the Moscovici law and its implementing legislation in 2014 significantly reinforced commitments undertaken since 2005 in relation to customers in financially fragile situations for the entire financial sector.

Accordingly, Societe Generale and Crédit du Nord, in keeping with their regulatory obligations as defined by Decree 2014-738, have implemented a detection and monitoring system, combining internal warning mechanisms and KYC intelligence, for customers meeting the criteria for determining financial fragility. This system enables them to write to these customers systematically and at the earliest opportunity to propose a meeting with their advisor in order to present them with a specific offer designed to limit costs in the event of an incident (at least once a year for all customers in a financially fragile situation, but also each time a new fragility is detected).

This everyday banking service (GENERIS) allows customers in a fragile financial situation to have, for a modest sum, the normal use of their bank account whilst benefiting from secure payment methods and capped costs in the event of an incident. Moreover, advisors have received training on these regulatory developments in relation to customers in a fragile financial situation.

As of end-2015, 37,234 Societe Generale customers had signed up for the GENERIS service and 1,293 Crédit du Nord customers had signed up for that bank's equivalent service.

ABROAD

In 2015, Societe Generale launched a new pan-African range of Mobile Banking and Mobile Payment services in Africa, which share the common objective to bring banking close to its customers, whether they have access to basic banking facilities or are in the process of being granted access to basic banking facilities, and to offer mobile payment solutions, including paying bills and paying retailers (See chapter 4.2, "Significant new products and services").

In this way, since 2013 Manko, the company in support of social inclusion, a wholly-owned subsidiary of Societe Generale, has been offering banking products and services to populations with modest incomes and those that do not as yet have access to the traditional banking system. In 2015, Manko entered a new phase of development with a model that is based on a lean structure, a strong presence on the ground and an advanced use of digital technologies. Manko is acclaimed by its customers, who state that they are very satisfied with the services offered (the simplicity of processes, pricing, proximity and the expertise of the staff). Two new branches were opened in 2015. Manko now has three branches and serves 5,000 customers. The total credit it granted over the course of 2015 amounted to EUR 8.4 million (FCFA 5.5 billion).

In Burkina Faso, the mobile branch concept, taking to the road to bring the bank to the people, was launched in April 2015. The initiative will be extended to other countries depending on the success of the pilot in Burkina.

CUSTOMERS WITH A SERIOUS HEALTH RISK

Societe Generale's goal has always been to develop products and services that match the needs and expectations of each individual.

Under the terms of the AERAS agreement (insurance and loans for individuals with an increased health risk) signed by professionals in France's banking and insurance sectors in 2007 and later amended in 2011, then again in 2015, opening access to insurance and credit for people with a serious health risk, Societe Generale and Crédit du Nord make it easier for such people to get a loan (home loans and consumer loans) and provide a scheme for sharing some of the costs of the additional premiums for customers in the lowest income brackets.

Focus on over-indebtedness

Since 2004, the Societe Generale France network has had the resources needed to identify over-indebted customers in order to be able to offer them a responsible solution.

The law governing consumer credit that entered into force in November 2010 modified the regulatory framework without radically affecting the system in place at Societe Generale, which was a precursor in this regard.

A PROCESS DEDICATED TO OVER-INDEBTEDNESS

Societe Generale introduced a dedicated process to ensure the responsible management of over-indebted customers as early as 2004.

It maintains the service of bank accounts in which income is domiciled, except in special cases, and informs over-indebted customers of alternative payment methods to cheques. Debtors continue to benefit from overdrafts that had been granted. Management of the customer relationship is based on a complementary system:

- account managers ensure the everyday monitoring of the account;
- back-office operators monitor outstanding credit prior to acceptance of applications and manage repayment schedules once they have been approved. Thanks to this procedure, the bank is able to avoid any increase in loans borne by over-indebted customers whilst still enabling day-to-day personalised monitoring.

Over-indebted individuals who cannot be granted any further credit are offered a bank account and appropriate payment methods to maintain a social life. They can then subscribe to the tailored offering that is designed to limit costs in the event of an incident (see p. 253, Some measures allowing everyone to have access to banking services in France).

SUPPORT FOR VULNERABLE CUSTOMERS TO PREVENT OVER-INDEBTEDNESS

The support scheme for vulnerable customers, *via* dedicated platforms, which has been operational across the entire network of branches in France since mid-2013, is based on:

- the identification of all customers meeting certain vulnerability criteria (exceeding authorised overdrafts and any other limits for a prolonged period, overdue loan repayments, etc.);
- the transfer of these customers to a platform of specialist advisors who temporarily take over the business relationship from the branch;
- the search, with the supported customers, for solutions for the gradual discharge of unpaid debts, favouring a path back to a healthy situation rather than litigation as much as possible;
- resumption of the customer relationship with their branch at the end of the discharge period.

As of the end of November 2015, the platforms for amicable negotiation lent support to more than 33,000 customers. Around 67% of them returned to a sound financial footing and their banking relationship in their Societe Generale branch has resumed.

Franfinance, a Group subsidiary specialising in consumer loans, has also introduced various measures to prevent over-indebtedness. In 2010, Franfinance and CGI signed a partnership agreement with CRESUS (regional agencies preventing over-indebtness), a network of associations founded in 1992 that assists individuals with excessive or poorly structured debt. Against this background, these two French Group subsidiaries, consumer credit specialists, recommend that any of their customers showing signs of financial fragility should contact their local CRESUS association. The signing of a support charter between the association and the voluntary customer leads to the implementation of a budget and a social evaluation, followed by close support aimed at enhancing the safeguarding of the customer's financial balance.

SUPPORT PROGRAMMES

In France, Societe Generale and CRESUS have jointly launched a budget education programme conducted as part of a skills sponsorship initiative. Furthermore, a large number of initiatives are being put in place abroad (see p. 256, Financial education).

TOOLS TO SUPPORT FINANCIAL EDUCATION

In the interests of transparency and education, Societe Generale makes a large number of simulation or financial calculation tools available to its customers and partners, either online or *via* partner applications.

In France, Societe Generale has also teamed up with the Playbac Group to offer a financial education website dedicated to 6-11 year olds. This website "abcbanque.fr" offers educational content *via* games, videos, news and various tools enabling children to learn while having fun. The site contains a Parents' Corner with advice and topics for reflection so parents can support them in this learning process as best they can. All this is topped off by an educational guide backed by a commercial guide that is handed out when a relationship is initiated.

6. SOCIETE GENERALE'S SOCIAL COMMITMENT: SPONSORSHIP AND PARTNERSHIPS

Societe Generale is committed to civil society and pursues a corporate commitment policy that is built around three strategic priorities: citizenship, sport and culture *via* three separate entities. These areas of involvement drive on a daily basis – in the teams and among customers and third-party beneficiaries – the four core values that have been backed by the Group: team spirit, innovation, responsibility and commitment.

CITIZENSHIP

The Societe Generale Group is engaged in two key areas of intervention: professional integration, education and social inclusion through culture and sport. Civic engagement is a major focus of the Group's solidarity policy and is notably expressed *via* the Societe Generale Corporate Foundation for Solidarity and its programme for involving Group employees.

Philanthropy

The objective of the Societe Generale Corporate Foundation for Solidarity is to implement and support general interest measures aimed at fostering the development of solidarity in society, in particular by promoting access to education, by working to achieve professional integration, by helping young people to get their careers off the ground and by fighting illiteracy. In 2015 and 2016, the Societe Generale Foundation elected to also support non-profit projects using sporting or cultural activities as a means of promoting education and/or integration for people in difficulty. Since its creation in 2006, through the Societe Generale Corporate Foundation for Solidarity, close to 800 non-profit projects have been supported in 26 countries amounting to over EUR 18.5 million.

FOUNDATIONS ABROAD

In the countries in which it is based the Group supports civic actions to actively promote the integration of people in difficulty. It acts *via* the actions of its Corporate Foundation and those of Societe Generale solidarity-based structures (akin to a foundation) at the local level.

In order to be closer to the needs of the beneficiaries Societe Generale solidarity-based structures also support non-profit organisations for integration locally by seeking to involve their employees on a voluntary basis as well as their customers. The Societe Generale Corporate Foundation for Solidarity regularly reinforces the financial involvement of solidarity-based structures among those non-profit organisations that have already received support. Thus it seeks both to create synergies and to find opportunities to strengthen the links between Societe Generale solidarity-based structures and the Foundation: this is the case with the foundations in Brazil and Morocco; solidarity-driven actions in the United Kingdom; Talents & Partage (an association of employees and retirees of the Group) and the Fondation 29 Haussmann (a foundation for Private Banking customers).

In 2015, the Societe Generale group contributed close to EUR 11 million with respect to solidarity sponsorship.

Employee involvement

One of the objectives of the Citizenship policy is to make the most of the solidarity commitment of Societe Generale employees by offering them a chance to give their time and energy to benefit partner associations of the Group that use sporting or cultural activities as vectors of education or integration.

In 2015 within the Group, nearly 13,000 employees got involved in a solidarity action proposed by the bank.

CITIZEN COMMITMENT

A highlight of the Group's solidarity programme, Citizen Commitment is an event that is organised every year to strengthen and reap the benefits of employee commitment worldwide. This key event affords an occasion to maintain even greater consistency over sponsorship initiatives overseas and to capitalise on collective civic actions.

In 2015, nearly 7,000 employees from 39 countries in which Societe Generale is based (including Paris and all the French regions) took part in a wide variety of solidarity-related actions as part of the Citizen Commitment Time initiative. A notable event in which employees participated was the sporting and solidarity challenge, where the objective was to run as far as possible to raise money for partner associations. Thanks to their effort the company contributed over EUR 430,000 to voluntary projects related to integration through sporting and cultural activities.

SKILLS SPONSORSHIP

Skills sponsorship is a means of making employees available on an *ad hoc* basis and free of charge during their working hours to associations that are partners of the Foundation or supported by Societe Generale. Over 2015 as a whole, including actions initiated by the Foundation and all the initiatives backed by local Group entities, employees devoted nearly 4,000 days to solidarity-related actions *via* 3 commitment programmes.

PRO BONO DAYS

The objective of these Pro Bono initiatives is to support a selected association for a day in keeping with the Group's citizenship strategy. Employees then apply their value-added know-how to address a clearly defined need on the part of the association (communications, marketing, HR, finance, IT, etc.). This skills sponsorship also serves to highlight the job expertise of the volunteers. Since 2012, 40 Pro Bono days have been organised, involving 213 employees and more than 2,000 Pro Bono hours given to non-profit projects.

Overseas, skills sponsorship takes the form of Societe Generale employees helping associations or schools during their working hours. This is the case, for instance, in Romania, where employees commit to two involvement programmes linked to working with schools to prevent and fight against instances of children and youths dropping out of school and to the personal development of secondary school pupils.

MENTORSHIP

Mentoring involves an employee of the company providing support to a person who is socially marginalised or far removed from the labour market in his or her schooling, orientation or job search by sharing experience and advice.

In 2015, nearly 300 employees of Societe Generale France acted as mentors within 6 of the Foundation's partner associations (Proxité, Nos Quartiers ont des Talents, Solidarités Nouvelles face au Chômage, Frateli, Mozaïk RH and Capital Filles).

Aware of its role in civil society and of the importance of strengthening the ties between the company and young people, the Group encourages its employees to get involved in a wide variety of actions to sponsor and support young people worldwide. In the United Kingdom, for example, Societe Generale involves its employees to a significant extent in initiatives to boost educational aspirations and prospects of employment for young people. In 2015, over 500 volunteers devoted more than 3,800 hours to helping young people prepare for the business world.

FINANCIAL EDUCATION

Convinced that the intelligent use of banking products and services requires a financial "education" and the provision of clear information on these products and services, Societe Generale's network uses tools to improve customers' level of financial awareness.

Societe Generale and the CRESUS association have devised and implemented a budget education programme, which is delivered within the framework of skills sponsorship. Since 2013, the Financial Education project has been seeking to make young people more aware of the issues of good budget management and takes the form of joint actions in the Apprentice Training Centres (CFA – Centres de Formation d'Apprenti(e)s) and the Second Chance Schools (E2C – Ecoles de la 2ème Chance) in France. In 2014-2015, the awareness of 1,935 CFA apprentices and E2C students was raised thanks to the commitment of more than 150 employees.

Societe Generale affirms its social responsibility by giving its employees an opportunity to showcase their professional skills through solidarity commitment on an international scale. For example, a financial education programme has been developed in Poland to assist young people with budget management within the scope of the "BAKCYL" project. Financial education programmes are also offered in Morocco (SGMA - 44 branches participating for 100,000 beneficiaries, 5,000 of which are students), Albania (SGLA), the Czech Republic, Spain, the United States, Benin, Senegal, etc.

DISABLED SPORTS

Societe Generale strives on a daily basis to integrate people with disabilities into its staff, committing itself alongside local and international events or committees and clubs. The Group has been working with the Paralympic Movement since 2003 and shares its values with the French Disabled Sports Federation (Fédération Française d'Handisport (FFH)) and the French Adaptive Sports Federation (Fédération Française du Sport Adapté (FFSA)); two French federations for sports dedicated to people with disabilities.

This partnership is reverberated on an international level through the commitments taken with subsidiaries such as in Algeria, the Czech Republic, United Kingdom, Singapour, etc.

For 10 years now, Societe Generale Algeria (SGA) has been partners with the Algerian Disabled Sports Federation and has renewed its support, for the year 2016, particularly for the occasion of the disabled sports world championships.

CULTURAL SPONSORSHIP

Societe Generale's cultural sponsorship commitment goes back several decades. In the two fields of its cultural sponsorship policy, Societe Generale is seeking to combine standards and sharing. On the strength of this conviction, Societe Generale is opening its Contemporary Art Collection to more and more visitors from various backgrounds, while supporting initiatives aimed at developing classical music listening and practice among groups usually dissociated from this domain. These represent long-term cultural commitments and are managed either centrally or locally by the Group's subsidiaries.

Contemporary art: twenty years of engagement

Started in 1995, Societe Generale's contemporary art collection now comprises close to 1000 works. Structured around three axes (painting, sculpture and photography), it combines pieces by renowned artists alongside newcomer creations.

From the outset, all Collection pieces have been displayed on the Societe Generale premises at La Défense, in the center of Paris Boulevard Haussmann and Val de Fontenay, coexisting alongside the on-site employees. A range of events have boosted interactions between the art and business worlds, bringing internal and external audiences together on an increasingly regular basis.

The Societe Generale Collection is open to all audiences, and especially to young audiences through an educational and interactive approach. For example, various forms of mediation have been developed: "Parcours découverte", "Carnet d'exploration" and "Ateliers artistiques" (Discovery Trails, Explorer's Notebook and artistic workshops, respectively) for children aged between 6 and 12 are organized at Societe Generale's head office several times a month; these trails play on the distribution of the works of art throughout the various areas in the La Défense towers, which makes them playful.

For the 1st time, a musical discovery trail has been organised in collaboration with Societe Generale musical sponsorship (Mécénat Musical Société Générale), which will make the Collection accessible to young disabled visitors.

Societe Generale's artistic sponsorship pursues its commitment to culture by supporting young artists and projects targeting a broader public. In the continuity of its commitment to Marseille-Provence, the Maeght Fondation (2013) and the "Musée Passager" (2014), the Collection has been supporting the ARTAGON project since 2015 - enabling art school students in France, Belgium and Switzerland to participate in an annual competition and exhibition.

Internationally, Societe Generale directly supports contemporary artistic creation, particularly in North Africa through its historical Collection of over 1,000 works of art in Morocco as well as those more recent in Tunisia and Algeria.

Classical music: a commitment engrained in the business

The Societe Generale group has become one of the leading sponsors of classical music, particularly through the Association Mecenat Musical Societe Generale created in 1987.

MECENAT MUSICAL SOCIETE GENERALE

In 2015, Mecenat Musical Societe Generale provided support to 20 orchestras and ensembles. In the continuity of the partnership with Salle Pleyel - Paris, the association is since January 2015 "Grand Mécène" of The Philharmonie de Paris. It also pursues its collaboration with the music seasons of the Théâtre des Bouffes du Nord and the Collège des Bernardins in Paris, as well as the concert season of the Musée de Grenoble.

Aware of the difficulties encountered by young musicians at the beginning of their career, Musical Musical Societe Generale attributes scholarships to students of the National Conservatories of Paris and Lyon each year- 40 scholarships in 2014-2015 .

Additionally, Mecenat Musical Societe Generale strives to facilitate the access of the young public to classical music by supporting the practice of music and mediation operations : the association is the founding sponsor of the Demos project- in 2015, 800 children benefited from an intensive and collective apprenticeship conducted by professional musicians; The Concerts de Poche - 5000 musical workshops and 500 concerts in ten years. Mecenat Musical Societe Generale is also partner of multiple orchestra and choir projects in educational institutions in France.

PLAYING FOR PHILHARMONIE DE PARIS, A UNIQUE INITIATIVE IN THE WORLD OF BUSINESS

After the success of previous editions in 2013 and 2014 of "Playing for salle Pleyel" (symphonic choir and orchestra bringing together Societe Generale employees associated with the orchestra Les Siecles), Societe Generale decided to renew this unique initiative in the world of business, by associating itself for a third year to The prestigious Philharmonie de Paris.

Innovation for this new edition: "Playing for Philharmonie de Paris 2016" is composed of about fifty chorus members from Morocco and Cameroon. Concerts will take place on the 6th and 7th November 2016 directed by François-Xavier Roth - the Grande Salle - Philharmonie 1 - Philharmonie de Paris.

PRESTIGIOUS PARTNERSHIPS IN FRANCE AND ABROAD

Societe Generale supports diffusion venues such as the Festival of Glyndebourne and The Royal Albert Hall (Great Britain), or the National Theatre of Prague (Czech Republic). In France, the Group is partner of the International Lyric Festival of Aix-en-Provence and a few stages such as Le Volcan in Havre, the Scène nationale in Albi, the Royal Opera of Versailles or the Operahouse of Avignon.

The Group also commits to the domain of professional reinsertion of young musicians through actions stemming from a partnership with the Princess Margarita Fondation of Romania and the Prietenii Muzicii Serafim Antropov Fondation , in Romania, and the Fondazione Scala in Milan, in Italy.

Sports Sponsorship

The Societe Generale group has a sport partnerships policy to accompany the development of its activites all over the world. Alongside champions for international competitions, during for instance the Rugby World Cup 2015 in England, or meeting the young players at the beginning of their careers, Societe Generale is a privileged partner of multiple entities ranging from national federations to local clubs with emphasized support for rugby and golf.

RUGBY: 2015, 5TH RUGBY WORLD CUP FOR SOCIETE GENERALE

Since 1987, Societe Generale has been a loyal partner of rugby in France, from amateur rugby to the highest level. Integrated in the lives of more than 450 clubs, Societe Generale is one of the major partners of professional rugby and the French team. The Group, through its subsidiaries and implantations, also accompanies rugby in numerous countries around the world, from Luxemburg to China, going through Senegal and Serbia as well. Every four years since 2007, Societe Generale is a major partner of the Rugby World Cup and particularly during the last edition in England. Rugby Sevens supported by Societe Generale since 2001, Olympic sports starting in 2016, also allows the Group to raise awareness among new populations, scholars or students, to the practice of rugby.

GOLF: A GROWING DEVELOPMENT

Societe Generale has been helping golf since 2001 through its partnership with the French Union. Convinced that the practice of sport must be accessible to the majority of people, Societe Generale also supports the Handigolf association.

In parallel, the Societe Generale business lines, from Private Banking to Retail Banking to Global Banking & Investor Solutions, are becoming more and more visible on the courses. The Group accompanies this international dynamic by being partners to the only major Ladies' tournament taking place in continental Europe known as the Evian Championship.

7. APPENDICES

NOTE ON METHODOLOGY

The purpose of this note is to explain the reporting methodology used by Societe Generale for matters relating to Corporate Social Responsibility (CSR). This methodology is set out in detail in the Group's reporting protocol, available on request.

Reporting protocol

The information contained in the reference document, on the Group's website and in other communication media, as well as in the Group's activity and sustainable development report, whether pertaining to the 2015 financial year or to previous years, was prepared on the basis of contributions from the Group's internal network of sustainable development officers and in accordance with the Group's CSR reporting protocol and CSR initiatives programme. It is also prepared on the basis of data from the "Planethic Reporting" tool, used for the standardised collection of the indicators used to keep track of the various initiatives. All the reporting is coordinated by the Group Sustainable Development Department, which reports to the Group Corporate Secretary.

Regular efforts are made to bring contributors and managers on board and familiarise them with the reporting protocol and the tool in the interest of increasing data reliability.

This reporting protocol is updated on a regular basis.

Reporting periods

SOCIAL, SPONSORSHIP AND BUSINESS DATA

Subject to exceptions, quantitative indicators are calculated for the period running from 1st January 2015 to 31st December 2015 (12 months), with data taken up until 31st December 2015.

ENVIRONMENTAL DATA

Subject to exceptions, quantitative indicators are calculated for the period running from 1st October 2014 to 30th September 2015 (12 months), with data taken up until 30th September 2015.

CSR consolidation scope

Entities included in the reporting scope meet at least one of the following criteria:

- entities in which the parent company, Societe Generale SA (SGSA), directly or indirectly holds a controlling interest exceeding 50%. The branches are by definition wholly owned, since they are not capitalistic;
- all entities that are fully consolidated in the Societe Generale Group and that have more than 50 employees.

The CSR consolidation includes 155 companies within the Group's financial consolidation scope up until 31st December 2015. It particularly includes the various Newedge entities worldwide, which were not included in the scope of up until 31st December 2014.

Data collection

The following data collection methods are used for the scope defined above:

- for social, environmental, business and corporate sponsorship data, most quantitative indicators are collected by each Group entity *via* the "Planethic Reporting" tool by collectors who enter the data at the level of their subsidiary, which is validated by validators who check the input data at the level of their entity before validating it, administrators who check and validate the data at the level of the core business and central administrators (Sustainable Development Department), at group level, who carry out the final checks prior to consolidation;
- other data is collected directly from the business lines' CSR correspondents or from the relevant departments (Sourcing Department, Risk Division, Human Resources Department) by the Group Sustainable Development Department.

Indicators

During a formal communication campaign, all contributors were informed of the data collection schedule, a Group Instruction and a protocol for each category of indicators. The protocol serves as a reminder of indicator definitions and application criteria.

The 2015 indicators were chosen particularly in respect of information requirements under the "Grenelle II" Law (in accordance with Article L. 225-102-1 of the French Commercial Code) as well as in light of the Group CSR strategy and the determination to fulfil a core ambition as closely as possible with regards to the GRI-G4.

The indicators are largely reported for a global scope. However, some of these indicators cannot be consistently applied to a global scope. In such cases, the indicators were analysed for the scope of France or Societe Generale SA in France (excluding subsidiaries).

Scope and rules for calculation of social indicators

The workforce considered within the social indicators (apart if explicitly stated otherwise) corresponds to the total number of employees under permanent contracts or fixed-term contracts, including trainee contracts, be they present or absent.

The frequency rate of accidents in the workplace is the ratio of the number of accidents in the workplace (as defined by local regulations) to the total number of hours worked, (workforce present with permanent of fixed-term contract multiplied by the time worked annually in the entity in hours), multiplied by 1,000,000.

The rate of absenteeism is the ratio of the number of reported days absent paid to the total number of days paid, as a percentage. It is counted in calendar days and is calculated based on the total number of employees (multiplied by 365).

The scope of the charts "Breakdown of staff by age bracket" (page 246) and "Breakdown of staff by length of service" (page 235) is the CSR consolidation scope as defined above, excluding the headcount of entities in Germany (GEFA, PEMA Gmbh, On Vista, SGSS Gmbh), South Korea (SG Securities), Morocco (Sogelease, Eqdom) and Tunisia (UIB), for which this information is not consolidated.

Scope and main management rules for environmental indicators

In 2015, the data collection scope changed due to the incorporation of Newedge and the addition of new indicators.

The environmental data collection scope takes into account subsidiaries not consolidated for accounting purposes. The number of the Group's employees included in the environmental reporting scope is 146,492 (compared to 145,703 in accounting terms). It includes, in addition to the subsidiaries belonging to the consolidated financial perimeter, the following subsidiaries: ALD Automotive Brazil, ALD Automotive India, ALD Automotive Turkey, ALD Automotive Ukraine, Concilian (France), and SG Mauritanie.

Coverage of the total data collection scope corresponds to the ratio of the headcount of all entities that participated in the data collection campaign to the total headcount of Societe Generale. With 146,580 employees counted, Societe Generale estimates that the total data collection scope – i.e. accounting for at least the data on occupants and surface area – covers 99.93% of the workforce; as a reminder, this figure was 99.4% in 2014.

Restatement of historical data

Starting from 2007, Societe Generale had already set itself the objective of reducing its CO_2 emissions per occupant by 26% over the period 2007-2012. As a result a 15% reduction was observed over this period based on the reference year 2007. This objective was then applied to the period 2012-2015. It was considered that a further 11% reduction needed to be achieved by 2015.

In 2015, Societe Generale incorporated Newedge, which was not taken into account in the 2014 reporting. To ensure the transparency of communication and the comparability of data, the emissions for the reference years in the period 2012-2015 are presented in the emissions table and were subject to further manipulation so that the historical data were presented within a comparable perimeter to the 2015 data. Similarly, the new indicators taken into account for the calculation of the CO_2 emissions have been incorporated into the historical data. The restatements do not correct the variations related to the growth or the reduction of the activity within the entities themselves.

The details of the main restatements are set out in the following table:

Indicator	Restatement for the years 2014 and 2012
Environmental management system	
Perimeter and scope	For the year 2012, integration of relative data Newedge
Transport	
a) Distances covered for business travel, by train	Method alteration so as to improve the exhaustiveness of the data gathered for the network in 2015. Application of this change in method to the previous years as well.
b) Distances covered for business travel, by airplane	Method alteration so as to improve the exhaustiveness of the data gathered for the network in 2015. Application of this change in method to the previous years as well.
c) Distances covered for business travel by privately owned cars	Method alteration so as to improve the exhaustiveness of the data gathered for the network in 2015. Application of this change in method to the previous years as well.
Energy Consumption	
All types of energy	For the year 2012, integration of relative data Newedge
Paper	
a) Quantity of paper used for account statements for customers and quantity of personalised envelopes.	2015 data used (for the entities that reported data for the first time in 2015) and evaluated depending on the number of occupants for the previous three years.
b) Other types of paper used	Change of perimeter for France, recuperation of all types of paper. Calculation of the difference between the new and old perimeter and application of this difference to the previous years per occupant *via* pro-rata calculation.

Environmental data: general rules

Environmental data is calculated on the basis of invoices, direct readings, information received from suppliers and estimates. The following checks and ratios are used so as to manage the reported data:

- in 2015, checks on variation compared to the previous year were performed for all environmental indicators. Contributors received alerts asking them to check the recorded data if the variation was greater than 30%;
- the data collected on energy, office paper and transport was compared to the number of occupants declared by entity;
- energy consumption (electricity, steam, chilled water, oil, gas) is also reported in terms of the surface area (in m^2);
- in the optic of a permanent increase of reliability, qualitative questions (expected answers *via* written comments) allow for the visualization of the different perimeters of the data, an inventory of best practices and a better understanding of the variations from year to year.

Wherever possible, the number of occupants implicated corresponds to the average number of Societe Generale employees or contractors working on-site during the reporting period or by default the number of occupants up until 30th September 2015.

Coverage of the data collection scope for each indicator is the ratio of the headcount of all entities having completed the indicator to the total headcount of Societe Generale employees.

New indicators were incorporated or modified in 2015:

- cheque books and cheque remittance slips have been incorporated in the paper indicators;
- the indicator for the total quantity of photocopy paper for which we previously only recovered reams of 80 grammes in France has been modified in order to meet the “Ecofolio” reporting requirement and now covers all types of paper that is equal to or below 224 grammes.

With the exception of the Societe Generale France network, most of the subsidiaries consolidate the data directly in the Group’s reporting tool. The data on transport and paper for France are subject to centralized reporting by the Sustainable Development Department *via* data received from the Purchasing Department.

Calculation of CO_2 emissions

Calculation of the Group’s CO_2 emissions is broken down into three categories:

- Scope 1 includes direct emissions related to energy consumption and fugitive emissions of fluorinated gases by the central departments;
- Scope 2 includes indirect emissions related to energy consumption (external electricity, steam and chilled water);
- Scope 3 includes GHG emissions from office paper consumption and business travel, since 2012. The scope has been widened to include the overall paper consumption, the transport of goods and the energy consumption of data centres hosted in France.

CO_2 emissions are calculated according to the GHG Protocol method.

INDEPENDENT VERIFIER'S REPORT ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Societe Generale – Financial year ended 31st December 2015

To the Shareholders,

In our capacity as an independent verifier accredited by the COFRAC[(1)] under number 3-1050, and as a member of the network of one of the statutory auditors of Societe Generale, we present our report on the consolidated social, environmental and societal information established for the financial year ended on 31st December 2015, presented in chapter 5 of the management report (hereafter referred to as the "CSR Information") pursuant to the provisions of Article L.225-102-1 of the French Commercial Code (Code de commerce).

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors to draw up a management report including the CSR Information referred to in Article R. 225-105-1 of the French Commercial Code, in accordance with the protocols used by the company (hereafter referred to as the "Criteria"), a summary of which is included in this Reference Document, appended to chapter 5 ("Note on methodology").

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulations, the Code of Ethics of our profession as well as the provisions in Article L. 822-11 of the French Commercial Code. In addition, we have implemented a quality control system, which includes documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT VERIFIER

It is our role, based on our work:

- to attest to whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of Presence of CSR Information);
- to express a limited assurance conclusion that the CSR Information, overall, is fairly presented in all material aspects in accordance with the Criteria (Limited Assurance on CSR Information).

Our verification work was undertaken by a team of seven people between September 2015 and February 2016 for an estimated duration of fifteen weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13th May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the Reasoned Opinion on the Fairness of the CSR information, in accordance with the international standard ISAE 3000[(2)].

1. ATTESTATION OF PRESENCE OF CSR INFORMATION

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the CSR Information presented in the management report with the list as provided for in Article R. 225-105-1 of the French Commercial Code.

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions of Article R. 225-105, paragraph 3, of the French Commercial Code.

We verified that the CSR Information covers the consolidated perimeter, namely the entity and its subsidiaries within the meaning of Article L.233-1 of the French Commercial Code and the entities that it controls within the meaning of Article L.233-3 of the same code with the limitations specified in the Note on methodology in chapter 5 of this registration document.

Based on this work, and given the limitations mentioned above, we confirm the presence in the management report of the required CSR Information.

2. LIMITED ASSURANCE ON CSR INFORMATION

Nature and scope of the work

We conducted about 30 interviews with the people responsible for the preparation of the CSR Information in the departments BDDF, IBFS and GBIS, and the Sustainable Development, Compliance, Human Resources and Purchasing departments in charge of the data collection process and, where applicable, the people responsible for internal control processes and risk management, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality and understandability, taking into consideration, if relevant, industry standards;

(1) The scope of the accreditation is available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

- verify the implementation of the process for the collection, compilation, processing and control in respect of the completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information in relation to the characteristics of the Company, its social and environmental issues, and its strategy in relation to sustainable development and industry best practices.

For the CSR Information that we considered the most important[(3)]:

- at the level of the consolidated entity and the business lines we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a random basis, the calculations and the consolidation of the data, and also verified its coherence and consistency with the other information presented in the management report[(3)];
- at the level of the representative sample of entities that we selected[(4)], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify the correct application of the procedures and carried out detailed tests on the basis of samples, consisting of verifying the calculations made and linking them with supporting documentation. The sample of entities thus selected represents 38% of the total workforce for the social data, 12% of energy consumption for the environmental data and 9% of the consolidated GNP for the business lines data.

For the other consolidated CSR Information, we assessed its consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations in light of, where appropriate, the partial or total absence of certain information.

We consider that the sampling methods and sizes of the samples that we considered by exercising our professional judgement allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be totally eliminated.

CONCLUSION

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken as a whole, has not been fairly presented, in compliance with the Criteria.

OBSERVATION

Without qualifying our conclusion above, we draw your attention to the following points:

The application of the Equator Principles is mature within the Investment banking's activities. In order to ultimately cover the entire group's financing and investment activities, there has been a formalisation of new procedures to follow through with Societe Generale's environmental and social (E&S) commitments. However, the application of the E&S General Principles is not yet homogeneous in its various business lines and geographic locations.

Paris La Défense, 4th March 2016

Independent Verifier

ERNST & YOUNG et Associés

Eric Duvaud

Partner, Sustainable Development

Hassan Baaj

Partner

(3) **Societal and business information:** regional, economic and social impact (support for SMEs, the range of solidarity products and services, financial inclusion in France and microfinance in other countries, the Positive Impact Finance initiative), business ethics (measures undertaken in favour of consumers' health and safety, especially the prevention of over-indebtedness, digital security and data protection), the group's environmental and social commitments when conducting its business (sector policies, the Equator Principles, E&S evaluations of transactions and clients, green financing to companies), relationships with the stakeholders (customer satisfaction and the ombudsman), factoring social and environmental issues into the sourcing policy.

Environmental information: the general policy on environmental matters, greenhouse gas emissions (emissions of CO_2 per occupant).

Social information: employment (total headcount, new hires and dismissals), training policies, total number of hours of training, leadership model implementation and the results of the employer barometer.

(4) The entities selected are :
- For social data: SGPM (France) and Rosbank (Russia)
- For environmental data: Rosbank (Russia)
- For societal and business data: SG London GBIS (UK), SG New York GBIS (United States), SG GSC Bangalore (India) and Rosbank (Russia).

8. CROSS-REFERENCE TABLE

CSR CONCORDANCE TABLE (ARTICLE 225 - GRENELLE II)

INDICATORS	WHERE TO FIND THEM?
1. Social information	Page
a) Employment	
Total headcount and breakdown by gender, age and geographic region	232, 233, 245, 246
New hires and dismissals	234, 235
Compensation, changes in compensation	242
b) Organisation of work	
Organisation of working time	244
Absenteeism	244
c) Labour relations	
Organisation of labour-management dialogue, especially procedures used to inform, consult and negotiate with staff	241
Summary of collective agreements	241
d) Health and safety	
Health and safety conditions at work (Stress + Health + Well-being)	243, 244
Agreements signed with trade unions or staff representatives regarding health and safety at work	241
Work accidents, including frequency and severity, and work-related illnesses	244
e) Training (Skills development)	
Training policies implemented	236
Total of training hours	236
f) Equal treatment	
Measures taken to promote gender equality	245, 246
Measures taken to promote the employment and the integration of people with disabilities	247
Non-discrimination policy	241, 245, 246, 247
g) Promotion and respect of the International Labour Organisation's fundamental conventions:	
On protecting freedom of association and the right to collective bargaining	241
On eliminating discrimination in employment and occupation	241, 245, 246, 247
On eliminating forced or compulsory labour	241
On abolishing child labour	241
2. Environmental information	Page
a) General environmental policy	
Company policy addressing environmental issues and, where applicable, steps taken to evaluate environmental performance or obtain environmental certification	219; 228

INDICATORS	WHERE TO FIND THEM?
Employee training and awareness on environmental protection	213 ; 228.
Amount of provisions and guarantees for environmental risks, provided that such information is not liable to harm the company's interests in any ongoing legal disputes	No provisions
b) Pollution and waste management	
Measures for preventing, reducing, or offsetting emissions into the air, water, and soil, with a severe impact on the environment	219 ; 228 ; 230.
Waste prevention, recycling and disposal measures	229 ; 230 ; 231.
Sound pollution and any other form of business-specific pollution	Not material in the company's activity
c) Sustainable use of resources	
Water consumption and water supply based on local constraints	229 ; 231.
Consumption of raw materials and steps taken to improve efficient use of consumables	As a tertiary sector company, Societe Generale does not have any physical production activity. Its raw material consumption is not significant. 219 ; 229 ; 231.
Energy consumption, steps taken to improve energy efficiency and use of renewable energy sources	225 ; 229 ; 231 ; 220.
Land use	Not material in the company's activity
d) Climate change	
Greenhouse gas emissions	228.
Adapting to the impact of climate change	Climate change consequences on our activities are taken into account in our operational risks management framework. 220 ; 229 ; 251.
e) Preserving biodiversity	
Measures taken to preserve or develop biodiversity	Societe Generale is not concerned for its own account. 211 ; 219.
3. Information on CSR commitments	
a) Regional, economic and social impacts of the company's activities	
In relation to jobs and regional development	248 ; 251 ; 252 ; 254.
Upon surrounding and local communities	210 ; 214 ; 220.
b) Relations with persons or organisations concerned by the company's activities	
Conditions for dialogue with these persons or organisations	213 ; 250.
Partnerships and corporate sponsorship	227 ; 250 ; 255.
c) Subcontractors and suppliers	
Incorporation of CSR criteria in the sourcing policy	221
Importance of outsourcing and incorporation of CSR criteria in relations with suppliers and subcontractors	221
d) Fair practices	
Anti-corruption initiatives	215
Measures in favour of consumer health and safety	217 ; 253.
e) Other human rights initiatives	210 ; 211 ; 241.

6

FINANCIAL INFORMATION

Contents of consolidated financial statements

The information on the risk management linked to financial instruments as well as the information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union, is disclosed in chapter 4 of the present Registration document (Risks and capital adequacy). The types of risks are described in chapter 3 of the present Registration document (Corporate governance), page 115.

This information belongs to the note to the consolidated financial statements and has been audited by statutory auditors; it is identified as such in chapter 4 of the present Registration document.

1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET - ASSETS

(In millions of euros)		31st December 2015	31st December 2014*
Cash, due from central banks		78,565	57,065
Financial assets at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	519,333	530,536
Hedging derivatives	Note 3.2	16,538	19,448
Available-for-sale financial assets	Notes 3.3 and 3.4	134,187	143,722
Due from banks	Notes 3.5 and 3.9	71,682	80,709
Customer loans(1)	Notes 3.5 and 3.9	405,252	370,367
Revaluation differences on portfolios hedged against interest rate risk		2,723	3,360
Held-to-maturity financial assets	Note 3.9	4,044	4,368
Tax assets	Note 6	7,367	7,415
Other assets	Note 4.4	69,398	65,238
Non-current assets held for sale		171	866
Investments accounted for using the equity method		1,352	2,796
Tangible and intangible fixed assets	Note 8.2	19,421	17,917
Goodwill	Note 2.2	4,358	4,331
Total		**1,334,391**	**1,308,138**

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

(1) Customer loans include Lease financing and similar agreements previously presented on a separate line in the balance sheet. The presentation of comparative figures has been restated accordingly to the financial statements published at 31st December 2014.

CONSOLIDATED BALANCE SHEET - LIABILITIES

(In millions of euros)		31st December 2015	31st December 2014*
Due to central banks		6,951	4,607
Financial liabilities at fair value through profit or loss	Notes 3.1, 3.2 and 3.4	454,981	480,330
Hedging derivatives	Note 3.2	9,533	10,902
Due to banks	Notes 3.6 and 3.9	95,452	91,290
Customer deposits	Notes 3.6 and 3.9	379,631	349,735
Debt securities issued	Notes 3.6 and 3.9	106,412	108,658
Revaluation differences on portfolios hedged against interest rate risk		8,055	10,166
Tax liabilities	Note 6	1,571	1,416
Other liabilities	Note 4.4	83,083	75,031
Non-current liabilities held for sale		526	505
Underwriting reserves of insurance companies	Note 4.3	107,257	103,298
Provisions	Note 8.5	5,218	4,492
Subordinated debt		13,046	8,834
Total liabilities		**1,271,716**	**1,249,264**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Issued common stocks, equity instruments and capital reserves		29,537	29,486
Retained earnings		23,905	22,537
Net income		4,001	2,679
Sub-total		**57,443**	**54,702**
Unrealised or deferred capital gains and losses		1,594	527
Sub-total equity, Group share		**59,037**	**55,229**
Non-controlling interests		3,638	3,645
Total equity		**62,675**	**58,874**
Total		**1,334,391**	**1,308,138**

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

CONSOLIDATED INCOME STATEMENT

(In millions of euros)		2015	2014*
Interest and similar income	Note 3.7	25,431	24,532
Interest and similar expense	Note 3.7	(16,125)	(14,533)
Fee income	Note 4.1	10,144	9,159
Fee expense	Note 4.1	(3,466)	(2,684)
Net gains and losses on financial transactions		8,224	5,219
o/w net gains and losses on financial instruments at fair value through profit or loss	Note 3.1	*7,275*	*4,481*
o/w net gains and losses on available-for-sale financial assets(1)	Note 3.3	*949*	*738*
Income from other activities	Note 4.2	53,324	50,219
Expenses from other activities	Note 4.2	(51,893)	(48,351)
Net banking income		**25,639**	**23,561**
Personnel expenses	Note 5	(9,476)	(9,049)
Other operating expenses(2)		(6,477)	(6,081)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	Note 8.2	(940)	(907)
Gross operating income		**8,746**	**7,524**
Cost of risk	Note 3.8	(3,065)	(2,967)
Operating income		**5,681**	**4,557**
Net income from investments accounted for using the equity method	Note 2.3	231	213
Net income/expense from other assets		197	109
Impairment losses on goodwill	Note 2.2	-	(525)
Earnings before tax		**6,109**	**4,354**
Income tax	Note 6	(1,714)	(1,376)
Consolidated net income		**4,395**	**2,978**
Non-controlling interests		394	299
Net income, Group share		**4,001**	**2,679**
Earnings per ordinary share	Note 7.2	**4.49**	**2.90**
Diluted earnings per ordinary share	Note 7.2	**4.49**	**2.90**

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

(1) This amount now includes dividend income.

(2) Including EUR 137 million regarding the contributions to the Single Resolution Fund for 2015.

STATEMENT OF NET INCOME AND UNREALISED OR DEFERRED GAINS AND LOSSES

(In millions of euros)	2015	2014*
Net income	**4,395**	**2,978**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**1,059**	**1,058**
Translation differences(1)	797	402
Available-for-sale financial assets	425	636
Revaluation differences	*703*	*1,074*
Reclassified into income	*(278)*	*(438)*
Hedging derivatives	(174)	164
Revaluation differences	*(171)*	*39*
Reclassified into income	*(3)*	*125*
Unrealised gains and losses of entities accounted for using the equity method and that will be reclassified subsequently into income	(117)	135
Tax on items that will be reclassified subsequently into income	128	(279)
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**80**	**(235)**
Actuarial gains and losses on post-employment defined benefits plans	125	(344)
Unrealised gains and losses of entities accounted for using the equity method and that will not be reclassified subsequently into income	-	(2)
Tax on items that will not be reclassified subsequently into income	(45)	111
Total unrealised or deferred gains and losses	**1,139**	**823**
Net income and unrealised or deferred gains and losses	**5,534**	**3,801**
o/w Group share	*5,148*	*3,450*
o/w non-controlling interests	*386*	*351*

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

(1) The variation in translation differences amounted to EUR 797 million and consisted of a:

- + EUR 769 million variation in Group translation differences, mainly due to the depreciation of the Euro against the US dollar (EUR 800 million), the pound sterling (EUR 34 million) and the Japanese yen (EUR 29 million), partially offset by the appreciation of the Euro against the Russian rouble (EUR -46 million);
- + EUR 28 million variation in translation differences attributable to non-controlling interests, mainly due to the depreciation of the Euro against the Czech crown (EUR 29 million).

CHANGES IN SHAREHOLDERS' EQUITY

	Capital and associated reserves						
(In millions of euros)	**Issued common stocks**	**Issuing premium and capital reserves**	**Elimination of treasury stock**	**Other equity instruments**	**Total**	**Retained earnings**	**Net income, Group Share**
Shareholders' equity at 1st January 2014	**998**	**19,947**	**(639)**	**7,075**	**27,381**	**23,971**	**-**
Increase in common stock	9	179			188	(2)	
Elimination of treasury stock			(92)		(92)	(55)	
Issuance / Redemption of equity instruments				1,994	1,994	205	
Equity component of share-based payment plans		15			15		
2014 Dividends paid					-	(1,355)	
Effect of acquisitions and disposals on non-controlling interests					-	(94)	
Sub-total of changes linked to relations with shareholders	***9***	***194***	***(92)***	***1,994***	***2,105***	***(1,301)***	
Unrealised or deferred gains and losses					-	(230)	
Other changes					-	24	
Effect of retrospective application of IFRIC 21(1)					-	74	(13)
2014 Net income for the period					-		2,692
Sub-total	***-***	***-***	***-***	***-***	***-***	***(132)***	***2,679***
Change in equity of associates and joint ventures accounted for using the equity method					-	(1)	
Shareholders' equity at 31st December 2014	**1,007**	**20,141**	**(731)**	**9,069**	**29,486**	**22,537**	**2,679**
Appropriation of net income(1)						2,679	(2,679)
Shareholders' equity at 1st January 2015	**1,007**	**20,141**	**(731)**	**9,069**	**29,486**	**25,216**	**-**
Increase in common stock (see Note 7.1)	1	4			5	(1)	
Elimination of treasury stock (see Note 7.1)			282		282	151	
Issuance / Redemption of equity instruments (see Note 7.1)				(297)	(297)	229	
Equity component of share-based payment plans(2)		61			61		
2015 Dividends paid (see Note 7.2)					-	(1,658)	
Effect of acquisitions and disposals on non-controlling interests(3)					-	(95)	
Sub-total of changes linked to relations with shareholders	***1***	***65***	***282***	***(297)***	***51***	***(1,374)***	
Unrealised or deferred gains and losses					-	80	
Other changes					-	(17)	
2015 Net income for the period					-		4,001
Sub-total	***-***	***-***	***-***	***-***	***-***	***63***	***4,001***
Change in equity of associates and joint ventures accounted for using the equity method					-	-	
Shareholders' equity at 31st December 2015	**1,008**	**20,206**	**(449)**	**8,772**	**29,537**	**23,905**	**4,001**

Unrealised or deferred gains and losses (net of tax) that will be reclassified subsequently into income					Non-controlling interests				
Translation reserves	**Change in fair value of assets available-for-sale**	**Change in fair value of hedging derivatives**	**Total**	**Shareholders' equity, Group share**	**Capital and Reserves**	**Other Equity instruments issued by subsidiaries**	**Unrealised or deferred gains and losses**	**Total**	**Total consolidated shareholders' equity**
(1,139)	**609**	**55**	**(475)**	**50,877**	**3,082**	**-**	**11**	**3,093**	**53,970**
			-	186				-	186
			-	(147)				-	(147)
			-	2,199		800		800	2,999
			-	15	-			-	15
			-	(1,355)	(182)			(182)	(1,537)
			-	(94)	(357)			(357)	(451)
-	***-***	***-***	***-***	***804***	***(539)***	***800***	***-***	***261***	***1,065***
382	335	178	895	665	(4)		56	52	717
				24	(60)			(60)	(36)
				61					61
				2,692	299			299	2,991
382	***335***	***178***	***895***	***3,442***	***235***	***-***	***56***	***291***	***3,733***
	83	24	107	106				-	106
(757)	**1,027**	**257**	**527**	**55,229**	**2,778**	**800**	**67**	**3,645**	**58,874**
				-				-	-
(757)	**1,027**	**257**	**527**	**55,229**	**2,778**	**800**	**67**	**3,645**	**58,874**
			-	4				-	4
			-	433				-	433
			-	(68)				-	(68)
			-	61	-			-	61
			-	(1,658)	(233)			(233)	(1,891)
			-	(95)	(168)			(168)	(263)
-	***-***	***-***	***-***	***(1,323)***	***(401)***	***-***	***-***	***(401)***	***(1,724)***
769	556	(170)	1,155	1,235	-		(8)	(8)	1,227
				(17)	8			8	(9)
				4,001	394			394	4,395
769	***556***	***(170)***	***1,155***	***5,219***	***402***	***-***	***(8)***	***394***	***5,613***
	(88)	-	(88)	(88)				-	(88)
12	**1,495**	**87**	**1,594**	**59,037**	**2,779**	**800**	**59**	**3,638**	**62,675**

(1) Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

(2) Share-based payments settled in equity instruments in respect of fiscal year 2015 amounted to EUR 61 million: EUR 60 million for free share plans and EUR 1 million for payments in ordinary shares.

(3) The effects of acquisitions and disposals on non-controlling interests can notably be attributed to the purchase of non-controlling interests: mainly Boursorama and its Spanish and German subsidiaries, Selftrade Bank and OnVista, for EUR - 253 million, of which EUR -96 million Group share.

CASH FLOW STATEMENT

(In millions of euros)	2015	2014*
Net income (I)	**4,395**	**2,978**
Amortisation expense on tangible fixed assets and intangible assets (include operational leasing)	3,597	3,421
Depreciation and net allocation to provisions	4,507	6,247
Net income/loss from investments accounted for using the equity method	(231)	(213)
Change in deferred taxes	651	184
Net income from the sale of long-term available-for-sale assets and subsidiaries	(337)	(317)
Change in deferred income	44	(147)
Change in prepaid expenses	150	(20)
Change in accrued income	672	903
Change in accrued expenses	(158)	(794)
Other changes	3,747	3,825
Non-cash items included in net income and others adjustments not including income on financial instruments at fair value through Profit or Loss (II)	**12,642**	**13,089**
Income on financial instruments at fair value through Profit or Loss(1)	(7,275)	(4,481)
Interbank transactions	14,659	7,856
Customers transactions	(5,724)	(5,805)
Transactions related to other financial assets and liabilities	(1,541)	(25,982)
Transactions related to other non financial assets and liabilities	3,959	(1,240)
Net increase/decrease in cash related to operating assets and liabilities (III)	**4,078**	**(29,652)**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III)	**21,115**	**(13,585)**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	1,997	4,133
Net cash inflow (outflow) related to tangible and intangible fixed assets	(4,502)	(3,407)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**(2,505)**	**726**
Cash flow from/to shareholders	(1,522)	1,501
Other net cash flows arising from financing activities	4,404	1,175
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**2,882**	**2,676**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**21,492**	**(10,183)**
Net balance of cash accounts and accounts with central banks	52,458	63,032
Net balance of accounts, demand deposits and loans with banks	8,858	8,467
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	**61,316**	**71,499**
Net balance of cash accounts and accounts with central banks	71,615	52,458
Net balance of accounts, demand deposits and loans with banks	11,193	8,858
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**82,808**	**61,316**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS	**21,492**	**(10,183)**

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

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

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 10th February 2016.

NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

1. INTRODUCTION

In accordance with European Regulation 1606/2002 of 19th July 2002 on the application of International Accounting Standards, the Societe Generale Group ("the Group") prepared its consolidated financial statements for the year ended 31st December 2015 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date (these standards are available on the European Commission website at: *http://ec.europa.eu/finance/accounting/ias/index_en.htm*).

The Group also continued to make use of the provisions of IAS 39, as adopted by the European Union, for applying macro-fair value hedge accounting (IAS 39 "carve-out").

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

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

The presentation of the notes to the consolidated financial statements has been reorganized in order to improve their readability and consistency, in line with the Public Statement issued on 27th October 2015 by the European Securities and Markets Authority on improving the quality of disclosures in the financial statements, and with the Recommendations for 2015 financial statements issued on 28th October 2015 by the Autorité des Marchés Financiers (AMF), which also referred to its guide published on 1st July 2015 on the relevance, consistency and readability of financial statements.

The disclosures provided in the notes to the consolidated financial statements focus on information that is both relevant and material to the financial statements of the Societe Generale Group, its activities and the circumstances in which it conducted its operations over the period.

The following table cross-references the new notes with their former presentation in the consolidated financial statements for financial year 2014.

Reference 2015	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	Reference 2014
Note 1	**Significant accounting principles**	Note 1
Note 2	**Consolidation**	
Note 2.1	Consolidation scope	Note 2
Note 2.2	Goodwill	Note 16
Note 2.3	Additional disclosures for consolidated entities and investments accounted for using the equity method	Note 44
Note 2.4	Unconsolidated structured entities	Note 45
Note 3	**Financial instruments**	
Note 3.1	Financial assets and liabilities at fair value through profit or loss	Notes 6 and 35
Note 3.2	Financial derivatives	Notes 6, 7, 27 and 30
Note 3.3	Available-for-sale financial assets	Notes 8, 33 and 36
Note 3.4	Faire value of financial instruments measured at fair value	Notes 3, 6 and 8
Note 3.5	Loans and receivables	Notes 9, 10 and 11
Note 3.6	Debts	Notes 17, 18 and 19
Note 3.7	Interest income and expense	Note 33
Note 3.8	Provisions and impairment	Notes 21, 22 and 40
Note 3.9	Fair value of financial instruments measured at amortised cost	Notes 9, 10, 11, 12, 17, 18, 19 and 24
Note 3.10	Commitments and assets pledged and received as security	Notes 27 and 28
Note 3.11	Transferred financial assets	Note 29
Note 3.12	Offsetting financial assets and financial liabilities	Note 25
Note 3.13	Contractual maturities of financial liabilities	Note 30
Note 4	**Other activities**	
Note 4.1	Fee income and expense	Note 34
Note 4.2	Income and expenses from other activities	Note 37
Note 4.3	Insurance activities	Note 32
Note 4.4	Other assets and liabilities	Notes 14 and 20
Note 5	**Personnel expenses and employee benefits**	
Note 5.1	Personnel expenses and related party transactions	Notes 38 and 43
Note 5.2	Employee benefits	Note 23
Note 5.3	Share-based payment plans	Note 39
Note 6	**Income tax**	Notes 13 and 41
Note 7	**Shareholder's equity**	
Note 7.1	Treasury shares and equity instruments issued by the Group	Note 26
Note 7.2	Earnings per share and dividends	Note 42
Note 8	**Additional disclosures**	
Note 8.1	Segment reporting	Note 47
Note 8.2	Tangible and intangible fixed assets	Note 15
Note 8.3	Foreign exchange transactions	Note 31
Note 8.4	Companies included in the consolidation scope	Note 46
Note 8.5	Provisions	Note 22
Note 8.6	Fees paid to statutory auditors	Note 48

2. NEW ACCOUNTING STANDARDS APPLIED BY THE GROUP

IFRS AND IFRIC INTERPRETATIONS APPLIED BY THE GROUP AS OF 1ST JANUARY 2015

Accounting standards or Interpretations	IASB Publication date	European Union Adoption date
IFRIC 21 "Levies"	20th May 2013	13rd June 2014
Annual Improvements to IFRSs (2011-2013) - December 2013	12nd December 2013	18th December 2014

IFRIC INTERPRETATION 21 "LEVIES"

This interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" clarifies the accounting for a liability to pay a levy. For an entity, the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. Furthermore, if an obligation to pay a levy is triggered when a minimum activity threshold is reached, the corresponding liability is recognised when that minimum activity threshold is reached.

The main related taxes are as follows:

- The bank levy related to systemic risk and contributions for ACPR control costs (French Prudential Supervisory and Resolution Authority) are no longer accrued but rather fully recognised in the income statement at 1st January of the current year.
- The company social solidarity contribution (C3S in French), based on income generated during the previous financial year, is fully recognised in the income statement at 1st January of the current year.
- The annual contribution to the Single Resolution Fund, which entered into force in 2015, is fully recognised in the income statement at 1st January of the current year.

The retrospective application of this interpretation at 31st December 2014 led to an adjustement of EUR 74 million recorded in *Retained earnings*, and a decrease of EUR 13 million in *Net income, Group share*.

The following tables show the impacts of the retrospective application of IFRIC 21 on the consolidated balance sheet and income statement for the financial year ended 31st December 2014.

ASSETS

(In millions of euros)	31st December 2014 After IFRIC 21	31st December 2014 Before IFRIC 21	Impact IFRIC 21
Cash, due from central banks	57,065	57,065	
Financial assets at fair value through profit or loss	530,536	530,536	
Hedging derivatives	19,448	19,448	
Available-for-sale financial assets	143,722	143,722	
Due from banks	80,709	80,709	
Customer loans	370,367	370,367	
Revaluation differences on portfolios hedged against interest rate risk	3,360	3,360	
Held-to-maturity financial assets	4,368	4,368	
Tax assets	7,415	7,447	(32)
Other assets	65,238	65,238	
Non-current assets held for sale	866	866	
Investments accounted for using the equity method	2,796	2,796	
Tangible and intangible fixed assets	17,917	17,917	
Goodwill	4,331	4,331	
Total	**1,308,138**	**1,308,170**	**(32)**

LIABILITIES

(In millions of euros)	31st December 2014 After IFRIC 21	31st December 2014 Before IFRIC 21	Impact IFRIC 21
Due to central banks	4,607	4,607	
Financial liabilities at fair value through profit or loss	480,330	480,330	
Hedging derivatives	10,902	10,902	
Due to banks	91,290	91,290	
Customer deposits	349,735	349,735	
Debt securities issued	108,658	108,658	
Revaluation differences on portfolios hedged against interest rate risk	10,166	10,166	
Tax liabilities	1,416	1,416	
Other liabilities	75,031	75,124	(93)
Non-current liabilities held for sale	505	505	
Underwriting reserves of insurance companies	103,298	103,298	
Provisions	4,492	4,492	
Subordinated debt	8,834	8,834	
Total liabilities	**1,249,264**	**1,249,357**	**(93)**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Issued common stocks, equity instruments and capital reserves	29,486	29,486	
Retained earnings	22,537	22,463	74
Net income	2,679	2,692	(13)
Sub-total	**54,702**	**54,641**	**61**
Unrealised or deferred capital gains and losses	527	527	
Sub-total equity, Group share	**55,229**	**55,168**	**61**
Non-controlling interests	**3,645**	**3,645**	
Total equity	**58,874**	**58,813**	**61**
Total	**1,308,138**	**1,308,170**	**(32)**

INCOME STATEMENT

(In millions of euros)	2014 After IFRIC 21	2014 Before IFRIC 21	Impact IFRIC 21
Net banking income	**23,561**	**23,561**	
Personnel expenses	(9,049)	(9,049)	
Other operating expenses	(6,081)	(6,060)	(21)
Amortisation, depreciation and impairment of tangible and intangible fixed assets	(907)	(907)	
Gross operating income	**7,524**	**7,545**	**(21)**
Cost of risk	(2,967)	(2,967)	
Operating income	**4,557**	**4,578**	**(21)**
Net income from investments accounted for using the equity method	213	213	
Net income/expense from other assets	109	109	
Impairment losses on goodwill	(525)	(525)	
Earnings before tax	**4,354**	**4,375**	**(21)**
Income tax	(1,376)	(1,384)	8
Consolidated net income	**2,978**	**2,991**	**(13)**
Non-controlling interests	299	299	
Net income, Group share	**2,679**	**2,692**	**(13)**
Earnings per ordinary share	**2.90**	**2.92**	**(0.02)**
Diluted earnings per ordinary share	**2.90**	**2.91**	**(0.01)**

ANNUAL IMPROVEMENTS TO IFRSs (2011-2013)

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published amendments to some accounting standards. These amendments had no impact on the Group consolidated financial statements.

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

Not all of the accounting standards published by the IASB had been adopted by the European Union at 31st December 2015. These accounting standards and interpretations are required to be applied from annual periods beginning on 1st February 2015 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Group as of 31st December 2015.

2.1. ACCOUNTING STANDARDS, AMENDMENTS OR INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION

Accounting standards or Interpretations	European Union adoption date	Effective date: annual periods beginning on or after
Amendments to IAS 19 "Defined Benefit Plans : Employee Contributions"	17th December 2014	1st February 2015
Annual improvements to IFRSs (2010-2012)	17th December 2014	1st February 2015
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	24th November 2015	1st January 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"	2nd December 2015	1st January 2016
Annual Improvements to IFRSs (2012-2014)	15th December 2015	1st January 2016
Amendments to IAS 1 "Disclosure Initiative"	18th December 2015	1st January 2016

The future application of these amendements and improvements is not expected to have significant impacts on the Group's net income and equity.

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

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

ANNUAL IMPROVEMENTS TO IFRSs (2010-2012)

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

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

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

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

In these amendments, the IASB clarifies that using a revenue-based method to calculate the depreciation and the amortisation of an asset is not appropriate, with few exceptions. Revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

ANNUAL IMPROVEMENTS TO IFRSs (2012-2014)

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

AMENDMENTS TO IAS 1 "DISCLOSURE INITIATIVE"

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

2.2. AMENDMENTS OR INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION AT 31st DECEMBER 2015

Accounting standards or Interpretations	Publication date by IASB	Effective date: annual periods beginning on or after
IFRS 9 "Financial Instruments"	12th November 2009 28th October 2010 16th December 2011 19th November 2013 and 24th July 2014	1st January 2018
IFRS 15 "Revenue from Contracts with Customers"	28th May 2014	1st January 2018
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment entities: Applying the Consolidation Exception"	18th December 2014	1st January 2018

IFRS 9 "FINANCIAL INSTRUMENTS"

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

Subject to the adoption of IFRS 9 by the European Union, the following treatments will be applicable to accounting periods beginning on or after 1st January 2018, replacing the accounting principles currently applied for financial instruments and which are described in note 3.

- Classification and measurement:

Financial assets are required to be classified in one of three categories according to the measurement methods applied (amortised cost, fair value through profit or loss and fair value through other comprehensive income). Classification will depend on the contractual cash flow characteristics of the instruments and the entity's business model for managing its financial instruments.

By default, financial assets will be classified as subsequently measured at fair value through profit or loss.

Debt instruments (loans, receivables and bonds) will be measured at amortised cost only if the objective of the entity (business model) is to collect the contractual cash flows and if these cash flows consist solely of payments of principal and interest. Debt instruments will be measured at fair value through other comprehensive income (with cumulative gain or loss reclassified in profit or loss when the instruments are derecognised) if the objective of the entity (business model) is to collect the contractual cash flows or to sell the instruments and if these contractual cash flows consist solely of payments of principal and interest.

Equity instruments will be measured at fair value through profit or loss except in case of irrevocable election made at initial recognition to measure equity instruments at fair value through other comprehensive income (provided these financial assets are not held for trading purposes and not classified as such as financial assets measured at fair value through profit or loss) without subsequent reclassification to income.

Embedded derivatives will no longer be recognised separately when their host contracts are financial assets and the hybrid instrument in its entirety will then be measured at fair value through profit or loss.

Requirements for the classification and measurement of financial liabilities contained in IAS 39 have been incorporated into IFRS 9 without any modification, except for financial liabilities designated at fair value through profit or loss (using the fair value option). For these financial liabilities, the amount of change in their fair value attributable to changes in credit risk will be recognised in other comprehensive income without subsequent reclassification to income.

Derecognition rules for financial assets and financial liabilities have been carried forward unchanged from IAS 39 to IFRS 9.

- Credit risk:

All debt instruments classified as financial assets measured at amortised cost or at fair value through other comprehensive income, as well as lease receivables, loan commitments and issued financial guarantee contracts, will be systematically subject to impairment or a provision for expected credit losses since their initial recognition.

Thus, the financial assets in question will be allocated to three categories according to the gradual deterioration of their credit risk since their initial recognition, and an impairment will be booked to each of these categories as follows:

Stage 1

- All financial assets in question are initially recognised in this category.
- A loss allowance will be recorded at an amount equal to 12-month expected credit losses.
- Interest income will be recognised in the income statement using the effective interest rate method applied to the gross carrying amount of the asset before impairment.

Stage 2

- If the credit risk on a financial asset has significantly increased since its initial recognition, the asset will be transferred to this category.
- The loss allowance for the financial asset will then be increased to the level of its lifetime expected credit losses.
- Interest income will be recognised in the income statement using the effective interest rate method applied to the gross carrying amount of the asset before impairment.

Stage 3

- Financial assets identified as being credit-impaired will be transferred to this category.
- The loss allowance for credit risk will continue to be measured at an amount equal to the lifetime expected credit losses and its will be adjusted if necessary to take into account any additional deterioration in credit risk.
- Interest income will be then recognised in the income statement using the effective interest rate method applied to the net carring amount of the asset after impairment.

The significant increase in credit risk will be assessed on an instrument-by-instrument basis, but it will also be possible to assess it on the basis of consistent portfolios of similar assets, where individual assessment is not relevant. A counterparty-based approach (applying the default contagion principle to all of the counterparty's outstanding loans) will also be possible if it gives similar results.

The Group will have to take into account all available past due and forward-looking information as well as the potential consequences of a change in macro-economic factors at a portfolio level, so that any significant increase in the credit risk on a financial asset may be assessed as early as possible.

There will be a rebuttable presumption that the credit risk on a financial asset has increased significantly where the contractual payments on the asset are more than 30 days past due. However, this is an ultimate indicator, as the Group may have determined that there have been significant increases in credit risk before contractual payments are more than 30 days past due.

The application of IFRS 9 will not alter the definition of default currently used to determine whether or not there is objective evidence of impairment of a financial asset. As asset will notably be presumed in default if one or more contractual payments ar more than 90 days past due.

The expected credit losses will be measured in a way that reflects past events but also current conditions as well as reasonable forecasts of future economic conditions.

- Hedge accounting (excluding macro-hedges):

This new standard will align hedge accounting more closely with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures.

The standard expands the scope of non-derivative financial instruments that could be considered as hedging instruments. Similarly, the scope of items that could be considered as hedged items is expanded to include components of non-financial items. The standard also amends the approach for assessing hedge effectiveness.

However, the transition guidance for IFRS 9 allows entities to continue applying the provisions of IAS 39 on hedge accounting, in which case they must be applied to all hedging transactions.

Additional disclosures will also be required to explain both the effect that hedge accounting has had on the financial statements and the entity's risk management strategy.

Organisation of IFRS 9 implementation

In 2013, the Group began preliminary assessments aimed at determining the potential consequences of the future IFRS 9 standard. To this end, a project structure was established by the Finance Division and a joint programme launched between the Risk Division and the Finance Division to review the parts of the standard dealing with credit risk.

As soon as IFRS 9 was published in July 2014, the Group Risk and Finance functions set up a special structure to organise the work to be performed in order to implement the new standard and to be ready to apply it on 1st January 2018.

Under the aegis of the governance bodies established for this purpose, the Group conducted analyses of the standard (banking implications) and performed a planning study concerning the adaptation of its information systems and processes.

- Classification and measurement:

The Group's portfolios of financial assets were reviewed to determine, based on the characteristics of their contractual cash flows and on how they are managed (business models), their future accounting treatment under IFRS 9. Another objective of this review is to identify the most significant impacts on the information systems and accounting consolidation tools.

These analyses and reviews will be finalised in 2016, along with the necessary specifications for the implementation of information system developments, which will also be initiated this year.

- Credit risk:

In 2015, the Group set up a framework methodology defining the rules for assessing the deterioration of credit risk and for determining 12-month and lifetime expected credit losses, factoring in macroeconomic projections reflecting the credit cycle. This framework will be calibrated and reviewed for approval over the course of 2016.

The necessary IT developments will also be carried out in 2016, both at the corporate division level and at Group entities. These developments will ultimately allow the calculation of provisions and impairments under the new rules as well as the collection of related additional data.

- Hedging:

Over the course of 2015, the Group analysed the various options under IFRS 9 for the first application of hedge accounting and aims to finalise its choice in 2016. The Group will also continue to closely follow the IASB's work on macro-hedging. Currently, the Group is not planning to change its macro-fair value hedge accounting currently applied in accordance with IAS 39, as adopted by the European Union, which may be maintained under IFRS 9.

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

IFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS"

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

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

AMENDMENTS TO IFRS 10, IFRS 12 AND IAS 28 "INVESTMENT ENTITIES: APPLYING THE CONSOLIDATION EXCEPTION"

These amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

3. USE OF ESTIMATES AND JUDGMENT

When applying the accounting principles disclosed in the following notes for the purpose of preparing the Group's consolidated financial statements, the 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, the Management uses information available at the date of preparation of the consolidated financial statements and can exercise its judgment. By nature, valuations based on estimates include risks and uncertainties relating to their occurrence in the future. Consequently, actual future results may differ from these estimates and may then have a significant impact on the financial statements.

The use of estimates mainly concerns the following valuations:

- fair value in the balance sheet of financial instruments not quoted in an active market which are classified as *Financial assets and liabilities at fair value through profit or loss*, *Hedging derivatives* or *Available-for-sale financial assets* (described in Notes 3.1, 3.2, 3.3 and 3.4) and fair value of unlisted instruments for which this information must be disclosed in the notes to the financial statements (see Note 3.9);
- the amount of impairment of financial assets (*Loans and receivables, Available-for-sale financial assets, Held-to-maturity financial assets*), tangible and intangible fixed assets and goodwill (see Notes 2.2, 3.8 and 8.2);
- provisions recognised under liabilities (in particular, provisions for disputes in a complex legal environment and provisions for employee benefits), including *Underwriting reserves of insurance companies* (see Notes 3.8, 4.3 and 5.2);
- the amount of deferred tax assets recognised in the balance sheet (see Note 6);
- the initial value of goodwill determined for each business combination (see Notes 2.1 and 2.2);
- in the event of the loss of control of a consolidated subsidiary, the fair value that is used to remeasure the portion retained by the Group in this entity, where applicable (see Note 2).

The information on the risk management linked to financial instruments as well as the information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union, is disclosed in chapter 4 of the present Registration document (Risks and capital adequacy). The types of risks are described in chapter 3 of the present Registration document (Corporate governance), page 115.

This information belongs to the note to the consolidated financial statements and has been audited by statutory auditors; it is identified as such in chapter 4 of the present Registration document.

NOTE 2 - CONSOLIDATION

ACCOUNTING PRINCIPLES

The consolidated financial statements of Societe Generale include the financial statements of the parent company as well as its foreign branches and the French and foreign companies over which the Group exercises control, joint control or significant influence.

CONSOLIDATED ENTITIES

Subsidiaries

Subsidiaries are the entities over which the Group has exclusive control. The Group controls an entity if and only if the following conditions are met:

- the Group has power over the entity (ability to direct its relevant activities, i.e. the activities that significantly affect the entity's returns), through the holding of voting rights or other rights; and
- the Group has exposure or rights to variable returns from its involvement with the entity; and
- the Group has the ability to use its power over the entity to affect the amount of the Group's returns.

Power

When determining voting rights for the purpose of establishing the Group's degree of control over an entity and the appropriate consolidation methods, potential voting rights are taken into account where they can be freely exercised at the time the assessment is made or at the latest when decisions about the direction of the relevant activities need to be made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

When voting rights are not relevant to determine whether or not the Group controls an entity, the assessment of this control shall consider all the facts and circumstances, including the existence of one or more contractual arrangements. Power over an investee exists only if the investor has substantive rights that give it the current ability to direct relevant activities without barriers.

Some rights are designed to protect the interests of their holder (protective rights) without giving that party power over the investee to which those rights relate.

If several investors each have substantive rights that give them the unilateral ability to direct different relevant activities, the investor that has the current ability to direct the activities that most significantly affect the variable returns of the investee is presumed to have power over the investee.

Exposure to variable returns

Control exists only if the Group is significantly exposed to the variability of variable returns generated by its investment or its involvement in the entity. These returns, which could be dividends, interest, fees, etc., can be only positive, only negative or both positive and negative.

Link between power and returns

Power over the relevant activities does not give control to the Group if this power does not allow it to affect its returns from its involvement with the entity. If the Group has been delegated decision-making rights that it exercises on behalf and for the benefit of third parties (the principals), it is presumed to act as an agent for these principals, and therefore it does not control the entity when it exercises its decision-making authority. In asset management activities, an analysis shall be performed in order to determine whether the asset manager is acting as agent or principal when managing the net assets of a fund; the fund is presumed to be controlled by the asset manager if the latter is considered as a principal.

Special case of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Such is the case, for example, when the relevant activities are directed by means of contractual arrangements.

A structured entity often presents certain characteristics such as a limited business activity, a specific and carefully defined purpose, or insufficient capital to fund its activities without the use of subordinated financing. Structured entities may assume different legal forms: stock companies, partnerships, securitisation vehicles, mutual funds, unincorporated entities, etc.

When assessing the existence of control over a structured entity, all facts and circumstances shall be considered, among which:

- the purpose and design of the entity;
- the structuring of the entity;
- risks to which the entity is exposed by way of its design and the Group's exposure to some or all of these risks;
- potential returns and benefits for the Group.

Unconsolidated structured entities are those that are not exclusively controlled by the Group.

Joint arrangements

Through a joint arrangement (either a joint operation or a joint venture) the Group exercises joint control over an entity if decisions about the direction of its relevant activities require the unanimous consent of the parties that collectively control the entity. Assessing joint control requires an analysis of the rights and obligations of all the parties.

In the case of a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities.

In the case of a joint venture, the parties have rights to the net assets of the entity.

▪ Associates

Associates are companies over which the Group exercises significant influence and are accounted for using the equity method in the Group's consolidated financial statements. Significant influence is the power to participate in the financial and operating policies of an entity without exercising control. In particular, significant influence can result from Societe Generale being represented on the Board of Directors or Supervisory Board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Societe Generale. The Group is assumed to exercise significant influence over the financial and operating policies of an entity when it directly or indirectly holds at least 20% of the voting rights in this entity.

CONSOLIDATION RULES AND METHODS

The consolidated financial statements are built up from the financial statements of the entities that are included in the consolidation scope. Companies with a financial year ending more than three months before or after that of Societe Generale prepare pro-forma statements for a twelve-month period ended 31st December. All significant balances, profits and transactions between Group companies are eliminated.

The results of newly acquired subsidiaries are included in the consolidated financial statements from the date the acquisition became effective and results of subsidiaries disposed of during the financial year are included up to the date where the Group relinquished control.

▪ Consolidation methods

These subsidiaries, which may include structured entities over which the Group has exclusive control, are fully consolidated.

In the consolidated balance sheet, full consolidation consists in replacing the value of the subsidiary's equity securities held by the Group with each of the subsidiary's assets and liabilities, in addition to the goodwill recognised when the Group obtained the control of the entity (see Note 2.2). In the income statement and the statement of net income and unrealised or deferred gains and losses, the subsidiary's expense and income items are aggregated with those of the Group.

The share of non-controlling interests in the subsidiary is presented separately in the consolidated balance sheet and income statement. However, in consolidating structured entities that are controlled by the Group, the shares of said entities not held by the Group are recognised as *Debt* in the balance sheet.

In the case of a joint operation, the Group distinctly recognises in its consolidated financial statements its share in the assets and liabilities as well as its share in the related revenue and expense.

Associates and joint ventures are accounted for using the equity method in the consolidated financial statements of the Group. Under the equity method, on initial recognition the investment in an associate is recognised under *Investments accounted for using the equity method* at the cost of the Group's investment in the joint venture or associate, including goodwill and after the date of acquisition the carrying amount is increased or decreased to recognise the changes in the investor's share in the net asset value of the investee.

These investments are tested for impairment if there is objective evidence of impairment. If the recoverable amount of the investment (value in use or market value net of selling costs, whichever is higher) is lower than its carrying amount, an impairment loss is recorded on the balance sheet at the carrying amount of the investment. Impairment allowances and reversals are recorded under *Net income from investments accounted for using the equity method.*

The Group's share in the entity's net income and unrealised or deferred gains and losses is presented on separate lines in the consolidated income statement and the consolidated statement of net income and unrealised or deferred gains and losses. If the Group's share in the losses of an entity consolidated using the equity method becomes greater than or equal to its ownership interest in the company, the Group ceases to recognise its share in subsequent losses unless it is required to do so by legal or implied obligations, in which case it records a provision for said losses. Capital gains and losses generated on disposal of companies accounted for using the equity method are recorded under *Net income/expense from other assets*.

▪ Translation of foreign entity financial statements

The balance sheet items of consolidated companies reporting in foreign currencies are translated into euros at the official exchange rates prevailing at the closing date. Income statement items of these companies are translated into euros at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are recognised under *Unrealised or deferred gains and losses – Translation differences*. Gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in changes in consolidated shareholders' equity under the same heading.

In accordance with the option allowed under IFRS 1, the Group allocated all differences arising on translation of foreign entity financial statements at 1st January 2004 to consolidated reserves. As a result, if any of these entities are sold, the proceeds from the sale will only include write-backs of those translation differences arising since 1st January 2004.

▪ Changes in Group's ownership interest in a consolidated entity

In the event of an increase in Group's ownership interest in a subsidiary over which it already exercises control, the difference between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired at this date is recorded under *Consolidated reserves, Group share*.

Also, in the event of a reduction in the Group's ownership interest in a subsidiary over which it keeps control, the difference between the selling price and the carrying amount of the share of interests sold is accounted for under *Consolidated reserves, Group share*.

The cost relative to these transactions is recognised directly in equity.

At the date when the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is then remeasured at fair value through profit or loss, at the same time the capital gain or loss is recorded under *Net income/expense from other assets* in the consolidated income statement. The gain or loss on disposal includes a share of goodwill previously allocated to the cash-generating units to which the subsidiary belongs. This share is determined using a relative approach based on the normative capital allocated to the subsidiary that is sold and to the portion of cash-generating unit that is retained.

COMMITMENTS TO BUY OUT MINORITY SHAREHOLDERS IN FULLY CONSOLIDATED SUBSIDIARIES

The Group has awarded minority shareholders in some fully consolidated Group subsidiaries commitments to buy out their stakes. For the Group, these buyout commitments are put option sales. The exercise price for these options can be established using a formula agreed upon at the time of the acquisition of the shares in the subsidiary that takes into account its future performance. It can also be set as the fair value of these shares at the exercise date of the options.

The commitments are recorded as follows:

- in accordance with IAS 32, the Group records a financial liability for the put options granted to minority shareholders of the subsidiaries over which it exercises control. This liability is initially recognised at the present value of the estimated exercise price of the put options under *Other Liabilities*;
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as that applied to transactions in Non-controlling interests. As a result, the counterpart of this liability is a write-down in value of non-controlling interests underlying the options, with any balance deducted from *Retained earnings, Group share*;
- subsequent variations in this liability linked to changes in the estimated exercise price of the options and the carrying value of non-controlling interests are recorded in full in *Retained earnings, Group share*;
- if the buy-out takes place, the liability is settled by the cash payment linked to the acquisition of non-controlling interests in the subsidiary in question. However if, when the commitment reaches its term, the buy-out has not occurred, the liability is written off against *Non-controlling interests* and *Retained earnings, Group share* for their respective portions;
- as long as the options have not been exercised, the results linked to Non-controlling interests with a put option are recorded under *Non-controlling interests* on the Group’s consolidated income statement.

NOTE 2.1 - CONSOLIDATION SCOPE

The consolidation scope is presented by location in Note 8.4.

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

The main changes to the consolidation scope at 31st December 2015, compared with the scope applicable at the closing date of 31st December 2014, are as follows:

BOURSORAMA

- As of June 2015, the Group's equity interest in Boursorama increased from 79.51% to 100% following the purchase of the entire stake held by Caixa Group. In addition, Boursorama purchased the non-controlling interests in its subsidiaries, Selftrade Bank and Onvista. Through these transactions, the Group became the sole shareholder of Boursorama, which in turn became the sole shareholder of its subsidiaries.
- Boursorama also acquired IT and software solutions developer Fiducéo. This wholly-owned entity has been fully consolidated since the first quarter.

DESCARTES TRADING

- In accordance with the law governing the separation and regulation of banking activities of 26th July 2013, which notably calls for the separation of speculative activities and activities necessary for the funding of the economy, Societe Generale's proprietary activities were transferred to Descartes Trading and its two branches, located in London and Hong Kong. This wholly-owned entity has been fully consolidated since the second quarter.

AMUNDI

- On 11th November 2015, the Group sold all its shares in Amundi following its IPO, decided by Societe Generale and Crédit Agricole SA, pursuant to the shareholders' agreement established at the time Amundi was created. This transaction resulted in a gain in *Net income/expense from other assets* of EUR 161 million.

NEWEDGE

- On 2nd January 2015, Newedge USA was absorbed by SG Americas Securities.
- On 28th October 2015, Newedge Group transferred all its assets to Societe Generale.

ALD AUTOMOTIVE

- ALD Axus Finland acquired fleet management company Easy KM OY. This wholly-owned entity has been fully consolidated since the first quarter.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the main items classified in *Non-current assets and liabilities held for sale* are assets and liabilities relating to:

- Private Banking activities in Switzerland;
- consumer finance operations in Brazil. The discontinuation of Consumer Finance activities in Brazil, initiated at the beginning of the year, will be gradually implemented to ensure that all commitments to customers, employees, regulators and trade partners are honoured.

UPCOMING EVENTS

On 25th February 2015, the Group terminated the memorandum of understanding binding Crédit du Nord and Aviva France in Antarius, the Crédit du Nord network insurance company currently jointly owned by Crédit du Nord and Aviva France. This termination resulted in the exercise of a call option on the 50% stake in Antarius owned by Aviva France. At the end of the two–year period provided for in the memorandum to ensure the transfer of the subsidiary's operational management to Sogecap, Antarius will be wholly-owned by the Group jointly by Sogecap and Crédit du Nord.

NOTE 2.2 - GOODWILL

ACCOUNTING PRINCIPLES

The Group uses the acquisition method to recognise its business combinations.

At the acquisition date, all assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities that are identifiable under the provisions of IFRS 3 “Business Combinations” are measured individually at their fair value regardless of their purpose. The analyses and professional appraisals required for this initial valuation must be carried out within 12 months of the acquisition date, as must any corrections to the value based on new information related to facts and circumstances existing at the acquisition date. At the same time, *Non-controlling interests* are valued according to their share of the fair value of the identifiable assets and liabilities of the acquired entity. However, for each business combination, the Group may also choose to measure *Non-controlling interests* initially at their fair value, in which case a fraction of goodwill is allocated.

The acquisition cost is calculated as the total fair value, at the date of acquisition, of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired entity. The costs directly linked to business combinations are recognised in the income statement for the period except those related to the issuance of equity instruments.

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is only potential. It is recognised under equity or debt in the balance sheet depending on the settlement alternatives; if recognised as debt, any subsequent adjustments are recorded under income for financial liabilities in accordance with IAS 39 and within the scope of the appropriate standards for other debts. For equity instruments, these subsequent adjustments are not recognised. Any excess of the price paid over the assessed fair value of the proportion of net assets acquired is recorded on the asset side of the consolidated balance sheet under *Goodwill*. Any deficit is immediately recognised in the income statement. On the date of acquisition of an entity, any stake in this entity already held by the Group is remeasured at fair value through profit or loss. In the case of a step acquisition, goodwill is therefore determined by referring to the fair value on the acquisition date.

At the acquisition date, each item of goodwill is allocated to one or more cash-generating units expected to derive benefits from the acquisition. When the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units, goodwill previously allocated to modified units is reallocated to the units affected (new or existing). This reallocation is generally performed using a relative approach based on the normative capital requirements of each cash-generating unit affected.

Goodwill is reviewed regularly by the Group and tested for impairment whenever there is any indication that its value may have diminished, and at least once a year. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating unit(s).

If the recoverable amount of the cash-generating unit(s) is less than its (their) carrying amount, an irreversible impairment is recorded in the consolidated income statement for the period under *Impairment losses on goodwill*.

The table below shows the changes that have been recorded since 31st December 2014 in the net values of goodwill allocated to Cash Generating Units (CGUs):

(in millions of euros)	Net book value at 31st December 2014	Acquisitions and other increases	Disposals	Impairment losses	Transfer	Net book value at 31st December 2015
French Retail Banking	**798**	**14**	**-**	**-**	**3**	**815**
Societe Generale Network	287	14			3	304
Crédit du Nord	511					511
International Retail Banking and Financial Services	**2,686**	**13**	**-**	**-**	**(23)**	**2,676**
Europe	1,910					1,910
Russia	-					-
Africa, Asia, Mediterranean Basin and Overseas	254				(23)	231
Insurance	10					10
Equipment and Vendor Finance	335					335
Auto Leasing Financial Services	177	13				190
Global Banking and Investor Solutions	**847**	**-**	**-**	**-**	**20**	**867**
Global Markets and Investor Services(1)	501					501
Financing and Advisory(1)	19				20	39
Asset and Wealth Management	327					327
TOTAL	**4,331**	**27**	**-**	**-**	**-**	**4,358**

(1) Amounts restated relative to the financial statements published in 2014 according to the restructuring of the Global Banking and Investor Solutions pillar.

Following the restructuring of the Global Banking and Investor Solutions pillar into three business lines, the CGUs comprising this pillar were overhauled, with the three former CGUs ("Corporate and Investment Banking", "Securities Services" and "Private Banking") replaced by three new CGUs:

- "Financing and Advisory" combines the financing and advisory activities of the former "Corporate and Investment Banking" CGU;
- "Global Markets and Investor Services" consists of the market activities and post-trade services of the former "Corporate and Investment Banking" CGU and all activities of the former "Securities Services" CGU;
- "Asset and Wealth Management" combines the activities of the former "Private Banking" CGU and the Lyxor Asset Management activities that were part of the former "Corporate and Investment Banking" CGU.

The table below gives a detailed breakdown of the reallocation of the net values of goodwill within the Global Banking and Investor Solutions pillar between the former CGUs (columns) and the new CGUs (lines):

(In millions of euros)	Private Banking	Securities Services	Corporate and Investment Banking	Net value at 31st December 2014
Global Markets and Investor Services	-	471	30	**501**
Financing and Advisory	-	-	19	**19**
Asset and Wealth Management	327	-	-	**327**
Total	**327**	**471**	**49**	**847**

At 31st December 2015, goodwill recorded by the 11 CGUs was distributed as follows:

Pillars	Activities
French Retail Banking	
Societe Generale Network	Societe Generale's retail banking network, online banking activities (Boursorama), consumer and equipment financing in France and transaction and payment management services
Crédit du Nord	Retail banking network of Crédit du Nord and its 7 regional banks
International Retail Banking and Financial Services	
Europe	Retail banking and consumer finance services in Europe, notably in Germany (Hanseatic Bank, BDK), Italy (Fiditalia), the Czech Republic (KB, Essox), Romania (BRD) and Poland (Eurobank)
Russia	Integrated banking group including Rosbank and its subsidiaries DeltaCredit and Rusfinance
Africa, Asia, Mediterranean Basin and Overseas	Retail banking and consumer finance in Africa, Asia, the Mediterranean Basin and Overseas, including in Morocco (SGMB), Algeria (SGA), Tunisia (UIB), Cameroon (SGBC), Côte d'Ivoire (SGBCI) and Senegal (SGBS)
Insurance	Life and non-life insurance activities in France and abroad (including Sogecap, Sogessur and Oradea Vie)
Equipment and Vendor Finance	Financing of sales and professional equipment by Societe Generale Equipment Finance
Auto Leasing Financial Services	Operational vehicle leasing and fleet management services (ALD Automotive)
Global Banking and Investor Solutions	
Global Markets and Investor Services	Market solutions for businesses, financial institutions, the public sector, family offices and a full range of securities services, clearing services, execution, prime brokerage and custody
Financing and Advisory	Advisory and financing for businesses, financial institutions and the public sector
Asset and Wealth Management	Asset and Wealth Management Solutions in France and abroad

The Group performed an annual impairment test at 31st December 2015 for each CGU to which goodwill has been allocated. A CGU is defined as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from the Group's other assets or groups of assets. Impairment tests consist in assessing the recoverable value of each CGU and comparing it with the CGU's carrying value. An impairment loss is recorded in the income statement if the carrying value of a CGU, including goodwill, exceeds its recoverable value. This loss is primarily booked to the impairment of goodwill.

The recoverable amount of a cash-generating unit is calculated using the most appropriate method, generally the discounted cash flow (DCF) method applied to the entire cash-generating unit. The cash flows used in this calculation are income available for distribution generated by all the entities included in the cash-generating unit, taking into account the target equity allocated to each CGU. These cash flows are determined on the basis of the CGU's business plan, which is derived from the prospective three-year budgets, extrapolated over a period of sustainable growth (usually six more years), which is consistent with the economic cycle of the banking industry, then extended to infinity using a long-term growth rate (terminal value):

- allocated equity at 31st December 2015 amounted to 11% of risk-weighted assets;
- the discount rate is calculated using a risk-free interest rate grossed up by a risk premium based on the CGU's underlying activities. This risk premium, specific to each activity, is calculated from a series of equity risk premiums published by SG Cross Asset Research and from its specific estimated volatility (beta). Where appropriate, the risk-free interest rate is also grossed up by a sovereign risk premium, representing the difference between the risk-free interest rate available in the area of monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term treasury bonds issued in the currency of assignment, or their average weighted by normative equity for CGUs covering several countries;
- the growth rate used to calculate the terminal value is determined using forecasts on long-term economic growth and sustainable inflation.

No goodwill impairment was recorded at 31st December 2015 as a result of the annual CGU impairment test.

The table below presents specific discount rates and long-term growth rates for the CGUs of the Group's three core businesses:

Assumptions at 31st December 2015	Discount rate	Long-term growth rate
French Retail Banking		
Societe Generale Network and Crédit du Nord	8%	2%
International Retail Banking and Financial Services		
Retail Banking and Consumer Finance	9.8% to 15.4%	3% to 3.5%
Insurance	8.1%	2.5%
Equipment and Vendor Finance and Auto Leasing Financial Services	9.4%	2%
Global Banking and Investor Solutions		
Global Markets and Investor Services	10.7%	2%
Financing and Advisory	9.3%	2%
Asset and Wealth Management	9.0%	2%

Budget projections are based on the following main business line and macroeconomic assumptions:

French Retail Banking	
Societe Generale Network and Crédit du Nord	Development of the retail banking customer bases through targeted customer acquisition initiatives and activation of growth drivers (New Private Banking, financial savings, protection of people and property), despite challenging economic conditions
	Acceleration of the operational transformation in France
	Strict discipline applied to management of operating expenses and risks
International Retail Banking and Financial Services	
Europe	Continued adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations
	Normalisation of cost of risk and strict discipline applied to operating expenses
Russia	Continued transformation of Rosbank despite challenging economic conditions, with a focus on the efficiency of the retail banking arm, information system, quality of customer service and pooling of resources
	Strict discipline applied to operating expenses and cost of risk
Africa, Asia, Mediterranean Basin and Overseas	Development of our sales network in order to capture the potential of an emerging middle class
	Continued focus on operating efficiency
Insurance	Dynamic growth maintained and international development of the bank insurance model, in synergy with the retail banking network, New Private Banking and financial services to businesses
Equipment and Vendor Finance	Leadership consolidated in these corporate financing businesses
	Consolidation of profitability by continuing to focus on activities at the best risk/profitability ratio
Auto Leasing Financial Services	Solid momentum in a highly competitive international environment
Global Banking and Investor Solutions	
Global Markets and Investor Services	Adaptation of market activities to a competitive environment, further business and regulatory investments
	Consolidation of market-leading franchises in equities
	Stronger sales momentum of SGSS in Europe and investments in information systems
Financing and Advisory	Development of growth drivers, particularly customer income and synergies
	Consolidation of market-leading franchises in commodity and structured financing
	Solid management of cost of risk despite challenging economic conditions
Asset and Wealth Management	Growth in Private Banking driven by positive inflows and a persistently solid margin
	Development of synergies with French and International Retail Banking as well as Corporate and Investment Banking

Sensitivity tests are carried out to measure in particular the impact on each CGU's recoverable value of the variation in certain assumptions such as profitability, long-term growth or discount rate.

At 31st December 2015, in light of the risks associated with business activity in the current environment, impairment tests were carried out based on a series of conservative assumptions or sensitivity tests.

Accounting for the impairment losses recorded, recoverable values are not very sensitive to additional changes in assumptions on discount rates, long-term growth rates and operational growth rates.

Accordingly:

- an increase of 50 basis points applied to all discount rates for the CGUs disclosed in the table above would lead to a decrease of 7.4% in recoverable value and would not generate any additional impairment;
- similarly, a decrease of 50 basis points in long-term growth rates would lead to a decrease of 2.2% in recoverable value and would not generate any additional impairment.

NOTE 2.3 - ADDITIONAL DISCLOSURES FOR CONSOLIDATED ENTITIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The disclosures provided in this note concern consolidated structured entities, non-controlling interests,associates and joint ventures.

This note covers entities over which Societe Generale exercices exclusive control, joint control or significant influence, provided these entities have a material impact on the Group's consolidated financial statements. The significance of the impact is notably considered regarding Group consolidated total assets and gross operating income.

1. CONSOLIDATED STRUCTURED ENTITIES

Consolidated structured entities include:

- collective investment vehicles such as SICAVs (open-ended investment funds) and mutual funds managed by the Group's asset management subsidiaries;
- securitisation funds and conduits issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches;
- and asset financing vehicles (aircraft, rail, shipping or real estate finance facilities).

At 31st December 2015, the Group had not provided any financial support to these structured entities outside of normal market conditions.

2. NON-CONTROLLING INTERESTS

Non-controlling interests refer to equity holdings in fully consolidated subsidiaries that are neither directly nor indirectly attributable to the Group. They include equity instruments issued by these subsidiaries and not held by the Group as well as the share of income and cumulative reserves, and of unrecognised or deferred gains and losses attributable to the holders of these instruments.

Non-controlling interests amounted to EUR 3,638 million at 31st December 2015 (vs. EUR 3,645 million at 31st December 2014) and accounted for 6% of Group shareholders' equity at 31st December 2015 (vs. 6% at 31st December 2014). The Group's main non-controlling interests amounted to EUR 2,972 million at 31st December 2015 (vs. EUR 2,851 million at 31st December 2014), related to:

- listed subsidiaries Komercni Banka, BRD - Groupe Societe Generale SA and SG Marocaine de Banques;
- perpetual subordinated notes issued in December 2014 by Sogecap.

Group ownership interests and Group voting interests in these entities are disclosed in Note 8.4.

3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES AND JOINT VENTURES)

SUMMARISED FINANCIAL INFORMATION FOR JOINT VENTURES AND ASSOCIATES

(In millions of euros)	Joint ventures		Associates		Total investments accounted for using the equity method	
Group share:	2015	2014	2015	2014	2015	2014
Net income	72	42	159	171	231	213
Unrealised or deferred gains and losses (net of tax)	-	22	(88)	85	(88)	106
Net income and unrealised or deferred gains and losses	**72**	**64**	**71**	**256**	**143**	**319**

The activities of joint ventures mainly include real estate development, asset and wealth management and insurance.

The main associate was Amundi Group until its disposal by the Group. The variations over the period are due to the disposal of Societe Generale's stake in Amundi in November 2015 and to portfolio management operations.

COMMITMENTS TO RELATED PARTIES

(In millions of euros)	31st December 2015	31st December 2014
Loan commitments granted	-	-
Guarantee commitments granted	33	30
Forward financial instrument commitments	279	1,761

The decrease in forward financial instrument commitments can be primarily attributed to the disposal of Amundi in 2015.

NOTE 2.4 - UNCONSOLIDATED STRUCTURED ENTITIES

The information provided hereafter concerns entities structured but not controlled by the Group. This information is grouped by main type of similar entities, such as Financing activities, Asset management and Others (including Securitisation and Issuing vehicules).

Asset financing includes lease finance partnerships and similar vehicles that provide aircraft, rail, shipping or real estate finance facilities.

Asset management includes mutual funds managed by the Group's asset management subsidiaries.

Securitisation includes securitisation funds or similar vehicles issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches.

The Group's interests in unconsolidated entities that have been structured by third parties are classified among financial instruments in the consolidated balance sheet according to their nature (*Financial assets at fair value through profit or loss or Liabilities at fair value through profit or loss, Available-for-sale financial assets, Loans and Deposits, Debts*, etc.).

1. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group's interests in an unconsolidated structured entity refer to contractual and non-contractual involvement that exposes the Group to the variability of returns from the performance of this structured entity.

Such interests can be evidenced by:

- the holding of equity or debt instruments (regardless of their rank of subordination);
- other funding (loans, cash facilities, loan commitments, liquidity facilities);
- credit enhancement (guarantees, subordinated instruments, credit derivatives);
- issuance of guarantees (guarantee commitments);
- derivatives that absorb all or part of the risk of variability of the structured entity's returns, except Credit Default Swap (CDS) and options purchased by the Group;
- contracts earnings indexed to the structured entity's performance;
- tax consolidation agreements.

	Asset financing		Asset management		Others	
(In millions of euros)	31st December 2015	31st December 2014	31st December 2015	31st December 2014	31st December 2015	31st December 2014
Total balance sheet of the entity[1]	**8,748**	**9,062**	**70,292**	**60,206**	**14,544**	**16,919**
Net carrying amount of Group interests in unconsolidated structured entities:						
Assets :	**4,480**	**4,691**	**10,104**	**9,822**	**3,986**	**3,363**
Financial assets at fair value through profit or loss	586	573	9,278	6,109	425	639
Available-for-sale financial assets	117	125	24	357	3	80
Bank and customer loans and receivables	3,768	3,984	802	173	3,553	2,618
Others	9	9	-	3,183	5	26
Liabilities :	**1,853**	**2,000**	**9,457**	**10,065**	**1,580**	**1,323**
Financial liabilities at fair value through profit or loss	188	173	8,081	5,369	662	664
Due to banks and customer deposits	1,593	1,819	1,371	1,259	909	654
Others	72	8	5	3,437	9	5

(1) For Asset management: NAV (Net Asset Value) of funds

As of 31st December 2015, the Group had not provided any financial support to unconsolidated structured entities outside of normal market conditions.

The maximum exposure to loss related to interests in unconsolidated structured entities is measured as

- the amortised cost or fair value[1] for non-derivative financial assets entered into with the structured entity depending on how they are measured on the balance sheet;
- the fair value[1] of derivative financial assets recognised in the balance sheet;
- the notional amount of written Credit Default Swaps (maximum amount to pay);
- the notional amount of loan commitments or guarantee commitments granted.

(In millions of euros)	Asset financing		Asset management		Others	
	31st December 2015	31st December 2014	31st December 2015	31st December 2014	31st December 2015	31st December 2014
Amortised cost or fair value(1) (according to the measurement of the financial instrument) of non-derivative financial assets entered into with the structured entity	3,849	4,077	5,173	7,525	1,236	2,099
Fair value(1) of derivative financial assets recognised in the balance sheet	412	413	4,124	1,792	526	299
Notional amount of CDS sold (maximum amount to be paid)	-	-	-	-	-	-
Notional amount of loan or guarantee commitments granted	663	674	1,780	2,417	1,256	334
Maximum exposure to loss	**4,924**	**5,164**	**11,077**	**11,734**	**3,018**	**2,732**

(1) Fair value at the closing date, which may fluctuate in subsequent periods.

The amount of maximum exposure to loss can be mitigated by:

- the notional amount of guarantee commitments received;
- the fair value(1) of collateral received;
- the carrying amount of surety deposits received.

These mitigating amounts must be capped in case of legal or contractual limitation of their realisable or recoverable amounts. They amounted to EUR 1,639 million and mainly concern Asset financing.

(1) Fair value at the closing date, which may fluctuate in subsequent periods.

2. INFORMATION ON UNCONSOLIDATED STRUCTURED ENTITIES SPONSORED BY THE GROUP

The Group may have no ownership interest in a structured entity, but still be considered as a sponsor of this structured entity if it acts or has acted as:

- a structurer;
- an originator for potential investors;
- an asset manager;
- an implicit or explicit guarantor of the entity's performance (in particular *via* capital or return guarantees granted to mutual fund unit holders).

A structured entity is also considered to be sponsored by the Group if its name includes the name of the Group or the name of one of its subsidiaries.

Conversely, entities that are structured by the Group according to specific needs expressed by one or more customers or investors are considered to be sponsored by said customers or investors.

The total amount of the balance sheet of these unconsolidated structured entities, sponsored by the Group, and in which the Group does not have any interest, was EUR 1,679 million (including EUR 806 million for Asset financing).

The amount of income from these structured entities (mainly Asset financing) was EUR 2 million mainly on derecognition of interests in structured entities.

NOTE 3 - FINANCIAL INSTRUMENTS

ACCOUNTING PRINCIPLES

CLASSIFICATION OF FINANCIAL INSTRUMENTS

When initially recognised, financial instruments are booked on the balance sheet to categories that determine their accounting treatment and their subsequent valuation method. This classification depends on the type of financial instrument and purpose of the transaction.

Financial assets are booked to one of the following four categories:

- *Financial assets at fair value through profit or loss*: these are financial assets held for trading purposes, which by default include derivative financial assets not qualifying as hedging instruments and non-derivative financial assets designated by the Group upon initial recognition to be carried at fair value through profit or loss in accordance with the fair value option;
- *Loans and receivables*: these include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes, not held for sale from the time they are originated or acquired, and not designated upon initial recognition to be carried at fair value through profit or loss (in accordance with the fair value option). They are measured at amortised cost, and impairment, determined on an individual or a collective basis, may be recorded if appropriate;
- *Held-to-maturity* financial assets: these are non-derivative financial assets with fixed or determinable payments and a fixed maturity, that are quoted in an active market and which the Group has the intention and ability to hold to maturity. They are measured at their amortised cost and may be subject to impairment as appropriate. Amortised cost includes premiums and discounts as well as transaction costs;
- *Available–for-sale financial assets*: these are non-derivative financial assets held for an indeterminate period which the Group may sell at any time. By default, they are any assets that do not fall into one of the above three categories. These instruments are measured at fair value against *Unrealised or deferred gains and losses*. Interest accrued or paid on debt securities is recognised in the income statement using the effective interest rate method while dividend income earned on equity securities is recorded in the income statement under *Net gains and losses on available-for-sale financial assets*;

Financial liabilities are booked to one of the following two categories:

- *Financial liabilities at fair value through profit or loss*: these are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Group upon initial recognition to be carried at fair value through profit or loss in accordance with the fair value option;
- *Debts*: these include the other non-derivative financial liabilities and are measured at amortised cost.

Derivative financial assets and liabilities qualifying as hedging instruments are carried on separate lines of the balance sheet (see Note 3.2).

RECLASSIFICATION OF FINANCIAL ASSETS

After their initial recognition, financial assets may not be later reclassified as *Financial assets at fair value through profit or loss*.

A non-derivative financial asset, initially recognised as an asset held for trading purposes under *Financial assets at fair value through profit or loss*, may be reclassified out of this category when it meets the following conditions:

- if a financial asset with fixed or determinable payments initially held for trading purposes can no longer, after acquisition, be quoted in an active market and the Group has the intention and ability to hold it for the foreseeable future or until maturity, then this financial asset may be reclassified as *Loans and receivables*, provided that the eligibility criteria for this category are met at the date of transfer;
- if rare circumstances generate a change in the holding purpose of non-derivative financial assets initially held for trading, then these assets may be reclassified as *Available-for-sale financial assets* or as *Held-to-maturity financial assets*, provided that the eligibility criteria for the category in question are met at the date of transfer.

In any case, financial derivatives and financial assets measured using the fair value option may not be reclassified out of *Financial assets at fair value through profit or loss*.

A financial asset initially recognised under *Available-for-sale financial assets* may be reclassified to *Held-to-maturity financial assets*, provided that the eligibility criteria for this category are met at the date of transfer. Furthermore, if a financial asset with fixed or determinable payments initially recognised under *Available-for-sale financial assets* can subsequently no longer be quoted in an active market and if the Group has the intention and ability to hold it for the foreseeable future or until maturity, then this financial asset may be reclassified to *Loans and receivables* provided that the eligibility criteria for this category are met at the date of transfer.

These reclassified financial assets are transferred to their new category at their fair value at the date of reclassification and are subsequently measured according to the rules that apply to the new category. The amortised cost of financial assets reclassified out of *Financial assets at fair value through profit or loss* or *Available-for-sale financial assets* to *Loans and receivables* and the amortised cost of financial assets reclassified out of *Financial assets at fair value through profit or loss* to *Available-for-sale financial assets* are determined on the basis of estimated future cash flows measured at the date of reclassification. The estimated future cash flows must be reviewed at each closing date. In the event of an increase in estimated future cash flows resulting from an increase in their recoverability, the effective interest rate is adjusted prospectively. However, if there is objective evidence that the financial asset has been impaired as a result of an event occurring after reclassification, and the loss event in question has a negative impact on the estimated future cash flows of the financial asset, the impairment of this financial asset is recognised under *Cost of risk* in the income statement.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation methods used by the Group to establish the fair value of financial instruments are detailed in Note 3.4.

INITIAL RECOGNITION

Purchases and sales of financial assets recorded under *Financial assets at fair value through profit or loss*, *Held-to-maturity financial assets* and *Available-for-sale financial assets* are recognised in the balance sheet at the delivery-settlement date. Changes in fair value between the trade and settlement dates are recorded in the income statement or booked to shareholders' equity depending on the accounting category of the relevant financial assets. *Loans and receivables* are recorded in the balance sheet on the date they are paid or at the maturity date for invoiced services.

When initially recognised, financial assets and liabilities are measured at fair value including transaction costs directly attributable to their acquisition or their issuance, except for financial instruments recognised at fair value through profit or loss, for which these costs are booked directly to the income statement.

If the initial fair value is based on observable market data, any difference between the fair value and the transaction price, i.e. the sales margin, is immediately recognised in the income statement. However, if valuation inputs are not observable or if the valuation models are not recognised by the market, the initial fair value of the financial instrument is deemed to be the transaction price and the sales margin is then generally recognised in the income statement over the life of the instrument. For some instruments, due to their complexity, this margin is recognised at their maturity or in the event of early sale. When valuation inputs become observable, any portion of the sales margin that has not yet been recorded is recognised in the income statement at that time.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to ownership of the asset.

The Group also derecognises financial assets over which it has retained the contractual rights to the associated cash flows but is contractually obligated to pass these same cash flows through to a third party ("pass-through agreement") and for which it has transferred substantially all the risks and rewards.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Group derecognises it and, where necessary, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the asset's transfer. If the Group has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in that asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for an amount equal to the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity and for the value of any servicing asset or servicing liability.

The Group only derecognises all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

A financial liability may also be derecognised in the event of a substantial amendment to its contractual conditions or where an exchange is made with the lender for an instrument whose contractual conditions are substantially different.

The information on the risk management linked to financial instruments as well as the information on capital management and compliance with regulatory ratios, required by IFRS as adopted by the European Union, is disclosed in chapter 4 of the present Registration document (Risks and capital adequacy). The types of risks are described in chapter 3 of the present Registration document (Corporate governance), page 115.

This information belongs to the note to the consolidated financial statements and has been audited by statutory auditors; it is identified as such in chapter 4 of the present Registration document.

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

	31st December 2015		31st December 2014	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Trading portfolio	462,775	400,931	488,899	436,050
Financial instruments measured using the fair value option through profit or loss	56,558	54,050	41,637	44,280
Total	**519,333**	**454,981**	**530,536**	**480,330**
o/w securities purchased/sold under resale/repurchase agreements	*136,157*	*141,265*	*118,870*	*141,545*

1. TRADING PORTFOLIO

ACCOUNTING PRINCIPLES

The trading portfolio contains financial assets and liabilities which, upon initial recognition, are:

- acquired or incurred with the intention of selling or repurchasing them in the short term;
- or held for market making purposes;
- or acquired or incurred for the purposes of the specialised management of a trading portfolio including derivative financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

By default, derivative financial instruments are booked to the trading portfolio, unless they qualify as hedging instruments (see Note 3.2).

The financial instruments recorded in the trading portfolio are measured at fair value at the balance sheet date and recognised in the balance sheet under *Financial assets or liabilities at fair value through profit or loss*. Changes in their fair value are recorded in the income statement as *Net gains and losses on financial instruments at fair value through profit or loss*.

ASSETS

(In millions of euros)	31st December 2015	31st December 2014
Bonds and other debt securities	54,628	67,734
Shares and other equity securities	79,297	90,164
Other non-derivative financial assets	140,521	121,222
Trading derivatives(1)	188,329	209,779
Total	**462,775**	**488,899**
o/w securities loaned	*15,670*	*11,001*

(1) See Note 3.2 Financial derivatives.

LIABILITIES

(In millions of euros)	31st December 2015	31st December 2014
Debt securities issued	15,524	17,944
Amounts payable on borrowed securities	37,271	54,931
Bonds and other debt instruments sold short	14,142	3,143
Shares and other equity instruments sold short	1,407	1,586
Other non-derivative financial liabilities	142,359	143,214
Trading derivatives(2)	190,228	215,232
Total	**400,931**	**436,050**

(2) See Note 3.2 Financial derivatives.

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

ACCOUNTING PRINCIPLES

Financial assets and liabilities at fair value through profit or loss also include non-derivative financial assets and liabilities designated by the Group upon initial recognition to be carried at fair value through profit or loss in accordance with the fair value option. Changes in the fair value of these items are recognised through profit or loss under *Net gains and losses on financial instruments at fair value through profit or loss*.

This option is only applied in the following cases:

- when it eliminates or significantly reduces discrepancies in the accounting treatment of certain financial assets and liabilities;
- when it applies to a hybrid instrument containing one or more embedded derivatives that would otherwise be subject to a separate recognition;
- when a group of financial assets and/or liabilities is managed and its performance is measured on a fair value basis.

The Group thus recognises some structured bonds issued by Societe Generale Corporate and Investment Banking at fair value through profit or loss. These issues are purely commercial and the associated risks are hedged on the market using financial instruments managed in trading portfolios. By using the fair value option, the Group can ensure consistency between the accounting treatment of these bonds and that of the derivatives hedging the associated market risks, which have to be carried at fair value.

The Group also recognises the financial assets held to guarantee the unit-linked policies of its life insurance subsidiaries at fair value through profit or loss to ensure that their accounting treatment matches that of the corresponding insurance liabilities. Under IFRS 4, insurance liabilities must be recognised according to local accounting principles. Revaluations of underwriting reserves on unit-linked policies, which are directly linked to revaluations of the financial assets underlying their policies, are therefore recognised in the income statement. The fair value option thus allows the Group to record changes in the fair value of the financial assets through profit or loss so that they match fluctuations in value of the insurance liabilities associated with these unit-linked policies.

Furthermore, in order to simplify their accounting treatment by avoiding the separate recognition of embedded derivatives, the Group applies the fair value option to convertible bonds that are not held for trading purposes.

ASSETS

(In millions of euros)	31st December 2015	31st December 2014
Bonds and other debt securities	20,704	10,082
Shares and other equity securities	18,537	16,071
Other financial assets	17,027	15,209
Separate assets for employee benefit plans	290	275
Total	**56,558**	**41,637**

LIABILITIES

Financial liabilities measured at profit or loss in accordance with the fair value option predominantly consist of structured bonds issued by the Societe Generale Group. The change in fair value attributable to the Group's own credit risk generated a profit of EUR 782 million at 31st December 2015. The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale Group's actual financing terms and conditions on the markets and the residual maturity of the related liabilities.

At 31st December 2015, the difference between fair value of financial liabilities measured using the fair value option through profit or loss (EUR 54,050 million versus EUR 44,280 million at 31st December 2014) and the amount repayable at maturity (EUR 53,769 million versus EUR 43,767 million at 31st December 2014) was EUR 281 million (EUR 513 million at 31st December 2014).

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

(In millions of euros)	31st December 2015	31st December 2014
Net gain/loss on trading portfolio	712	4,121
Net gain/loss on financial instruments measured using fair value option	1,879	(2,415)
Net gain/loss on derivative instruments	3,421	2,038
Net gain/loss on hedging transactions	244	696
Net gain/loss on fair value hedging derivatives	*(2,004)*	*6,533*
Revaluation of hedged items attributable to hedged risks	*2,248*	*(5,839)*
Ineffective portion of cash flow hedge	*-*	*2*
Net gain/loss on foreign exchange transactions	1,019	41
Total[(1)]	**7,275**	**4,481**

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

NOTE 3.2 - FINANCIAL DERIVATIVES

ACCOUNTING PRINCIPLES

Derivatives are financial instruments meeting the following three criteria:

- their value changes in response to the change in a specified interest rate, foreign exchange rate, share price, index of prices, commodity price, credit rating, etc.;
- they require little to no initial investment;
- they are settled at a future date.

All financial derivatives are recognised at fair value in the balance sheet as financial assets or financial liabilities. They are considered to be trading derivatives by default, unless they are designated as hedging instruments for accounting purposes.

SPECIAL CASE - FINANCIAL DERIVATIVES HAVING SOCIETE GENERALE SHARES AS THEIR UNDERLYING INSTRUMENT

Financial derivatives having Societe Generale shares as their underlying instrument or shares in Group subsidiaries and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Societe Generale shares (other than derivatives) are equity instruments. These instruments, and any related premiums paid or received, are recognised directly in equity, and any changes in the fair value of these derivatives are not recorded. For sales of put options on Societe Generale shares, a debt is recognised for the present value of the strike price as a contra entry of the equity.

Other financial derivatives having Societe Generale shares as their underlying instrument are recorded in the balance sheet at fair value in the same manner as derivatives with other underlying instruments.

EMBEDDED DERIVATIVES

An embedded derivative is a component of a hybrid instrument. If this hybrid instrument is not measured at fair value through profit or loss, the Group separates the embedded derivative from its host contract if, at the inception of the transaction, the economic characteristics and risks of the derivative are not closely related to the economic characteristics and risk profile of the host contract and it would separately meet the definition of a derivative. Once separated, the derivative is recognised at its fair value in the balance sheet under *Financial assets or liabilities at fair value through profit or loss* and accounted for as above. The host contract is classified and measured according to its accounting category.

1. TRADING DERIVATIVES

ACCOUNTING PRINCIPLES

Trading derivatives are recorded in the balance sheet under *Financial assets or liabilities at fair value through profit or loss*. Changes in fair value are recorded in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss*.

Changes in the fair value of financial derivatives involving counterparties which subsequently went into default are recorded under *Net gains and losses on financial instruments at fair value through profit or loss* until the termination date of these instruments. At this termination date, receivables and debts on these counterparties are recognised at fair value in the balance sheet. Any further impairment of these receivables is recognised under *Cost of risk* in the income statement.

BREAKDOWN OF TRADING DERIVATIVES

	31st December 2015		31st December 2014	
(In millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments	126,002	124,931	144,511	145,024
Foreign exchange instruments	23,713	24,725	22,999	23,862
Equity and index instruments	18,589	20,727	23,503	27,584
Commodity instruments	12,604	11,690	8,896	8,409
Credit derivatives	7,108	7,265	9,563	9,495
Other forward financial instruments	313	890	308	858
Total	**188,329**	**190,228**	**209,779**	**215,232**

The Group uses credit derivatives to manage its corporate loan book, primarily to reduce concentration of individual counterparties, sectors and geographic areas, and to actively manage risks and allocated capital. Regardless of their management intent, all credit derivatives are measured at fair value through profit or loss and may not be recognised as hedging derivatives. Consequently, they are recorded at fair value as trading derivatives.

2. HEDGING DERIVATIVES

ACCOUNTING PRINCIPLES

In order to be hedged against certain market risks, the Group sets up hedging derivatives. From an accounting standpoint, the Group designates the hedging transaction as a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation, depending on the risk and on the instruments that are hedged.

To designate an instrument as a hedging derivative, the Group must document the hedging relationship in detail, from the inception of the hedge. This documentation specifies the asset, liability, or future transaction hedged, the risk to be hedged and the associated risk management strategy, the type of financial derivative used and the valuation method that will be used to measure its effectiveness.

A derivative designated as a hedging instrument must be highly effective in offsetting the change in fair value or cash flows arising from the hedged risk. This effectiveness is verified when changes in the fair value or cash flows of the hedged instrument are almost entirely offset by changes in the fair value or cash flows of the hedging instrument, with the expected ratio between the two changes ranging from 80% to 125%. Efectiveness shall be assessed both when the hedge is first set up and throughout its life. Effectiveness is measured each quarter prospectively (expected effectiveness over the future periods) and retrospectively (effectiveness measured on past periods). Where the effectiveness falls outside the range specified above, hedge accounting is discontinued.

Hedging derivatives are recognised in the balance sheet under *Hedging derivatives.*

FAIR VALUE HEDGES

The purpose of these hedges is to protect the Group against an adverse fluctuation in the fair value of an instrument which could affect profit or loss if the instrument were derecognised from the balance sheet.

Changes in the fair value of the hedging derivative are recorded in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss;* for interest rate derivatives, however, accrued interest income and expenses on the derivative are recorded in the income statement under *Interest income and expense – Hedging derivatives* at the same time as accrued interest income and expenses related to the hedged item.

In the balance sheet, the carrying value of the hedged item is adjusted for gains and losses attributable to the hedged risk, which are reported in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss*. To the extent that the hedge is highly effective, changes in the fair value of the hedged item and changes in the fair value of the hedging derivative are accurately offset through profit or loss, the difference corresponding to an ineffectiveness gain or loss.

Prospective effectiveness is assessed *via* a sensitivity analysis based on probable market trends or *via* a regression analysis of the statistical relationship (correlation) between certain components of the hedged item and the hedging instrument.

Retrospective effectiveness is assessed by comparing any changes in the fair value of the hedging instrument with any changes in the fair value of the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is terminated or sold, hedge accounting is discontinued prospectively. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value attributable to the hedged risk and the cumulative adjustments previously recognised under hedge accounting are amortised over its remaining life. Hedge accounting is also discontinued if the hedged item is sold prior to maturity or redeemed early

CASH FLOW HEDGES

The purpose of interest rate cash flow hedges is to protect against changes in future cash flows associated with a financial instrument on the balance sheet (loans, securities or floating-rate notes) or with a highly probable future transaction (future fixed rates, future prices, etc.). The purpose of these hedges is to protect the Group against adverse fluctuations in the future cash-flows of an instrument or transaction that could affect profit or loss. The effective portion of changes in the fair value of hedging derivatives is booked to *Unrealised or deferred gains and losses*, while the ineffective portion is recognised in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss*. For interest rate derivatives, accrued interest income and expenses on the derivative are recorded in the income statement under *Interest income and expense – Hedging derivatives* at the same time as accrued interest income and expenses related to the hedged item.

The effectiveness of the hedge is assessed using the hypothetical derivative method, which consists in i) creating a hypothetical derivative bearing exactly the same characteristics as the instrument being hedged (in notional terms, in terms of the date on which the rates are reset, in terms of the rates themselves, etc.), but which moves in the opposite direction and whose fair value is nil when the hedge is set up, then ii) comparing the expected changes in the fair value of the hypothetical derivative with those of the hedging instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge. Here, only any “over-hedging” is deemed ineffective.

Amounts directly recognised in equity in respect of the revaluation of cash flow hedging derivatives are subsequently reclassified to *Interest income and expense* in the income statement at the same time as the cash flows being hedged.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, hedge accounting is discontinued prospectively.

Amounts previously recognised directly in equity are reclassified under *Interest income and expense* in the income statement over the periods during which interest income is affected by cash flows arising from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the hedged forecast transaction ceases to be highly probable, unrealised gains and losses recognised in equity are immediately reclassified in the income statement.

HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION

The purpose of a hedge of a net investment in a foreign company is to protect against exchange rate risk.

The hedged item is an investment in a country whose currency differs from the Group's functional currency. The hedge therefore serves to protect the net position of a foreign subsidiary or branch against an exchange rate risk linked to the entity's functional currency.

The effective portion of the changes in the fair value of a hedging derivative designated for accounting purposes as a hedge of a net investment is recognised in equity under *Unrealised or deferred gains and losses*, while the ineffective portion is recognised in the income statement.

MACRO-FAIR VALUE HEDGES

In this type of hedge, interest rate derivatives are used to globally hedge against structural interest rate risks usually arising from Retail Banking activities. When accounting for these transactions, the Group applies the IAS 39 "carve-out" standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of effectiveness tests required by IAS 39 as adopted by the European Union.

The accounting treatment of financial derivatives designated as macro-fair value hedges is similar to that of other fair value hedging instruments. Changes in the fair value of the portfolio of macro-hedged instruments are reported on a separate line in the balance sheet under *Revaluation differences on portfolios hedged against interest rate risk* through profit or loss.

BREAKDOWN OF HEDGING DERIVATIVES

	31st December 2015		31st December 2014	
(In millions of euros)	Assets	Liabilities	Assets	Liabilities
Fair value hedge				
Interest rate instruments	15,448	9,199	18,476	10,261
Foreign exchange instruments	79	4	162	22
Equity and index instruments	5	-	1	10
Cash flow hedge				
Interest rate instruments	589	135	704	301
Foreign exchange instruments	384	183	61	273
Other financial instruments	33	12	44	35
Total	**16,538**	**9,533**	**19,448**	**10,902**

The Group sets up hedging relationships recognised for accounting purposes as fair value hedges in order to protect its fixed-rate financial assets and liabilities (primarily loans/borrowings, securities issued and fixed-rate securities) against changes in long-term interest rates. The hedging instruments used mainly consist of interest rate swaps.

Through some of its Corporate and Investment Banking operations, the Group is exposed to future cash flow changes in its short and medium-term funding requirements, and sets up hedging relationships recognised for accounting purposes as cash flow hedges. Highly probable funding requirements are determined using historic data established for each activity and representative of balance sheet outstandings. These data may be increased or decreased with changes in management methods.

The following table specifies the amount of cash flow that is subject to a cash flow hedge relationship (broken down by expected due date) and the amount of highly probable hedged forecast transactions.

(In millions of euros)	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	31st December 2015
Floating cash flows hedged (rates…)	368	890	744	911	2,913
Highly probable forecast transaction	2	164	178	110	454
Other (Forex…)	1	2	-	-	3
Total flows covered by cash flow hedge	**371**	**1,056**	**922**	**1,021**	**3,370**

(In millions of euros)	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	31st December 2014
Floating cash flows hedged (rates…)	119	344	570	1,029	2,062
Highly probable forecast transaction	391	332	521	42	1,286
Other (Forex…)	74	281	32	-	386
Total flows covered by cash flow hedge	**584**	**957**	**1,123**	**1,071**	**3,734**

3. FINANCIAL DERIVATIVES COMMITMENTS (NOTIONAL AMOUNTS)

	31st December 2015		31st December 2014	
(In millions of euros)	**Trading**	**Hedging**	**Trading**	**Hedging**
Interest rate instruments				
Firm instruments				
Swaps	9,464,657	388,205	10,452,500	238,867
FRAs	1,401,505	291	2,391,210	562
Options	2,519,669	542	2,783,298	2,347
Foreign exchange instruments				
Firm instruments	2,429,059	9,635	2,130,738	8,790
Options	612,156	-	629,126	-
Equity and index instruments				
Firm instruments	85,632	-	76,862	-
Options	1,806,733	35	939,917	33
Commodity instruments				
Firm instruments	183,023	-	161,871	-
Options	57,682	-	62,807	-
Credit derivatives	675,181	-	900,268	-
Other forward financial instruments	33,260	342	55,446	372
Total	**19,268,557**	**399,050**	**20,584,043**	**250,971**

4. MATURITIES OF FINANCIAL DERIVATIVES (NOTIONAL AMOUNTS)

(In millions of euros)	Less than 3 months	From 3 months to 1 year	From 1 year to 5 years	Over 5 years	31st December 2015
Interest rate instruments	1,500,494	3,958,253	4,888,426	3,427,696	13,774,869
Foreign exchange instruments	1,272,237	799,888	710,835	267,890	3,050,850
Equity and index instruments	259,813	826,521	762,570	43,496	1,892,400
Commodity instruments	115,528	79,820	40,796	4,561	240,705
Credit derivatives	39,180	167,116	442,855	26,030	675,181
Other forward financial instruments	5,317	8,915	19,212	158	33,602
Total	**3,192,569**	**5,840,513**	**6,864,694**	**3,769,831**	**19,667,607**

These items are presented according to the contractual maturity of the financial instruments.

NOTE 3.3 - AVAILABLE-FOR-SALE FINANCIAL ASSETS

ACCOUNTING PRINCIPLES

Available-for-sale financial assets are non-derivative financial assets held for an indeterminate period which the Group may sell at any time. By default, they are any financial assets that are not classified under *Loans and receivables, Financial assets at fair value through profit or loss, or Held to maturity financial assets.*

Interest accrued or paid on fixed-income securities is recognised in the income statement using the effective interest rate method under *Interest and similar income – Transactions in financial instruments*. Dividend income earned on these securities is recorded in the income statement under *Net gains and losses on available-for-sale financial assets*.

At the balance sheet date, available-for-sale financial assets are measured at fair value, and any changes in fair value, excluding income, are booked to *Unrealised or deferred capital gains and losses*, except for foreign exchange losses or gains on foreign-currency monetary assets, which are taken to the income statement.

If these financial assets are sold, the unrealised gains and losses booked to equity are reclassified as *Net gains and losses on available-for-sale financial assets.*

If, at the balance sheet date, there is objective evidence of impairment of an available-for-sale financial asset arising from one or more events subsequent to its initial recognition, the unrealised loss previously accumulated in equity is reclassified under *Cost of risk* for debt instruments and under *Net gains and losses on available-for-sale financial assets* for equity instruments. The impairment rules applied by the Group are described in Note 3.8.

1. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	31st December 2015 Net	31st December 2015 o/w allowances for impairment	31st December 2014 Net	31st December 2014 o/w allowances for impairment
Debt instruments	119,467	*(266)*	128,521	*(268)*
Equity instruments(1)	12,091	*(363)*	**13,181**	*(1,245)*
Long-term equity investments	2,629	*(510)*	2,020	*(525)*
Total	**134,187**	***(1,139)***	**143,722**	***(2,038)***
o/w securities lent	*1*	-	*19*	-

(1) Including UCITS.

CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	2015
Balance at 1st January 2015	**143,722**
Acquisitions	105,812
Disposals/redemptions(1)	(114,185)
Change in scope and others	(1,165)
Gains and losses on changes in fair value recognised directly in equity during the period	(2,538)
Change in impairment on debt instruments recognised in P&L	2
o/w: increase	*(10)*
write-backs	*38*
others	*(26)*
Impairment losses on equity instruments recognised in P&L	(126)
Change in related receivables	(77)
Translation differences	2,742
Balance at 31st December 2015	**134,187**

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

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

(In millions of euros)	2015	2014
Dividend income	722	432
Gains and losses on sale of debt instruments[1]	133	242
Gains and losses on sale of equity instruments[2]	995	217
Impairment losses on equity instruments[3]	(102)	(8)
Profit-sharing on available-for-sale financial assets of insurance companies	(893)	(166)
Gains and losses on sale of long-term equity investments	118	46
Impairment losses on long-term equity investments	(24)	(25)
Total net gains and losses on available-for-sale financial assets	**949**	**738**
Interest income on available-for-sale financial assets	**2,811**	**3,042**

(1) O/w EUR 4 million for Insurance activities in 2015.
(2) O/w EUR 994 million for Insurance activities in 2015.
(3) O/w EUR -98 million for Insurance activities in 2015

3. BREAKDOWN OF UNREALISED GAINS AND LOSSES ON AVAILABLE-FOR-SALE ASSETS

	2015		
(In millions of euros)	Unrealised gains	Unrealised losses	Net revaluation
Unrealised gains and losses on available-for-sale equity instruments[1]	1,119	(62)	1,057
Unrealised gains and losses on available-for-sale debt instruments	1,047	(679)	368
Unrealised gains and losses of insurance companies	550	(119)	431
Total	**2,716**	**(860)**	**1,856**

(1) O/w EUR 552 million for Visa Europe shares (see Note 3.4.4).

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

ACCOUNTING PRINCIPLES

DEFINITION OF FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the absence of observable prices for identical assets or liabilities, the fair value of financial instruments is determined using another measurement technique that maximises the use of observable market input based on assumptions that market operators would use to set the price of the instrument in question.

FAIR VALUE HIERARCHY

For information purposes, in the notes to the consolidated financial statements, the fair value of financial instruments is classified using a fair value hierarchy that reflects the significance of the inputs used, according to the following levels:

Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 1 instruments carried at fair value on the balance sheet include in particular shares listed in an active market, government or corporate bonds priced directly by external brokers/dealers, derivatives traded on organised markets (futures, options), and units of funds (including UCITS) whose net asset value is available on the balance sheet date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and they reflect actual and regular market transactions on an arm's length basis.

Determining whether a market is inactive requires the use of indicators such as a sharp decline in trading volume and the level of activity in the market, a sharp disparity in prices over time and among the various above-mentioned market participants, or the fact that the latest transactions conducted on an arm's length basis did not take place recently enough.

Where a financial instrument is traded in several markets to which the Group has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question.

Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price.

Level 2 (L2): instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Instruments quoted in an insufficiently liquid market and those traded over-the-counter belong to this level. Prices published by an external source derived from the valuation of similar instruments are considered as data derived from prices.

Level 2 instruments include in particular securities carried at fair value on the balance sheet that are not directly quoted (e.g. corporate bonds, mortgage-backed securities, units of funds), and firm derivatives and options traded over-the-counter: interest rate swaps, caps, floors, swaptions, equity options, index options, foreign exchange options, commodity options and credit derivatives. The maturities of these instruments are linked to ranges of terms commonly traded in the market, and the instruments themselves can be simple or offer a more complex remuneration profile (e.g. barrier options, products with multiple underlying instruments), with said complexity remaining limited however. The valuation techniques used in this category are based on common methods shared by the main market participants.

This category also includes the fair value of loans and receivables at amortised cost granted to counterparties whose credit risk is quoted *via* Credit Default Swap.

Level 3 (L3): instruments valued using inputs that are not based on observable market data (referred to as unobservable inputs).

Level 3 instruments carried at fair value on the balance sheet are predominantly instruments for which the sales margin is not immediately recognised in profit or loss (see Note 3).

Accordingly, Level 3 financial instruments include derivatives with longer maturities than those usually traded and/or with specifically-tailored return profiles. Similarly, debt measured at fair value is classified as Level 3 where the valuation of the associated embedded derivatives is also based on unobservable inputs.

The main L3 complex derivatives are:

- equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e.g. extrapolation from observable data, historical analysis). Hybrid equity instruments (i.e. having at least one non-equity underlying instrument) are also classified as L3 insofar as correlations between the different underlyings are generally unobservable;
- interest rate derivatives: long-term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, between interest rates and exchange rates or, for quanto products for example (in which the instrument is settled in a currency different from the currency of the underlying); they are liable to be classified as L3 because the valuation inputs are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (e.g. exchange rate correlations are deemed unobservable for the USD/JPY);
- credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation ("N to default" products in which the buyer of the hedge is compensated as of the Nth default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility;
- commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (e.g. options on commodity swaps, baskets of underlyings).

1. FINANCIAL ASSETS MEASURED AT FAIR VALUE

	31st December 2015				31st December 2014			
(In millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio	**119,360**	**154,499**	**587**	**274,446**	**144,205**	**133,715**	**1,200**	**279,120**
Bonds and other debt securities	46,383	8,021	224	54,628	59,216	7,661	857	67,734
Shares and other equity securities	72,975	6,322	-	79,297	84,971	5,193	-	90,164
Other non-derivative financial assets	2	140,156	363	140,521	18	120,861	343	121,222
Financial assets measured using fair value option through P&L	**37,710**	**16,444**	**2,404**	**56,558**	**25,025**	**15,791**	**821**	**41,637**
Bonds and other debt securities	20,291	228	185	20,704	9,890	126	66	10,082
Shares and other equity securities	17,419	975	143	18,537	15,135	731	205	16,071
Other financial assets	-	14,951	2,076	17,027	-	14,659	550	15,209
Separate assets for employee benefit plans	-	290	-	290	-	275	-	275
Trading derivatives	**413**	**184,065**	**3,851**	**188,329**	**1,175**	**205,050**	**3,554**	**209,779**
Interest rate instruments	38	123,411	2,553	126,002	27	142,083	2,401	144,511
Foreign exchange instruments	298	23,142	273	23,713	848	22,039	112	22,999
Equity and index instruments	-	18,107	482	18,589	292	22,734	477	23,503
Commodity instruments	-	12,361	243	12,604	-	8,526	370	8,896
Credit derivatives	-	6,855	253	7,108	-	9,446	116	9,563
Other forward financial instruments	77	189	47	313	8	222	78	308
Hedging derivatives	**-**	**16,538**	**-**	**16,538**	**-**	**19,448**	**-**	**19,448**
Interest rate instruments	-	16,037	-	16,037	-	19,180	-	19,180
Foreign exchange instruments	-	463	-	463	-	223	-	223
Equity and index instruments	-	5	-	5	-	1	-	1
Other forward financial instruments	-	33	-	33	-	44	-	44
Available-for-sale financial assets	**123,718**	**8,200**	**2,269**	**134,187**	**125,442**	**16,413**	**1,867**	**143,722**
Debt securities	113,374	5,983	110	119,467	113,741	14,453	327	128,521
Equity securities	10,153	1,827	111	12,091	11,543	1,556	82	13,181
Long-term equity investments	191	390	2,048	2,629	158	404	1,458	2,020
Total financial assets at fair value	**281,201**	**379,746**	**9,111**	**670,058**	**295,847**	**390,417**	**7,442**	**693,706**

2. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

	31st December 2015				31st December 2014			
(In millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading portfolio	**15,564**	**189,175**	**5,964**	**210,703**	**8,990**	**203,269**	**8,559**	**220,818**
Debt securities issued	-	9,728	5,796	15,524	67	9,579	8,298	17,944
Amounts payable on borrowed securities	52	37,219	-	37,271	4,203	50,728	-	54,931
Bonds and other debt instruments sold short	14,105	36	1	14,142	3,133	7	3	3,143
Shares and other equity instruments sold short	1,407	-	-	1,407	1,584	-	2	1,586
Other non-derivative financial liabilities	-	142,192	167	142,359	3	142,955	256	143,214
Financial liabilities measured using fair value option through P&L	**306**	**32,570**	**21,174**	**54,050**	**149**	**26,756**	**17,375**	**44,280**
Trading derivatives	**279**	**185,884**	**4,065**	**190,228**	**1,877**	**209,066**	**4,289**	**215,232**
Interest rate instruments	42	122,334	2,555	124,931	45	142,638	2,341	145,024
Foreign exchange instruments	221	24,470	34	24,725	1,103	22,709	50	23,862
Equity and index instruments	-	19,991	736	20,727	718	25,452	1,414	27,584
Commodity instruments	-	11,436	254	11,690	-	8,198	211	8,409
Credit derivatives	-	6,780	485	7,265	-	9,223	272	9,495
Other forward financial instruments	16	873	1	890	11	846	1	858
Hedging derivatives	**-**	**9,533**	**-**	**9,533**	**-**	**10,902**	**-**	**10,902**
Interest rate instruments	-	9,334	-	9,334	-	10,562	-	10,562
Foreign exchange instruments	-	187	-	187	-	295	-	295
Equity and index instruments	-	-	-	-	-	10	-	10
Other financial instruments	-	12	-	12	-	35	-	35
Total financial liabilities at fair value	**16,149**	**417,162**	**31,203**	**464,514**	**11,016**	**449,993**	**30,223**	**491,232**

3. VARIATION IN LEVEL 3 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS MEASURED AT FAIR VALUE

(In millions of euros)	Balance at 1st January 2015	Acquisitions	Disposals / redemptions	Transfer to Level 2	Transfer from Level 2	Gains and losses on changes in fair value during the period	Translation differences	Change in scope and others	Balance at 31st December 2015
Trading portfolio	**1,200**	**157**	**(800)**	**(29)**	**-**	**18**	**41**	**-**	**587**
Bonds and other debt securities	857	157	(778)	(29)	-	13	4	-	224
Shares and other equity securities	-	-	-	-	-	-	-	-	-
Other non-derivative financial assets	343	-	(22)	-	-	5	37	-	363
Financial assets measured using fair value option through profit or loss	**821**	**1,822**	**(117)**	**(18)**	**97**	**(221)**	**20**	**-**	**2,404**
Bonds and other debt securities	66	26	(4)	-	97	-	-	-	185
Shares and other equity securities	205	1	(41)	-	-	(28)	6	-	143
Other financial assets	550	1,795	(72)	(18)	-	(193)	14	-	2,076
Separate assets for employee benefit plans	-	-	-	-	-	-	-	-	-
Trading derivatives	**3,554**	**473**	**(1,430)**	**(81)**	**356**	**818**	**161**	**-**	**3,851**
Interest rate instruments	2,401	372	(1,185)	(38)	346	557	100	-	2,553
Foreign exchange instruments	112	21	(9)	(8)	-	157	-	-	273
Equity and index instruments	477	74	(54)	(33)	7	(34)	45	-	482
Commodity instruments	370	6	(175)	-	-	33	9	-	243
Credit derivatives	116	-	(7)	(2)	3	142	1	-	253
Other forward financial instruments	78	-	-	-	-	(37)	6	-	47
Hedging derivatives	-	-	-	-	-	-	-	-	-
Available-for-sale financial assets	**1,867**	**138**	**(88)**	**(211)**	**4**	**566**	**19**	**(26)**	**2,269**
Debt securities	327	44	(51)	(209)	-	-	(2)	1	110
Equity securities	82	16	(2)	-	-	(4)	4	15	111
Long-term equity investments	1,458	78	(35)	(2)	4	570	17	(42)	2,048
Total financial assets at fair value	**7,442**	**2,590**	**(2,435)**	**(339)**	**457**	**1,181**	**241**	**(26)**	**9,111**

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

(In millions of euros)	Balance at 1st January 2015	Issues	Acquisitions / disposals	Redemptions	Transfer to Level 2	Transfer from Level 2	Gains and losses on changes in fair value during the period	Translation differences	Balance at 31st December 2015
Trading portfolio	**8 559**	**1 159**	**(540)**	**(1 972)**	**(1 325)**	**35**	**(99)**	**147**	**5 964**
Debt securities issued	8 298	1 159	(543)	(1 972)	(1 199)	4	(94)	143	5 796
Amounts payable on borrowed securities	-	-	-	-	-	-	-	-	-
Bonds and other debt instruments sold short	3	-	-	-	(2)	-	-	-	1
Shares and other equity instruments sold short	2	-	-	-	(2)	-	-	-	-
Other non-derivative financial liabilities	256	-	3	-	(122)	31	(5)	4	167
Financial liabilities measured using fair value option through P&L	**17 375**	**9 913**	**(251)**	**(3 425)**	**(2 845)**	**1 670**	**(1 853)**	**590**	**21 174**
Trading derivatives	**4 289**	**3**	**(217)**	**-**	**(436)**	**116**	**248**	**62**	**4 065**
Interest rate instruments	2 341	-	266	-	(255)	76	106	21	2 555
Foreign exchange instruments	50	-	5	-	(14)	-	(7)	-	34
Equity and index instruments	1 414	3	(406)	-	(136)	12	(189)	38	736
Commodity instruments	211	-	(70)	-	-	1	109	3	254
Credit derivatives	272	-	(12)	-	(31)	27	229	-	485
Other forward financial instruments	1	-	-	-	-	-	-	-	1
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities at fair value	**30 223**	**11 075**	**(1 008)**	**(5 397)**	**(4 606)**	**1 821**	**(1 704)**	**799**	**31 203**

4. VALUATION METHODS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE BALANCE SHEET

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

However, due notably to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Group does not have quoted prices in the markets.

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

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

If necessary, these valuations are supplemented by additional reserves (such as bid-ask spreads and liquidity) determined reasonably and appropriately after an analysis of available information.

Derivatives and security financing transactions are subject to a Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA). The Group includes all clients and clearing houses in this adjustment, which also reflects the netting agreements existing for each counterparty.

CVA is determined on the basis of the Group entity's positive expected exposure to the counterparty, the counterparty's probability of default (conditional to the entity not defaulting) and the loss given default. The DVA is determined symmetrically based on the negative expected exposure. These calculations are carried out over the life of the potential exposure, with a focus on the use of relevant and observable market data.

Similarly, an adjustment to take into account the costs or profits linked to the financing of these transactions (FVA, Funding Value Adjustment) is also performed.

Observable data must be: independent, available, publically distributed, based on a narrow consensus and/or backed up by transaction prices.

For example, consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of equity options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable inputs.

In the event of unusual tensions on the markets, leading to a lack of the usual reference data used to measure a financial instrument, the Risk Division may implement a new model in accordance with pertinent available data, similar to methods used by other market players.

SHARES AND OTHER EQUITY SECURITIES

For listed shares, fair value is taken to be the quoted price on the balance sheet date. For unlisted shares, fair value is determined depending on the type of financial instrument and according to one of the following methods:

- valuation based on a recent transaction involving the issuing company (third party buying into the issuing company's capital, appraisal by a professional valuation agent, etc.);
- valuation based on a recent transaction in the same sector as the issuing company (income multiple, asset multiple, etc.);
- proportion of net asset value held.

For unlisted securities in which the Group has significant holdings, valuations based on the above methods are supplemented by a discounted future cash flow valuation based on business plans or on valuation multiples of similar companies.

Given the lack of recent transactions in similar securities, the unlisted Visa Europe shares held by the Group and recorded under *Available-for-sale financial assets* were remeasured at 31st December 2015, based on the terms of the agreement governing the entity's takeover by Visa Inc, signed on 2nd November 2015 and taking into account the uncertainties regarding the conditions of implementation and settlement of the deal. This acquisition, which will take place in 2016, subject to its approval by the appropriate European authorities, will be partially settled in cash and partially in Visa Inc preference shares, accompanied by a subsequent price revision clause.

The Visa Inc preference shares will be convertible into ordinary shares over a period of 4 to 12 years, subject to conditional terms. They will not be listed and will be subject to limited transferability. At 31st December 2015, the main uncertainties factored in by the Group in adjusting the valuation of the Visa Europe shares concerned any conditions of the deal's approval by the appropriate European authorities, the illiquidity of the preference shares to be received and the factors that will be used to determine the final conversion rate of the preference shares into ordinary Visa Inc shares, as well as the implementation of the earn-out clause.

Based on estimates and assumptions, the Visa Europe shares were valued at an amount representing 78% of the nominal amount of cash and preference shares proposed in the takeover agreement, generating an unrealised capital gain of EUR 552 million before tax booked to shareholders' equity.

DEBT INSTRUMENTS HELD IN PORTFOLIO, ISSUES OF STRUCTURED SECURITIES MEASURED AT FAIR VALUE AND FINANCIAL DERIVATIVES

The fair value of these financial instruments is determined based on the quoted price on the balance sheet date or prices provided by brokers on the same date, when available. For unlisted financial instruments, fair value is determined using valuation techniques. Concerning liabilities measured at fair value, the on-balance sheet amounts include changes in the Group's issuer credit risk.

OTHER DEBTS

For listed financial instruments, fair value is taken as their closing quoted price on the balance sheet date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates (including counterparty risks, non-performance and liquidity risks).

5. ESTIMATES OF MAIN UNOBSERVABLE INPUTS

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

Cash instruments and derivatives(1)	Value in balance sheet (in millions of euros)		Main products	Valuation techniques used	Significant unobservable inputs	Range of inputs min & max
	Assets	Liabilities				
Equities / funds	3,035	19,079	Simple and complex instruments or derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets of stocks	Equity volatilities	11.1%; 157.3%
					Equity dividends	0%; 12%
					Correlations	-100%; 100%
					Hedge funds volatilities	7.5%; 16.7%
					Mutual funds volatilities	2%; 46.4%
Interest and Forex rates	3,346	11,385	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid instrument pricing models	Correlations	-68.1%; 90%
			Forex derivatives	Forex option pricing models	Forex volatilities	4%; 31%
			Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayement modeling	Constant prepayment rates	0%; 45%
			Inflation instruments and derivatives	Inflation pricing models	Inflation / inflation correlations	65.8%; 90%
Credit	439	485	Collateralized Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	0%; 100%
					Recovery rate variance for single name underlyings	0%; 100%
			Other credit derivatives	Credit default models	Time to default correlations	0%; 100%
					Quanto correlations	-50 %; 40%
					Credit spreads	0 bp; 1,000 bps
Commodities	243	254	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	10.8%; 98.8%

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

6. SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

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

To quantify this, fair value sensitivity was estimated at 31st December 2015 on instruments whose valuation requires some unobservable inputs. This estimate was based: either on a "standardised" variation in unobservable inputs, calculated for each input on a net position, or on assumptions in line with the additional valuation adjustment policies for the financial instruments in question.

The «standardised» variation is:

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

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

	31st December 2015	
(In millions of euros)	Negative impact	Positive impact
Shares and other equity instruments and derivatives	**(39)**	**116**
Equity volatilities	0	27
Dividends	(3)	8
Correlations	(36)	70
Hedge Fund volatility	0	6
Mutual Fund volatility	0	5
Rates and Forex instruments and derivatives	**(6)**	**65**
Correlations between exchange rates and / or interest rates	(3)	56
Forex volatilities	(1)	4
Constant prepayment rates	0	0
Inflation / inflation correlations	(2)	5
Credit instruments and derivatives	**(36)**	**46**
Time to default correlations	(2)	2
Recovery rate variance for single name underlyings	(34)	34
Quanto correlations	0	10
Credit spreads	0	0
Commodity derivatives	**(1)**	**3**
Commodities correlations	(1)	3

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

7. DEFERRED MARGIN RELATED TO MAIN UNOBSERVABLE INPUTS

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

(In millions of euros)	2015	2014
Remaining amount to be recorded in the income statement at 1st January	1,031	1,012
Amount generated by new transactions during the period	634	564
Amount recorded in the income statement during the period	(636)	(545)
o/w amortisation	*(251)*	*(216)*
o/w switch to observable inputs	*(79)*	*(28)*
o/w disposed, expired or terminated	*(307)*	*(302)*
o/w translation differences	*1*	*1*
Remaining amount to be recorded in the income statement at 31st December	**1,029**	**1,031**

NOTE 3.5 - LOANS AND RECEIVABLES

ACCOUNTING PRINCIPLES

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading purposes, not held for sale from the time they are originated or acquired and not designated by the Group upon initial recognition to be measured at fair value through profit or loss in accordance with the fair value option.

Loans and receivables are recognised in the balance sheet under *Due from banks* or *Customer loans* depending on the type of counterparty. After their initial recognition, they are measured at amortised cost using the effective interest rate method and impairment, determined on an individual or a collective basis, may be recorded if appropriate (see Note 3.8)

Loans and receivables may be subject to commercial renegotiations provided that the borrowing customer is not experiencing financial difficulties and is not insolvent. Such transactions involve customers whose debt the Group is willing to renegotiate in the interest of maintaining or developing a commercial relationship, in accordance with the credit approval procedures in force, and without relinquishing any principal or accrued interest. Renegotiated loans and receivables are derecognised at the renegotiation date and replaced with the new loans, taken out under renegotiated conditions, which are recorded on the balance sheet at the same date. These new loans are subsequently measured at amortised cost, based on the effective interest rate arising from the new contractual conditions.

Customer loans include lease receivables where they are classified as finance leases. Leases granted by the Group are classified as finance leases if they transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Otherwise, they are classified as operating leases (see Notes 4.2 and 8.2).

These finance lease receivables represent the Group's net investment in the lease, calculated as the present value of the minimum payments to be received from the lessee discounted at the interest rate implicit in the lease, plus any unguaranteed residual value. In the event of a subsequent reduction in the estimated unguaranteed residual value used to calculate the lessor's investment in the finance lease, the present value of this reduction is recognised as a loss under *Expenses from other activities* in the income statement and as a reduction of finance lease receivables on the asset side of the balance sheet.

1. DUE FROM BANKS

(In millions of euros)	31st December 2015	31st December 2014
Current accounts	26,113	23,625
Deposits and loans[1]	21,291	24,387
Subordinated and participating loans	458	482
Securities purchased under resale agreements	23,699	32,050
Related receivables	122	153
Due from banks before impairment	**71,683**	**80,697**
Impairment of individually impaired loans	(37)	(27)
Revaluation of hedged items	36	39
Net due from banks	**71,682**	**80,709**

(1) At 31st December 2015, the amount of receivables with incurred credit risk was EUR 82 million compared to EUR 89 million at 31st December 2014.

2. CUSTOMER LOANS

(In millions of euros)	31st December 2015	31st December 2014
Overdrafts	22,653	20,113
Other customer loans(1)	348,619	322,327
Lease financing agreements(1)	27,972	26,751
Related receivables	1,661	2,072
Securities purchased under resale agreements	19,131	14,526
Customer loans before impairment	**420,036**	**385,789**
Impairment of individually impaired loans	(13,978)	(14,758)
Impairment of groups of homogenous receivables	(1,388)	(1,256)
Revaluation of hedged items	582	592
Net customer loans	**405,252**	**370,367**

(1) At 31st December 2015, the amount of receivables with incurred credit risk was EUR 24,411 million compared to EUR 25,689 million at 31st December 2014.

BREAKDOWN OF OTHER CUSTOMER LOANS

(In millions of euros)	31st December 2015	31st December 2014
Trade notes	9,582	9,616
Short-term loans	101,926	89,047
Export loans	11,499	10,815
Equipment loans	51,938	51,023
Housing loans	115,689	106,618
Loans secured by notes and securities	140	263
Other loans	57,845	54,945
Other customer loans	**348,619**	**322,327**

ADDITIONAL INFORMATION ON LEASE FINANCING AND SIMILAR AGREEMENTS

(In millions of euros)	31st December 2015	31st December 2014
Gross investments	**30,645**	**29,594**
less than 1 year	*8,200*	*8,169*
1-5 years	*16,414*	*15,519*
more than 5 years	*6,031*	*5,906*
Present value of minimum payments receivable	**26,510**	**25,317**
less than 1 year	*7,501*	*7,458*
1-5 years	*14,450*	*13,421*
more than 5 years	*4,559*	*4,438*
Unearned financial income	**2,617**	**2,784**
Unguaranteed residual values borne by the lessor	**1,518**	**1,493**

NOTE 3.6 - DEBTS

ACCOUNTING PRINCIPLES

Debts include non-derivative financial liabilities that are not measured at fair value through profit or loss.

They are recognised in the balance sheet under *Due to banks*, *Customer deposits*, *Debt securities issued* and *Subordinated debts*.

Subordinated debts are all dated or undated borrowings, whether or not in the form of debt securities, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Debts are initially recognised at cost, measured as the fair value of the amount borrowed net of transaction fees. These liabilities are measured at period-end and at amortised cost using the effective interest rate method. As a result, issue or redemption premiums on bonds are amortised using the actuarial method over the life of the instruments in question.

The Group's obligations arising from mortgage savings accounts and plans are recorded under *Customer deposits – Regulated savings accounts*. A provision may be recorded in respect of CEL mortgage savings accounts and PEL mortgage savings plans (see Note 3.8).

1. DUE TO BANKS

(In millions of euros)	31st December 2015	31st December 2014
Demand deposits and current accounts	14,920	14,767
Overnight deposits and borrowings and others	4,807	2,560
Term deposits	63,418	50,007
Related payables	101	128
Revaluation of hedged items	158	188
Securities sold under repurchase agreements	12,048	23,640
Total	**95,452**	**91,290**

2. CUSTOMER DEPOSITS

(In millions of euros)	31st December 2015	31st December 2014
Regulated savings accounts	83,745	79,785
Demand	*59,923*	*57,550*
Term	*23,822*	*22,235*
Other demand deposits(1)	184,853	157,343
Other term deposits(1)	90,591	89,225
Related payables	528	889
Revaluation of hedged items	370	433
Total customer deposits	**360,087**	**327,675**
Borrowings secured by notes and securities	91	89
Securities sold to customers under repurchase agreements	19,453	21,971
Total	**379,631**	**349,735**

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

BREAKDOWN BY CUSTOMER TYPE

(In millions of euros)	31st December 2015	31st December 2014
Other demand deposits		
Businesses and sole proprietors	76,774	62,267
Individual customers	56,448	50,515
Financial customers	38,478	32,539
Others(1)	13,153	12,022
Total	**184,853**	**157,343**

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

3. DEBT SECURITIES ISSUED

(In millions of euros)	31st December 2015	31st December 2014
Term savings certificates	850	947
Bond borrowings	23,350	22,255
Interbank certificates and negotiable debt instruments	79,256	81,890
Related payables	897	970
Sub-total	**104,353**	**106,062**
Revaluation of hedged items	2,059	2,596
Total	**106,412**	**108,658**
o/w floating-rate securities	*30,235*	*32,099*

NOTE 3.7 - INTEREST INCOME AND EXPENSE

ACCOUNTING PRINCIPLES

Interest income and expense are recognised in the income statement under *Interest and similar income* and *Interest and similar expense* for all financial instruments measured at amortised cost using the effective interest rate method (loans and receivables, debts, held-to-maturity financial assets) and for debt securities classified as *Available-for-sale financial assets*.

The effective interest rate is taken to be the rate used to discount future cash inflows and outflows over the expected life of the instrument in order to establish the book value of the financial asset or liability. The calculation of this rate considers the future cash flows estimated on the basis of the contractual provisions of the financial instrument without taking account of possible future credit losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

When a financial asset or group of similar financial assets has been impaired following an impairment of value, subsequent interest income is recorded on the basis of the effective interest rate used to discount the future cash flows when measuring the loss of value.

Moreover, except for those related to employee benefits, provisions recognised as balance sheet liabilities generate interest expenses that are calculated using the same interest rate used to discount the expected outflow of resources.

	2015			2014		
(In millions of euros)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Transactions with banks	**1,349**	**(1,678)**	**(329)**	**1,281**	**(1,129)**	**152**
Demand deposits and interbank loans	1,102	(1,600)	(498)	1,073	(994)	79
Securities purchased/sold under resale agreements and loans/borrowings secured by notes and securities	247	(78)	169	208	(135)	73
Transactions with customers	**12,860**	**(5,721)**	**7,139**	**13,844**	**(6,118)**	**7,725**
Trade notes	583	-	583	570	-	570
Other customer loans	11,562	(2)	11,560	12,520	-	12,520
Overdrafts	678	-	678	703	-	703
Regulated savings accounts	-	(1,061)	(1,061)	-	(1,231)	(1,231)
Other customer deposits	-	(4,629)	(4,629)	-	(4,778)	(4,778)
Securities purchased/sold under resale agreements and loans/borrowings secured by notes and securities	37	(29)	8	51	(109)	(59)
Transactions in financial instruments	**10,020**	**(8,726)**	**1,294**	**8,151**	**(7,286)**	**866**
Available-for-sale financial assets	2,811	-	2,811	3,042	-	3,042
Held-to-maturity financial assets	188	-	188	141	-	141
Debt securities issued	-	(1,992)	(1,992)	-	(2,179)	(2,179)
Subordinated and convertible debt	-	(487)	(487)	-	(508)	(508)
Securities lending/borrowing	15	(21)	(6)	16	(24)	(7)
Hedging derivatives	7,006	(6,226)	780	4,952	(4,575)	377
Financial leases	**1,202**	**-**	**1,202**	**1,256**	**-**	**1,256**
Real estate lease financing agreements	236	-	236	250	-	250
Non-real estate lease financing agreements	966	-	966	1,006	-	1,006
Total interest income and expense	**25,431**	**(16,125)**	**9,306**	**24,532**	**(14,533)**	**9,999**
Including interest income from impaired financial assets	*436*			*476*		

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

BREAKDOWN OF OTHER CUSTOMER LOANS INCOME

(In millions of euros)	2015	2014
Short-term loans	4,116	4,398
Export loans	278	251
Equipment loans	1,856	2,025
Housing loans	4,018	4,359
Other customer loans	1,294	1,487
Total	**11,562**	**12,520**

NOTE 3.8 - IMPAIRMENT AND PROVISIONS

1. IMPAIRMENT OF FINANCIAL ASSETS

ACCOUNTING PRINCIPLES

FINANCIAL ASSETS MEASURED AT AMORTISED COST

At each balance sheet date, the Group assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognised (a "loss event") and whether that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Notwithstanding the existence of a guarantee, the criteria used to assess objective evidence of credit risk include the following conditions:

- a significant decline in the counterparty's financial situation leads to a high probability of said counterparty being unable to fulfill its overall commitments (credit obligations); hence a risk of loss to the bank;
- concessions are granted to the clauses of the loan agreement, in light of the borrower's financial difficulties, that would not have been granted in other circumstances;
- one or more over 90-day past-due payments are recorded (with the exception of restructured loans on probation, which are considered in default at the first missed payment) and/or a collection procedure is initiated;
- or, regardless of whether or not any past-due payments are recorded, there is objective evidence of impairment or legal proceedings have been initiated (bankruptcy, legal settlement, compulsory liquidation).

The Group applies the impairment contagion principle to all of the defaulting counterparty's outstanding loans. When a debtor belongs to a group, all of the group's outstanding loans are generally impaired as well.

If there is objective evidence that loans or other receivables, or financial assets classified as *Held-to-maturity financial assets*, are impaired, an impairment is recognised for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees, this discount is calculated using the financial assets' original effective interest rate. The impairment is deducted from the carrying value of the impaired financial asset. Allocations to and reversals of impairments are recorded in the income statement under *Cost of risk*. The impaired loans or receivables are remunerated for accounting purposes by the reversal over time of the discounting to present value, which is recorded under *Interest and similar income* in the income statement.

Where there is no objective evidence that an impairment loss has been incurred on a financial asset considered individually, be it significant or not, the Group includes that financial asset in a group of financial assets having similar characteristics in terms of credit risk and tests the whole group for impairment. In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, impairment is recognised without waiting for the risk to individually affect one or more receivables.

Homogeneous portfolios thus impaired can include:

- receivables on counterparties which have encountered financial difficulties since these receivables were initially recognised, without any objective evidence of impairment having yet been identified at the individual level (sensitive receivables); or
- receivables on counterparties linked to economic sectors considered as being in crisis further to the occurrence of loss events; or
- receivables on geographical sectors or countries in which a deterioration of credit risk has been assessed.

The amount of impairment on a group of homogeneous assets is calculated on the basis of assumptions on default rates and loss given default, or, if necessary, on the basis of *ad hoc* studies.

These assumptions are calibrated for each homogeneous group based on its specific characteristics, sensitivity to the economic environment and historical data. They are reviewed periodically by the Risk Division and then adjusted to reflect any relevant current economic conditions. Allocations to and reversals of such impairment are recorded under *Cost of risk*.

Probable losses incurred by the Group in identifying objective evidence of credit risk related to off-balance sheet loan and guarantee commitments are recorded in the income statement under *Cost of risk* against a provision booked to liabilities.

RESTRUCTURING OF LOANS AND RECEIVABLES

When an asset recorded under *Loans and receivables* is restructured, contractual changes are made to the amount, term or financial conditions of the initial transaction approved by the Group, due to the financial difficulties or insolvency of the borrower (whether insolvency has already occurred or will definitely occur unless the debt is restructured), and these changes would not have been considered in other circumstances.

Restructured financial assets are classified as impaired and the borrowers are considered to be in default. These classifications are maintained for at least one year and for as long as any uncertainty remains for the Group as to whether or not the borrowers can meet their commitments.

At the restructuring date, the carrying amout of the restructured financial asset is decreased to the present amount of the estimated new future recoverable cash flows discounted using the initial effective interest rate. This loss is booked to profit or loss under *Cost of risk*.

Restructured financial assets do not include loans and receivables subject to commercial renegotiations and involving customers whose debt the Group has agreed to renegotiate in the interest of maintaining or developing a commercial relationship, in acordance with the credit approval procedures in force and without relinquishing any principal or accrued interest.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

An available-for-sale financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of this asset.

For listed equity instruments, a significant or prolonged decline in their price below their acquisition cost constitutes objective evidence of impairment. For this purpose, the Group considers as impaired listed shares showing an unrealised loss greater than 50% of their acquisition price on the balance sheet date, as well as listed shares for which the quoted prices have been below their acquisition price on every trading day for at least the last 24 months before the balance sheet date. Further factors, such as the financial situation of the issuer or its development outlook, can lead the Group to consider that the cost of its investment may not be recovered even if the above-mentioned criteria are not met. An impairment loss is then recorded through profit or loss equal to the difference between the last quoted price of the security on the balance sheet date and its acquisition price.

For unlisted equity instruments, the criteria used to assess the evidence of impairment are identical to those mentioned above. The value of these instruments at the balance sheet date is determined using the valuation methods described in Note 3.4.

The criteria for the impairment of debt instruments are similar to those for the impairment of financial assets measured at amortised cost.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in shareholders' equity under *Unrealised or deferred gains and losses* and subsequent objective evidence of impairment emerges, the Group recognises the total accumulated unrealised loss previously recorded in shareholders' equity in the income statement under *Cost of risk* for debt instruments and under *Net gains and losses on available-for-sale financial assets* for equity securities.

This cumulative loss is measured as the difference between the acquisition cost (net of any repayments of principal and amortisation) and the present fair value, less any impairment of the financial asset that has already been recorded through profit or loss.

Impairment losses recognised through profit or loss on an equity instrument classified as available-for-sale are only reversed through profit or loss when the instrument is sold. Once an equity instrument has been recognised as impaired, any further loss of value is recorded as an additional impairment loss. For debt instruments, however, an impairment loss is reversed through profit or loss if they subsequently recover in value following an improvement in the issuer's credit risk.

BREAKDOWN OF ASSET IMPAIRMENTS

(In millions of euros)	Asset impairments at 31st December 2014	Allocations	Write-backs available	Net impairment losses	Reversals used	Currency and scope effects	Asset impairments at 31st December 2015
Banks	27	2	(10)	(8)	(4)	22	37
Customer loans	13,949	5,435	(3,536)	1,899	(3,165)	475	13,158
Lease financing and similar agreements	809	459	(339)	120	(87)	(22)	820
Groups of homogeneous assets	1,256	509	(374)	135	-	(3)	1,388
Available-for-sale assets(1)(2)	2,038	136	(1,026)	(890)	(7)	(2)	1,139
Others(1)	534	259	(155)	104	(116)	18	540
Total	**18,613**	**6,800**	**(5,440)**	**1,360**	**(3,379)**	**488**	**17,082**

(1) Including a EUR 29 million net allowance for counterparty risks.

(2) O/w write-down on equity securities, excluding insurance activities, of EUR 28 million, which can be broken down as follows:
- EUR 12 million: impairment loss on securities not written down at 31st December 2014;
- EUR 16 million: additional impairment loss on securities already written down at 31st December 2014.

2. PROVISIONS

ACCOUNTING PRINCIPLES

Provisions on financial instruments and disputes include provisions for credit risk related to off-balance sheet loan and guarantee commitments granted to third parties by the Group, provisions related to PEL/CEL commitments, and provisions representing liabilities whose timing or amount cannot be precisely determined (primarily legal disputes and restructuring). Provisions may be recorded where, by virtue of a commitment to a third-party, the Group will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange.

The expected outflows are then discounted to present value to determine the amount of the provision, where this discounting has a significant impact. Allocations to and reversals of provisions are recorded through profit or loss under the items corresponding to the future expense.

Information on the nature and the amount of the associated risks is not disclosed when the Group considers that such disclosure could seriously undermine its position in a dispute with other parties on the object of the provision.

(In millions of euros)	Provisions at 31st December 2014	Allocations	Write-backs available	Net allocation	Write-backs used	Currency and scope effects	Provisions at 31st December 2015
Provisions for off-balance sheet commitments to banks	12	22	(7)	15	-	(12)	15
Provisions for off-balance sheet commitments to customers	304	420	(378)	42	(8)	15	353
Provision for disputes	1,321	654	(57)	597	(59)	10	1,869
Other provisions(1)	746	310	(94)	216	(44)	(7)	911
Provisions on financial instruments and disputes	**2,383**	**1,406**	**(536)**	**870**	**(111)**	**6**	**3,148**

(1) Including a EUR 64 million net allocation for PEL/CEL provisions at 31st December 2015 (see Note 3.8.3).

3. COMMITMENTS UNDER MORTGAGE SAVINGS AGREEMENTS

ACCOUNTING PRINCIPLES

In France, Comptes d'épargne-logement (CEL or mortgage savings accounts) and Plans d'épargne-logement (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of 10th July 1965. These products combine an initial deposit phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. The lending phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are measured at amortised cost.

These instruments create two types of commitments for the Group: the obligation to pay interest on customer savings for an indeterminate future period at an interest rate established at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also established at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Group, a provision is recorded on the liabilities side of the balance sheet. Any changes in these provisions are recognised as Net banking income under net interest income. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) making up a single generation.

During the deposit phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observations of past customer behaviour.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of deposits that are currently recognised in the balance sheet at the date of calculation and on the basis of historical observations of past customer behaviour.

A provision is recognised if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products, with a similar estimated life and date of inception.

OUTSTANDING DEPOSITS IN PEL/CEL ACCOUNTS

(In millions of euros)	31st December 2015	31st December 2014
PEL accounts	**18,079**	**16,514**
less than 4 years old	7,874	7,023
between 4 and 10 years old	5,292	4,281
more than 10 years old	4,913	5,210
CEL accounts	**1,442**	**1,502**
Total	**19,521**	**18,016**

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS

(In millions of euros)	31st December 2015	31st December 2014
less than 4 years old	31	64
between 4 and 10 years old	82	101
more than 10 years old	8	12
Total	**121**	**177**

PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS

(In millions of euros)	31st December 2014	Allocations	Reversals	31st December 2015
PEL accounts	**224**	**62**	**-**	**286**
less than 4 years old	2	4	-	6
between 4 and 10 years old	4	24	-	28
more than 10 years old	218	34	-	252
CEL accounts	**-**	**2**	**-**	**2**
Total	**224**	**64**	**-**	**288**

The level of provisions is sensitive to long-term interest rates. Since long-term rates were low during 2015, the provisions for PEL and CEL mortgage savings accounts were mainly linked to the risks attached to the commitment to pay interest on the deposits. Provisioning for PEL/CEL savings amounted to 1.48% of total outstandings at 31st December 2015.

METHODS USED TO ESTABLISH PROVISION VALUATION INPUTS

The inputs used to estimate future customer behaviour are derived from historical observations of customer behaviour patterns over a long period (more than 10 years). The values of these inputs can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the different market inputs used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these items for the period in question, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps vs. Euribor yield curve at the valuation date, averaged over a 12 month period.

4. COST OF RISK

ACCOUNTING PRINCIPLES

Cost of risk includes allocations, net of reversals, for provisions and impairments for credit risk, the amount of the loan considered uncollectible and the amount recovered on loans previously written off, as well as allocations to and reversals of provisions for other risks.

(In millions of euros)	2015	2014
Counterparty risk		
Net allocation to impairment losses	(2,232)	(2,496)
Losses not covered	(293)	(266)
on bad loans	*(245)*	*(229)*
on other risks	*(48)*	*(37)*
Amounts recovered	164	167
on bad loans	*161*	*163*
on other risks	*3*	*4*
Other risks		
Net allocation to other provisions(1)	(704)	(372)
Total	**(3,065)**	**(2,967)**

(1) To take into account the developments in a number of legal risks, including in particular the ongoing judicial investigations and proceedings with the US and European authorities, as well as the French “Conseil d’État” ruling on the “ précompte”, the Group has recognised a provision for disputes among its liabilities, adjusted in 2015 by an additional allowance of EUR 600 million to raise it to EUR 1,700 million (including an estimate of the related legal costs).

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

ACCOUNTING PRINCIPLES

DEFINITION OF FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the absence of observable prices for identical assets or liabilities, the fair value of financial instruments is determined using another measurement technique that maximises the use of observable market inputs based on assumptions that market operators would use to set the price of the instrument in question.

For financial instruments that are not recognised at fair value on the balance sheet, the figures disclosed in this note and broken down according to the fair value hierarchy as described in Note 3.4, should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

The fair values of financial instruments include accrued interest as applicable.

1. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	31st December 2015				
(In millions of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due from banks	71,682	72,357	-	60,528	11,829
Customer loans	405,252	406,975	-	142,999	263,976
Held-to-maturity financial assets	4,044	4,268	4,139	95	34
Total financial assets measured at amortised cost	**480,978**	**483,600**	**4,139**	**203,622**	**275,839**

	31st December 2014				
(In millions of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due from banks	80,709	81,742	-	70,534	11,208
Customer loans	370,367	375,049	-	115,361	259,688
Held-to-maturity financial assets	4,368	4,451	4,341	91	19
Total financial assets measured at amortised cost	**455,444**	**461,242**	**4,341**	**185,986**	**246,165**

2. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

	31st December 2015				
(In millions of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due to banks	95,452	95,739	139	91,667	3,933
Customer deposits	379,631	380,263	-	370,918	9,345
Debt securities issued	106,412	109,227	22,546	85,649	1,032
Subordinated debt	13,046	14,040	-	14,040	-
Total financial liabilities measured at amortised cost	**594,541**	**599,269**	**22,685**	**562,274**	**14,310**

	31st December 2014				
(In millions of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due to banks	91,290	91,577	-	88,146	3,431
Customer deposits	349,735	349,810	-	335,914	13,896
Debt securities issued	108,658	110,261	19,411	89,371	1,479
Subordinated debt	8,834	9,649	-	9,649	-
Total financial liabilities measured at amortised cost	**558,518**	**561,297**	**19,411**	**523,080**	**18,806**

3. VALUATION METHODS

LOANS, RECEIVABLES AND LEASE FINANCING AGREEMENTS

The fair value of loans, receivables and lease financing receivables for large corporates and banks is calculated, in the absence of an actively traded market for these loans, by discounting expected cash flows to present value based on the market rates (the benchmark maturity yield published by the Banque de France and the zero-coupon yield) prevailing on the balance sheet date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

The fair value of loans, receivables and lease financing receivables for retail banking customers, essentially comprised of individuals and small or medium-sized companies, is determined, in the absence of an actively traded market for these loans, by discounting the associated expected cash flows to present value at the market rates prevailing on the balance sheet date for similar types of loans and similar maturities.

For all floating-rate loans, receivables and lease financing receivables and fixed-rate loans with an initial maturity of less than or equal to one year, fair value is taken to be the same as book value net of impairment, assuming there has been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

DEBTS

The fair value of debts, in the absence of an actively traded market for these liabilities, is taken to be the same as the value of future cash flows discounted to present value at the market rates prevailing on the balance sheet date. When the debt is a listed instrument, its fair value is its market value.

For floating-rate deposits, demand deposits and borrowings with an initial maturity of less than or equal to one year, fair value is taken to be the same as book value. Similarly, the individual fair value of demand deposit accounts is equal to their book value.

NOTE 3.10 - COMMITMENTS AND ASSETS PLEDGED AND RECEIVED AS SECURITY

ACCOUNTING PRINCIPLES

LOAN COMMITMENTS

Loan commitments that are not considered as financial derivatives are initially recognised at fair value. Thereafter, provided they are not granted or received for trading purpose and thus measured at fair value through profit or loss, they are provisioned as necessary in accordance with the accounting principles for provisions (see Note 3.8).

GUARANTEE COMMITMENTS

When considered as non-derivative financial instruments, financial guarantees issued by the Group are initially recognised in the balance sheet at fair value. Thereafter, they are measured at either the amount of the obligation or the amount initially recognised (whichever is higher) less, when appropriate, the cumulative amortisation of a guarantee commission. Where there is objective evidence of impairment, a provision for granted financial guarantees is recognised on the liabilities side of the balance sheet (see Note 3.8).

SECURITIES COMMITMENTS

Securities bought and sold, which are booked to *Financial assets at fair value through profit or loss*, *Held-to-maturity financial assets* and *Available-for-sale financial assets* are recognised on the balance sheet at the settlement-delivery date. Between the trade date and the settlement-delivery date, securities receivable or deliverable are not recognised on the balance sheet. Changes in the fair value of securities measured at fair value through profit or loss and available-for-sale securities between the trade date and the settlement-delivery date are booked to profit or loss or equity, depending on the accounting classification of the securities in question.

1. COMMITMENTS

COMMITMENTS GRANTED

(In millions of euros)	31st December 2015	31st December 2014
Loan commitments		
To banks	26,164	11,251
To customers	149,207	121,019
Issuance facilities	-	-
Confirmed credit lines	*145,802*	*118,483*
Others	*3,405*	*2,536*
Guarantee commitments		
On behalf of banks	9,349	17,461
On behalf of customers(1)	54,855	52,412
Securities commitments		
Securities to be delivered	30,015	25,870

(1) Including capital and performance guarantees given to the holders of UCITS managed by entities of the Group.

COMMITMENTS RECEIVED

(In millions of euros)	31st December 2015	31st December 2014
Loan commitments		
From banks	82,631	56,235
Guarantee commitments		
From banks	92,439	74,982
Other commitments(1)	103,133	79,236
Securities commitments		
Securities to be received	30,332	26,228

(1) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 44,878 million at 31st December 2015 versus EUR 36,841 million at 31st December 2014.

2. ASSETS PLEDGED AND RECEIVED AS SECURITY

ASSET PLEDGED

(In millions of euros)	31st December 2015	31st December 2014
Book value of assets pledged as security for liabilities(1)	235,130	190,168
Book value of assets pledged as security for transactions in financial instruments(2)	38,302	31,728
Book value of assets pledged as security for off-balance sheet commitments	763	742
Total	**274,195**	**222,638**

(1) Assets pledged as security for liabilities mainly include loans given as guarantees for liabilities (guarantees notably provided to the central banks).

(2) Assets pledged as security for transactions in financial instruments mainly include surety deposits.

ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

(In millions of euros)	31st December 2015	31st December 2014
Fair value of securities purchased under resale agreements	**178,937**	**165,790**

NOTE 3.11 - TRANSFERRED FINANCIAL ASSETS

ACCOUNTING PRINCIPLES

Transferred financial assets that are not derecognised include securities lending transactions and repurchase agreements as well as certain loans transferred to consolidated securitisation vehicles.

The tables below show securities lending and repurchase agreements that only concern securities recognised on the asset side of the balance sheet.

Securities involved in a repurchase agreement or securities lending transaction are held in their original position on the asset side of the Group's balance sheet. For repurchase agreements, the obligation to return the amounts deposited is recorded under *Liabilities* on the liabilities side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial liabilities at fair value through profit or loss*.

Securities involved in a reverse repurchase agreement or securities borrowing transaction are not recorded in the Group's balance sheet. However, in the event the borrowed securities are subsequently sold, a debt representing the return of these securities to their lender is recorded on the liabilities side of the Group's balance sheet, under *Financial liabilities at fair value through profit or loss*. For securities received under a reverse repurchase agreement, the right to recover the amounts delivered by the Group is recorded under *Loans and receivables* on the asset side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial assets at fair value through profit or loss*.

Securities lending and securities borrowing transactions that are fully matched by cash are assimilated to repurchase and reverse repurchase agreements and are recorded and recognised as such in the balance sheet.

With securities lending and repurchase agreements, the Group remains exposed to issuer default (credit risk) and to increases or decreases of securities value (market risk). The underlying securities cannot simultaneously be used as collateral in other transactions.

1. TRANSFERRED FINANCIAL ASSETS NOT DERECOGNISED

REPURCHASE AGREEMENTS

	31st December 2015		31st December 2014	
(In millions of euros)	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carring amount of transferred assets	Carrying amount of associated liabilities
Available-for-sale securities	16,106	12,249	7,752	6,567
Securities at fair value through profit or loss	43,009	33,174	39,864	34,916
Total	**59,115**	**45,423**	**47,616**	**41,483**

SECURITIES LENDING

	31st December 2015		31st December 2014	
(In millions of euros)	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carring amount of transferred assets	Carrying amount of associated liabilities
Securities at fair value through profit or loss	5,832	180	7,194	130
Total	**5,832**	**180**	**7,194**	**130**

SECURITISATION ASSETS FOR WHICH THE COUNTERPARTIES TO THE ASSOCIATED LIABILITIES HAVE RECOURSE ONLY TO THE TRANSFERRED ASSETS

Costumer loans *(In millions of euros)*	**31st December 2015**	**31st December 2014**
Carrying amount of transferred assets	1,062	874
Carrying amount of associated liabilities	946	665
Fair value of transferred assets (A)	1,060	**908**
Fair value of associated liabilities (B)	944	666
Net position (A)-(B)	**116**	**242**

In 2015, one securitisation of customer loans was partially refinanced with external investors. The vehicles carrying these loans are consolidated by the Group.

The Group remains exposed to the majority of the risks and rewards associated with these receivables; furthermore, these receivables may not be used as collateral or sold outright as part of another transaction.

2. TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED

The Group has no material transferred financial assets that are either partially or fully derecognised.

NOTE 3.12 - OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

ACCOUNTING PRINCIPLES

A financial asset and a financial liability are offset and the net amount presented on the balance sheet when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties. In this respect, the Group recognises in its balance sheet the net amount of derivative financial instruments traded with certain clearing houses where they achieve net settlement through a daily cash margining process, or where their gross settlement system has features that eliminate or result in insignificant credit and liquidity risk, and that process receivables and payables in a single settlement process or cycle

The following tables present the amounts of financial assets and financial liabilities set off on the Group's consolidated balance sheet. The gross outstanding amounts of these financial assets and financial liabilities are matched with the consolidated outstanding amounts presented in the balance sheet (net balance sheet amounts), after indicating the amounts set off on the balance sheet for these various instruments (amounts offset) and aggregating them with the outstanding amounts of other financial assets and financial liabilities not subject to a Master Netting Agreement or similar agreement (amounts of assets and liabilities not eligible for offsetting).

These table also indicate the amounts which could be offset, as they are subject to a Master Netting Agreement or similar agreement, but whose characteristics make them ineligible for offsetting in the consolidated financial statements under IFRS. This information is provided in comparison with the accounting treatment applied under US GAAP.

Net positions resulting from these various offsettings are not intended to represent the Group's actual exposure to counterparty risk through these financial instruments, insofar as counterparty risk management uses other risk mitigation strategies in addition to netting and collateral agreements.

1. AT 31ST DECEMBER 2015

ASSETS

		Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements(1)			
(In millions of euros)	Amount of assets not subject to off-setting	Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral received	Financial instruments received as collateral	Net amount
Derivative financial instruments (see Note 3.2)	30,149	271,252	(96,534)	204,867	(142,350)	(16,311)	(158)	46,048
Securities lent (see Notes 3.1 and 3.3)	1,724	13,947	-	15,671	(12,631)	-	(659)	2,381
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	45,413	173,089	(39,515)	178,987	(49,829)	(587)	(78,783)	49,788
Guarantee deposits pledged (see Note 4.4)	22,967	16,132	-	39,099	-	(16,132)	-	22,967
Other assets not subject to offsetting	895,767	-	-	895,767	-	-	-	895,767
Total assets	**996,020**	**474,420**	**(136,049)**	**1,334,391**	**(204,810)**	**(33,030)**	**(79,600)**	**1,016,951**

(1) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

LIABILITIES

		Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements(2)			
(In millions of euros)	Amount of liabilities not subject to off-setting	Gross amount	Amount offset	Net amount presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments pledged as collateral	Net amount
Derivative financial instruments (see Note 3.2)	29,946	266,349	(96,534)	199,761	(142,350)	(16,102)	-	41,309
Amount payable on borrowed securities (see Note 3.1)	11,921	25,350	-	37,271	(12,631)	-	(15,947)	8,693
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	61,191	151,090	(39,515)	172,766	(49,829)	(30)	(51,417)	71,490
Guarantee deposits received (see Note 4.4)	27,590	16,898	-	44,488	-	(16,898)	-	27,590
Other liabilities not subject to offsetting	817,430	-	-	817,430	-	-	-	817,430
Total liabilities	**948,078**	**459,687**	**(136,049)**	**1,271,716**	**(204,810)**	**(33,030)**	**(67,364)**	**966,512**

(2) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

2. AT 31ST DECEMBER 2014

ASSETS

(In millions of euros)	Amount of assets not subject to off-setting*	Impact of offsetting on the balance sheet: Gross amount	Impact of offsetting on the balance sheet: Amount offset	Net amount presented on the balance sheet*	Impact of Master Netting Agreements (MNA) and similar agreements[3]: Financial instruments recognised in the balance sheet	Impact of MNA: Cash collateral received	Impact of MNA: Financial instruments received as collateral	Net amount*
Derivative financial instruments (see Note 3.2)	29,612	371,273	(171,658)	229,227	(164,717)	(17,690)	(162)	46,658
Securities lent (see Notes 3.1 and 3.3)	2,800	8,220	-	11,020	(6,635)	-	(65)	4,320
Securities purchased under resale agreements (see Notes 3.1 and 3.5)	43,469	151,180	(29,203)	165,446	(36,835)	(242)	(84,655)	43,714
Guarantee deposits pledged (see Note 4.4)	15,850	17,644	-	33,494	-	(17,644)	-	15,850
Other assets not subject to offsetting	868,951	-	-	868,951	-	-	-	868,951
Total assets	**960,682**	**548,317**	**(200,861)**	**1,308,138**	**(208,187)**	**(35,576)**	**(84,882)**	**979,493**

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

(3) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

LIABILITIES

(In millions of euros)	Amount of liabilities not subject to off-setting*	Amount of liabilities not subject to offsetting*: Gross amount	Amount of liabilities not subject to offsetting*: Amount offset	Net amount presented on the balance sheet*	Impact of Master Netting Agreements (MNA) and similar agreements[4]: Financial instruments recognised in the balance sheet	Impact of MNA: Cash collateral pledged	Impact of MNA: Financial instruments pledged as collateral	Net amount*
Derivative financial instruments (see Note 3.2)	29,416	368,376	(171,658)	226,134	(164,717)	(17,582)	(3)	43,832
Amount payable on borrowed securities (see Note 3.1)	38,542	16,389	-	54,931	(6,635)	-	(9,743)	38,553
Securities sold under repurchase agreements (see Notes 3.1 and 3.6)	57,832	158,527	(29,203)	187,156	(36,835)	(62)	(91,973)	58,286
Guarantee deposits received (see Note 4.4)	23,290	17,932	-	41,222	-	(17,932)	-	23,290
Other liabilities not subject to offsetting	739,821	-	-	739,821	-	-	-	739,821
Total liabilities	**888,901**	**561,224**	**(200,861)**	**1,249,264**	**(208,187)**	**(35,576)**	**(101,719)**	**903,782**

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

(4) Fair value of financial instruments and collateral, capped at the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

NOTE 3.13 - CONTRACTUAL MATURITIES OF NON-DERIVATIVE FINANCIAL LIABILITIES

The shown amounts are the contractual amounts excluding provisional interest.

(In millions of euros)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31st December 2015
Due to central banks	6,915	3	41	-	6,959
Financial liabilities at fair value through profit or loss, except derivatives	225,464	20,323	27,268	41,581	314,636
Due to banks	63,893	6,300	22,302	2,869	95,364
Customer deposits	298,375	29,355	29,079	24,199	381,008
Debt securities issued	22,547	22,519	37,277	13,145	95,488
Subordinated debt	311	1,125	2,546	8,728	12,710
Total Liabilities	**617,504**	**79,625**	**118,514**	**90,522**	**906,165**
Loan commitments granted	65,668	19,159	75,608	14,568	175,003
Guarantee commitments granted	22,044	8,948	12,000	23,770	66,762
Total commitments granted	**87,713**	**28,106**	**87,608**	**38,338**	**241,765**

NOTE 4 - OTHER ACTIVITIES

NOTE 4.1 - FEE INCOME AND EXPENSE

ACCOUNTING PRINCIPLES

Fee income and *Fee expense* combine fees on services rendered and received, as well as fees on commitments, that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under *Interest and similar income* and *Interest and similar expense* (see Note 3.7).

The Group recognises fee income and expense for services provided and received in different ways depending on the type of service.

- Fees for ongoing services, such as some payment services, custody fees, or digital service subscriptions are recognised as income over the life of the service.
- Fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties on payment incidents are recognised as income when the service is provided.

In syndication deals, the effective interest rate for the share of the issuance retained on the Group's balance sheet is comparable to that applied to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees for services rendered is then recorded under *Fee income* at the end of the syndication period. Arrangement fees are recorded as income when the placement is legally complete.

	2015			2014		
(In millions of euros)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Transactions with banks	**138**	**(128)**	**10**	**120**	**(113)**	**7**
Transactions with customers	**2,611**	**-**	**2,611**	**2,595**	**-**	**2,595**
Financial instruments transactions	**2,364**	**(2,148)**	**216**	**1,803**	**(1,486)**	**317**
Securities transactions	680	(1,006)	(326)	618	(669)	(51)
Primary market transactions	280	-	280	255	-	255
Foreign exchange transactions and financial derivatives	1,404	(1,142)	262	930	(817)	113
Loan and guarantee commitments	**768**	**(91)**	**677**	**731**	**(78)**	**653**
Services	**3,963**	**-**	**3,963**	**3,623**	**-**	**3,623**
Others	**300**	**(1,099)**	**(799)**	**287**	**(1,007)**	**(720)**
Total	**10,144**	**(3,466)**	**6,678**	**9,159**	**(2,684)**	**6,475**

ADDITIONAL INFORMATION OF FEE INCOME AND EXPENSE

(In millions of euros)	2015	2014
Fee income (other than amounts including in determining the effective interest rate) linked to financial instruments which are not booked at fair value through profit or loss	3,789	3,705
Fee income linked to trust or similar activities	1,976	1,925
Fee expense (other than amounts including in determining the effective interest rate) linked to financial instruments which are not booked at fair value through profit or loss	(91)	(78)
Fee expense linked to trust or similar activities	(1,432)	(1,000)

NOTE 4.2 - INCOME AND EXPENSES FROM OTHER ACTIVITIES

ACCOUNTING PRINCIPLES

LEASING ACTIVITIES

Leases granted by the Group which do not transfer to the lessee virtually all the risks and benefits associated with ownership of the leased asset are classified as operating leases.

Assets held under operating leases, including investment property, are recorded on the balance sheet under T*angible and intangible fixed assets* at their acquisition cost, less depreciation and impairment (see Note 8.2).

Leased assets are depreciated, excluding residual value, over the life of the lease. Lease payments are recognised as income according to the straight line method over the term of the lease. Meanwhile, the purpose of the accounting treatment of income invoiced in respect of maintenance services related to operating lease activities is to reflect a constant margin between this income and the expenses incurred in providing the service over the term of the service agreement.

Investment properties are depreciated using the component based-method. Each component is depreciated over its own useful life, ranging from 10 to 50 years.

Income and expenses, and capital gains or losses on investment properties and leased assets, are recorded under *Income and expenses from other activities* on the Real estate leasing and Equipment leasing lines.

These lines also include losses incurred in the event of a decline in the unguaranteed residual value of finance-lease transactions, and capital gains or losses on disposal related to unleased assets once the lease finance agreements are terminated.

OTHER ACTIVITIES

The accounting principles applied by the Group to insurance activities are presented in Note 4.3.

Other activities also include income and expenses related to physical commodity inventories held by the Group for commodity trading purposes.

	2015			2014		
(In millions of euros)	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Real estate development	76	(4)	**72**	75	-	**75**
Real estate leasing	47	(66)	**(19)**	109	(34)	**75**
Equipment leasing	7,496	(5,130)	**2,366**	7,025	(4,762)	**2,263**
Other activities	45,705	(46,693)	**(988)**	43,010	(43,555)	**(545)**
O/w Insurance activities	*11,556*	*(11,344)*	**212**	*12,440*	*(12,012)*	**428**
Total	**53,324**	**(51,893)**	**1,431**	**50,219**	**(48,351)**	**1,869**

NOTE 4.3 - INSURANCE ACTIVITIES

ACCOUNTING PRINCIPLES

FINANCIAL ASSETS AND LIABILITIES

The financial assets and liabilities of the Group's insurance companies are recognised and measured according to the rules governing financial instruments explained in Note 3.

UNDERWRITING RESERVES OF INSURANCE COMPANIES

Underwriting reserves correspond to the commitments of insurance companies with respect to policyholders and the beneficiaries of policies.

In accordance with IFRS 4 on insurance policies, life and non-life underwriting reserves continue to be measured under the same local regulations.

Risks covered by life insurance policies are principally death, invalidity and incapacity for work. Life insurance underwriting reserves mainly comprise actuarial reserves, which correspond to the difference between the present value of commitments falling to the insurer and those falling to the policyholder, and the reserve for claims incurred but not settled.

Underwriting reserves for unit-linked policies with discretionary profit-sharing or any other significant feature (mortality, invalidity, etc.) are measured at the balance sheet date on the basis of the market value of the assets underlying these policies.

Risks covered by non-life insurance policies are principally linked to home, car and accident protection guarantees. Underwriting reserves comprise reserves for unearned premiums (share of premium income relating to subsequent financial years) and for outstanding claims.

Under the principles defined in IFRS 4, and in compliance with local regulations applicable with respect thereto, life insurance policies with discretionary profit-sharing features are subject to "mirror accounting", whereby any changes in the value of financial assets liable to affect policyholders are recorded in *Deferred profit-sharing*. This reserve is calculated to reflect the potential rights of policyholders to unrealised gains on financial instruments measured at fair value or their potential share of unrealised losses.

To demonstrate the recoverability of the deferred profit-sharing asset in the event of an unrealised net loss, two approaches are verified by the Group in order to show that the liquidity requirements caused by an unfavourable economic environment would not require assets to be sold in the event of unrealised losses:

- the first consists in simulating deterministic ("standardised" or extreme) stress scenarios. This is used to show that in these scenarios no significant losses would be realised on the assets existing at the balance sheet date for the scenarios tested;
- the aim of the second approach is to ensure that in the long or medium term, the sale of assets to meet liquidity needs would not generate any significant losses. The approach is verified for projections based on extreme scenarios;
- a liability adequacy test is also carried out quarterly using a stochastic model based on parameter assumptions consistent with those used for the MCEV (Market Consistent Embedded Value). This test takes into account all of the future cash flows from policies, including management charges, fees and policy options and guarantees.

INCOME AND EXPENSES

Income and expenses related to insurance policies issued by Group insurance companies are recognised in the income statement under *Income and expenses from other activities*. Other income and expenses are recorded under the related headings. Changes in provisions for deferred profit-sharing are booked to the income statement or to *Unrealised or deferred gains or losses* under the headings reserved for the associated underlying assets.

1. UNDERWRITING RESERVES OF INSURANCE COMPANIES

UNDERWRITING RESERVES

(In millions of euros)	31st December 2015	31st December 2014
Underwriting reserves for unit-linked policies	20,043	18,087
Life insurance underwriting reserves	78,316	75,360
Non-life insurance underwriting reserves	1,175	1,098
Deferred profit-sharing booked in liabilities	7,723	8,753
Total	**107,257**	**103,298**
Attributable to reinsurers	(293)	(282)
Underwriting reserves of insurance companies (including provisions for deferred profit-sharing) net of the share attributable to reinsurers	**106,964**	**103,016**

STATEMENT OF CHANGES IN UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In millions of euros)	Underwriting reserves for unit-linked policies	Life insurance underwriting reserves	Non-life insurance underwriting reserves
Reserves at 1st January 2015 (except provisions for deferred profit-sharing)	**18,087**	**75,360**	**1,098**
Allocation to insurance reserves	1,215	1,577	80
Revaluation of unit-linked policies	570	-	-
Charges deducted from unit-linked policies	(133)	-	-
Transfers and allocation adjustments	215	(217)	-
New customers	4	-	(1)
Profit-sharing	80	1,552	-
Others	5	44	(2)
Reserves at 31st December 2015 (except provisions for deferred profit-sharing)	**20,043**	**78,316**	**1,175**

In accordance with IFRS 4 and Group accounting standards, the Liability Adequacy Test (LAT) was performed at 31st December 2015. This test assesses whether recognised insurance liabilities are adequate, using current estimates of future cash flows under insurance policies. It is carried out on the basis of stochastic models similar to those used for asset/liability management. The result of the test at 31st December 2015 was conclusive.

UNDERWRITING RESERVES BY REMAINING MATURITY

(In millions of euros)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	31st December 2015
Insurance company underwriting reserves	11,199	7,710	29,195	59,153	**107,257**

2. NET INVESTMENTS OF INSURANCE COMPANIES

(In millions of euros before elimination of intercompany transactions)	31st December 2015	31st December 2014
Financial assets at fair value through profit or loss	**41,930**	**27,350**
Debt instruments	23,451	11,342
Equity instruments	18,479	16,008
Due from Banks	**9,890**	**10,328**
Available-for-sale financial assets	**74,873**	**82,796**
Debt instruments	63,130	73,326
Equity instruments	11,743	9,470
Investment property	**591**	**477**
Total(1)	**127,284**	**120,951**

(1) Investments in other Group companies that are made in representation of unit-linked liabilities are kept in the Group's consolidated balance sheet without any significant impact thereon.

3. BREAKDOWN OF UNREALISED GAINS AND LOSSES ON AVAILABLE-FOR-SALE ASSETS

(In millions of euros)	Unrealised gains	Unrealised losses	Net Revaluation
Unrealised gains and losses of insurance subsidiaries	**550**	**(119)**	**431**
Including: on available-for-sale equity instruments	*928*	*(568)*	*360*
on available-for-sale debt instruments and assets reclassified as Loans and receivables	*7,908*	*(521)*	*7,387*
Deferred profit-sharing	*(8,286)*	*970*	*(7,316)*

4. UNDERWRITING INCOME OF INSURANCE COMPANIES

(In millions of euros)	2015	2014
Written premiums	11,271	11,904
Cost of benefits (including changes in reserves)	(11,233)	(12,243)
Net income from investments	4,535	4,198
Other net technical income (expense)	(3,853)	(3,158)
Contribution to operating income before elimination of intercompany transactions	**720**	**701**
Elimination of intercompany transactions[1]	404	181
Contribution to operating income after elimination of intercompany transactions	**1,124**	**882**

(1) This essentially concerns the elimination of fees paid by the insurance companies to the distribution networks and the elimination of financial income on investments made in other Group companies.

5. NET FEE INCOME

(In millions of euros before elimination of intercompany transactions)	2015	2014
Fees Received		
Acquisition fees	737	531
Management fees	702	696
Others	38	35
Fees Paid		
Acquisition fees	(585)	(534)
Management fees	(394)	(336)
Others	(61)	(51)
Total Fees	**437**	**341**

6. MANAGEMENT OF INSURANCE RISKS

There are two main types of insurance risks:

- underwriting risks, mainly pricing risks and risks of discrepancies in total fluctuations in claim experience: in non-life insurance and individual personal protection alike, profits are exposed to risks of deterioration in claim rates observed compared to claim rates anticipated at the time the price schedule was established. Discrepancies can be linked to multiple complex factors such as changes in policyholder behaviour (lapses), changes in the macroeconomic environment, pandemics, natural disasters, mortality, morbidity, longevity, etc.;
- risks linked to the financial markets and ALM: in life insurance, insurers are exposed to the instabilities of the financial markets (changes in interest rates and stock market fluctuations) which can be made worse by policyholder behaviour.

Managing these risks is key to the insurance business line's activity. It is carried out by qualified and experienced teams, with major bespoke IT resources. Risks undergo regular monitoring and are reported to the General Management of both the entities concerned and the business lines.

In the area of pricing risks and risks of discrepancies in total loss experience, a number of guidelines are applied:

- heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile from the very beginning. Proper application of these procedures is verified *via* Quality Audits and multi-annual Internal Audits. These processes have been ISO-certified;
- regular monitoring of loss ratios, based on statistics developed per year of occurrence. This analysis (expansion of the portfolio, level of provisions for reported claims and for incurred but not reported claims) allows pricing adjustments to be made, where applicable, for subsequent financial years;
- implementation of a reinsurance plan to protect the Group from major/serial claims.

Management of risks linked to the financial markets is just as much an integral part of the investment strategy as the aim of long-term performance. The optimisation of these two factors is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analysed by the Finance and Risk Department of the insurance business line. Societe Generale's overall asset and liability management policy is validated by the Group's General Management at the ALM Committee meetings held every six months.

Risk management and analysis are based on the following key principles:

- asset/liability risk management:
  - monitoring of long-term cash flows: the term of a liability is matched against the term of an asset, and cash flow peaks are strictly controlled in order to minimise liquidity risks,
  - close monitoring of redemption flows and stress *scenario* simulations,
  - close monitoring of the equity markets and stress *scenario* simulations,
  - hedging of exchange rate risks (in the event of a rise or drop in the markets) using financial instruments;
- financial risk management *via* the establishment of limits:
  - counterparty limits (e.g. limits according to the issuer's country of domiciliation, distinction between sovereign issuers and private issuers),
  - rating limits by issuer,
  - limits by type of asset (e.g. equities, private equity).

All of these strategies are assessed by simulating various scenarios of financial market behaviour and policyholder behaviour using stress tests and stochastic modelling.

The Solvency 2 Directive, applicable to insurance and reinsurance groups and companies, mutual insurers and life insurance companies located in the European Union, entered into force on 1st January 2016. All Group's insurance and reinsurance companies are subject to this new regulation.

NOTE 4.4 - OTHER ASSETS AND LIABILITIES

1. OTHER ASSETS

(In millions of euros)	31st December 2015	31st December 2014
Guarantee deposits paid(1)	39,099	33,494
Settlement accounts on securities transactions	6,557	7,144
Prepaid expenses	569	556
Miscellaneous receivables(2)	23,407	24,273
Gross amount	**69,632**	**65,467**
Impairment	(234)	(229)
Net amount	**69,398**	**65,238**

(1) Mainly relates to guarantee deposits paid on financial instruments.

(2) Miscellaneous receivables include premiums to be received on instalment options, as well as receivables related to insurance activities.

2. OTHER LIABILITIES

(In millions of euros)	31st December 2015	31st December 2014*
Guarantee deposits received(1)	44,488	41,222
Settlement accounts on securities transactions	6,938	6,909
Other securities transactions	21	16
Expenses payable on employee benefits	2,818	2,761
Deferred income	1,605	1,558
Miscellaneous payables(2)	27,213	22,565
Total	**83,083**	**75,031**

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

(1) Mainly relates to guarantee deposits received on financial instruments.

(2) Miscellaneous payables include premiums to be paid on instalment options, as well as payables related to insurance activities.

NOTE 5 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

ACCOUNTING PRINCIPLES

Employee benefits are divided into four categories:

- Short-term employee benefits which are employee benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing;
- Post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- Long-term employee benefits which are employee benefits not expected to be settled wholly before twelve months, such as defined variable compensation paid in cash and not indexed to the Societe Generale share, long service awards and time saving accounts;
- Termination benefits.

NOTE 5.1 - PERSONNEL EXPENSES AND RELATED PARTY TRANSACTIONS

ACCOUNTING PRINCIPLES

Personnel expenses include all expenses related to personnel, including employee benefits and expenses related to payments based on Societe Generale shares.

Short-term employee benefits are recorded under *Personnel expenses* during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and long-term benefits are described in Note 5.2. Those related to share-based payments are described in Note 5.3.

1. PERSONNEL EXPENSES

(In millions of euros)	2015	2014
Employee compensation	(6,817)	(6,504)
Social security charges and payroll taxes	(1,604)	(1,581)
Net pension expenses - defined contribution plans	(679)	(657)
Net pension expenses - defined benefit plans	(128)	(95)
Employee profit-sharing and incentives	(248)	(212)
Total	**(9,476)**	**(9,049)**

2. RELATED PARTY TRANSACTIONS

ACCOUNTING PRINCIPLES

Personnel expenses include related party transactions, within the meaning of IAS 24.

The Group's related parties include the members of the Board of Directors, corporate officers (the Chairman, the Chief Executive Officer and the two Deputy Chief Executive Officers), their respective spouses and any children residing in the family home, subsidiaries which are either controlled exclusively or jointly by the Group, and companies over which Societe Generale exercises significant influence.

REMUNERATION OF THE GROUP'S MANAGERS

This includes amounts effectively paid by the Group to Directors and corporate officers as remuneration (including employer contributions) and other benefits under IAS 24 - paragraph 17 - as indicated below.

(In millions of euros)	31st December 2015	31st December 2014
Short-term benefits	15.6	12.0
Post-employment benefits	0.5	0.4
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	1.5	3.1
Total	**17.6**	**15.5**

RELATED PARTY TRANSACTIONS

The transactions with members of the Board of Directors, Chief Executive Officers and members of their families included in this note only comprise loans and guarantees outstanding at 31st December 2015 for a total amount of EUR 16.5 million. All other transactions with these individuals are insignificant.

TOTAL AMOUNTS PROVISIONED OR BOOKED BY THE SOCIETE GENERALE GROUP FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS

The total amount provisioned or booked by the Societe Generale Group at 31st December 2015 under revised IAS 19 for the payment of pensions and other benefits to Societe Generale's Chief Executive Officers (Mr. Cabannes, Mr. Sanchez Incera and the two staff-elected Directors) is EUR 4.1 million.

NOTE 5.2 - EMPLOYEE BENEFITS

Group companies, in France and abroad, may award their employees:

- post-employment benefits, such as pension plans or retirement benefits;
- long-term benefits such as deferred variable remuneration, long service awards or the Compte Epargne Temps (CET) flexible working provisions;
- termination benefits.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS

(In millions of euros)	Provisions at 31st December 2014	Allocations	Write-backs available	Net allocations	Write-backs used	Actuarial gains and losses	Currency and scope effects	Provisions at 31st December 2015
Provisions for employee benefits	**1,811**	314	(265)	49	-	(91)	15	**1,784**

1. POST-EMPLOYMENT BENEFITS

ACCOUNTING PRINCIPLES

Post-employment benefits can be broken down into two categories: defined contribution pension plans or defined benefit pension plans.

DEFINED CONTRIBUTION PLANS

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are recorded as an expense for the year in question.

DEFINED BENEFIT PLANS

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bare the associated medium or long-term risk.

Provisions are recognised on the liabilities side of the balance sheet under *Provisions*, to cover the whole of these retirement obligations. These provisions are assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates. When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) and differences between actuarial assumptions and real performance are recognised as actuarial gains and losses. Actuarial gains and losses, as well as the return on plan assets excluding amounts expensed as net interest on the net defined benefit liability (or asset) and any change in the effect of the asset ceiling are components used to re-measure the net defined benefit liability (or asset). These components are immediately and fully recognised in shareholders' equity among *Unrealised or deferred gains and losses* and they cannot be subsequently reclassified as income.

In the Group consolidated financial statements, these items that cannot be subsequently reclassified as income are displayed separately in the Statement of net income and unrealised or deferred gains and losses, but are transferred immediately to retained earnings in the Statement of changes in shareholders' equity so that they are presented directly under *Retained earnings* on the liabilities side of the balance sheet.

Where a new or amended plan comes into force, past service cost is immediately recognised in profit or loss.

An annual charge is recorded under *Personnel expenses* for defined benefit plans, consisting of:

- the additional entitlements vested by each employee (current service cost);
- past service cost resulting from a plan amendment or a curtailment;
- the financial expense resulting from the discount rate and the interest income on plan assets (net interest on the net defined benefit liability or asset);
- plan settlements.

DEFINED CONTRIBUTION PLANS

The main defined contribution plans provided to employees of the Group are located in France, in the United Kingdom and in the United States.

In France, they include state pension plans and other national pension plans such as ARRCO and AGIRC, as well as pension schemes put in place by certain Grouep entities whose only commitment is to pay annual contributions (PERCO).

In the United Kingdom, the employer pays contributions according to the age of the employees (from 2.5 to 10% of the salary) and can make extra contributions up to 4.5% for the voluntary additional employee contributions.

In the United States, employers fully match the first 8% of employee contributions, within the limit of USD 10,000.

POST-EMPLOYMENT DEFINED BENEFIT PLANS

Post-employment pension plans include plans offering annuities, plans offering retirement bonuses and mixed plans (cash balance). Benefits paid out in annuities supplement the pensions paid by the mandatory basic plans.

The main defined benefit plans are located in France, Switzerland, the United Kingdom and the United States.

In France, the supplementary pension plan for executive managers, set up in 1991, grants an annual allowance to beneficiaries covered by Societe Generale, as described in the "Corporate Governance" section. This allowance depends in particular on the beneficiary's seniority within Societe Generale and the portion of fixed compensation exceeding "*Tranche B*" of AGIRC.

In Switzerland, the plan is managed by a personal protection insurance institution (the Foundation), comprised of employer and employee representatives. The employer and its employees pay contributions to the Foundation. Pension benefits are revalued at a guaranteed rate of return and converted to annuities (or lump-sum payment) also at a guaranteed conversion rate (cash balance scheme). Because of this minimum guaranteed return, the plan is considered similar to a defined benefit plan.

In recent years, the Societe Generale Group has actively implemented a policy of converting defined benefit plans to defined contribution plans.

In the United Kingdom the defined benefit plan has been closed to new employees for nearly 20 years, and the benefits of the last beneficiaries were frozen in 2015. The plan is managed by an independent institution (Trustee).

Similarly, in the United States, defined benefit plans were closed to new employees in 2015 and the vesting of new benefits was frozen.

1.1. RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

(In millions of euros)	31st December 2015	31st December 2014
A - Present value of funded defined benefit obligations	2,961	3,024
B - Fair value of plan assets and separate assets	(2,385)	(2,357)
C = A + B Deficit (surplus)	**576**	**667**
D - Present value of unfunded defined benefit obligations	419	423
E - Change in asset ceiling	47	2
C + D + E = Net balance recorded in the balance-sheet	**1,042**	**1,092**

1.2. COMPONENTS OF THE COST OF DEFINED BENEFITS

(In millions of euros)	2015	2014
Current service cost including social security contributions	110	93
Employee contributions	(6)	(5)
Past service cost / curtailments	-	(12)
Settlement	(1)	(10)
Net interest	19	25
Transfer of unrecognised assets	3	2
A - Components recognised in income statement	**125**	**93**
Expected return on plan assets(1)	18	(195)
Actuarial gains and losses due to changes in demographic assumptions	36	15
Actuarial gains and losses due to changes in economic and financial assumptions	(192)	505
Actuarial gains and losses due to experience	(33)	18
Change in asset ceiling	46	1
B - Components recognised in unrealised or deferred gains and losses	**(125)**	**344**
C = A + B Total components of the cost of defined benefits	**-**	**437**

(1) Return on plan assets from which the expected return on plan assets included in the net interest cost is deducted.

1.3. CHANGES IN NET LIABILITIES OF POST-EMPLOYMENT BENEFIT PLANS RECORDED IN THE BALANCE SHEET

1.3.1 Changes in the present value of defined benefit obligations

(In millions of euros)	2015	2014
Balance at 1st January	**3,447**	**2,866**
Current service cost including social security contributions	110	93
Employee contributions	-	-
Past service cost/curtailments	-	(12)
Settlements	(15)	(45)
Net interest	81	99
Actuarial gains and losses due to changes in demographic assumptions	36	15
Actuarial gains and losses due to changes in economic and financial assumptions	(192)	505
Actuarial gains and losses due to experience	(33)	18
Foreign exchange adjustment	116	88
Benefit payments	(175)	(179)
Change in consolidation scope	3	(1)
Transfers and others	2	-
Balance at 31st December	**3,380**	**3,447**

1.3.2 Changes in the fair value of plan assets and separate assets

(In millions of euros)	2015	2014
Balance at 1st January	**2,357**	**2,007**
Expected return on plan assets	60	72
Expected return on separate assets	3	2
Actuarial gains and losses due to assets	(18)	195
Foreign exchange adjustment	101	81
Employee contributions	6	5
Employer contributions to plan assets	27	164
Benefit payments	(140)	(138)
Consolidation perimeter modification	3	0
Transfers and others	(14)	(31)
Balance at 31st December(1)	**2,385**	**2,357**

(1) Including EUR 142 million in separate assets at 31st December 2015 (EUR 151 million at 31st December 2014).

1.4. INFORMATION REGARDING FUNDING ASSETS

1.4.1 General information regarding funding assets (for all benefits and future contributions)

Funding assets represent around 69% of Groupe obligations with different rates depending on the country.

Accordingly defined benefit plan obligation in the United Kingdom are fully hedged, those in the United States hedged 77%, while they are only 66% hedged in France and are not funded in Germany.

The breakdown of the fair value of plan assets is as follows: 47% bonds, 40% equities, 1% cash instruments and 12% others. Directly held Societe Generale shares are not significant.

For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 32 million.

Employer contributions to be paid to post-employment defined benefit plans for 2016 are estimated at EUR 22 million.

Plan hedging strategies are defined locally in connection with the Finance and Human Resources departments of the entities, by *ad hoc* structures (Trustees, Foundations, Joint structures etc.) if necessary. Besides liability investment or financing strategies are monitored at Group level through a global governance system. Committee meetings, with the participation of representatives of the Human Resources Department, the Finance Department and the Risk Division, are organised in order to define Group guidelines for employee benefits investment and management, to validate decisions and to follow up the associated risks for the Group.

Depending on the duration of each plan and local regulations, funding assets are invested in equities and/or in fixed income products, whether guaranteed or not.

1.4.2. Actual returns on funding assets

The actual returns on plan and separate assets can be brokendown as follows:

(In millions of euros)	31st December 2015	31st December 2014
Plan assets	40	264
Separate assets	4	2

Assumptions on expected returns on assets are presented in the following section.

1.5. MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	31st December 2015	31st December 2014
Discount rate		
Europe	2.46%	2.19%
Americas	4.26%	4.13%
Asia-Oceania-Africa	2.12%	1.59%
Long-term inflation		
Europe	2.19%	2.28%
Americas	2.00%	2.00%
Asia-Oceania-Africa	1.77%	1.63%
Future salary increase		
Europe	0.58%	0.64%
Americas	N/A	2.00%
Asia-Oceania-Africa	2.07%	2.15%
Average remaining working lifetime of employees (in years)		
Europe	9.43	9.56
Americas	8.53	8.61
Asia-Oceania-Africa	13.40	13.02
Duration (in years)		
Europe	15.19	15.79
Americas	18.45	18.53
Asia-Oceania-Africa	9.94	9.97

Assumptions by geographical area are weighted average by the defined benefit obligations (DBO).

The discount yield curves used are AA corporate bonds yield curves (source: Merrill Lynch) observed at the end of October for USD, GBP and EUR, and corrected at the end of December if the change in discount rates had a significant impact. Inflation rates used are the long-term targets of the central banks of the monetary areas above.

The average remaining working lifetime of employees is calculated taking into account turnover assumptions.

The assumptions described above have been applied to post-employment benefit plans.

1.6. SENSITIVITIES OF DEFINED BENEFIT OBLIGATIONS TO MAIN ASSUMPTION RANGES

(Percentage of item measured)	31st December 2015	31st December 2014
Variation of +1% in discount rate		
Impact on the present value of defined benefit obligations at 31st December N	-14%	-14%
Variation of +1% in long-term inflation		
Impact on the present value of defined benefit obligations at 31st December N	9%	12%
Variation of +1% in future salary increases		
Impact on the present value of defined benefit obligations at 31st December N	5%	5%

Disclosed sensitivities are averages of the variations weighted by the present value of the defined benefit obligations at 31st December 2015.

2. LONG-TERM BENEFITS

ACCOUNTING PRINCIPLES

Long-term employee benefits are benefits other than post-employment and termination benefits, that are paid to employees more than twelve months after the end of the annual period in which they provided the related services.

Long-term benefits are measured and recognised in the same way as post-employment benefits, with the exception of actuarial gains and losses, which are immediately recognised as profit or loss.

These benefits include deferred compensation programmes settled in cash and not indexed to the Societe Generale share, such as long-term deferred variable remuneration, CET (Comptes Épargne Temps) flexible working provisions, or long service awards.

At 31st December 2015, the net balance of long-term benefits was EUR 464 million.

The total cost of long-term benefits is EUR 134 million for 2015.

NOTE 5.3 - SHARE-BASED PAYMENT PLANS

ACCOUNTING PRINCIPLES

Share-based payments include:

- payments in equity instruments;
- cash payments whose amount depends on the performance of equity instruments.

Share-based payments systematically give rise to an operating expense recognised as *Personnel expenses* in the amount of the fair value of the share-based payments granted to employees and according to their terms of settlement.

For equity-settled share-based payments (free shares, stock purchase or subscription options), the fair value of these instruments, measured at the vesting date, is spread over the vesting period and recorded in shareholders' equity under *Issuing premium and capital reserves*. At each accounting date, the number of these instruments is revised in order to take into account performance and service conditions and adjust the overall cost of the plan as originally determined. Expenses recognised under *Personnel expenses* from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments (stock-options granted by unlisted companies or compensation indexed on Societe Generale shares), the fair value of the amounts payable is recorded under *Personnel expenses* as an expense over the vesting period against a corresponding liabilities entry recognised in the balance sheet under *Other liabilities – Expenses payable on employee benefits*. This payables item is then remeasured to take into account performance and presence conditions as well as changes in the value of the underlying shares. When the expense is hedged by an equity derivative instrument, the effective portion of the change in the fair value of the hedging derivative is recorded in profit or loss under *Personnel expense* as well.

GLOBAL EMPLOYEE SHARE OWNERSHIP PLAN

The Group can carry out a specific capital increase reserved for current and former employees as part of the Global Employee Share Ownership Plan. New shares are offered at a discount with an obligatory five-year holding period. The resultant benefit to the employees is recognised by the Group as an expense for the year under *Personnel expenses – Employee profit-sharing and incentives*. This benefit is measured as the difference between the fair value of each security vested and the acquisition price paid by the employee, multiplied by the number of shares purchased. The fair value of the vested securities is measured taking into account the associated legal obligatory holding period using market inputs (notably the borrowing rate) applicable to market participants who benefit from these non-transferable shares to recreate a situation of free transferability.

OTHER SHARE-BASED PAYMENTS

The Group may award some of its employees stock purchase or subscription options, free shares or rights to a future cash payment indexed to the Societe Generale share price.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, or for the beneficiaries to exercise their options.

Group stock-option plans are measured using a binomial formula when the Group has adequate statistics to take into account the behaviour of the option beneficiaries. When such data are not available, the Black & Scholes model or Monte Carlo model is used. Valuations are performed by independent actuaries.

EXPENSES RECORDED IN THE INCOME STATEMENT

	2015			2014		
(In millions of euros)	Cash settled plans	Equity settled plans	Total plans	Cash settled plans	Equity settled plans	Total plans
Net expenses from purchase plans, stock option and free share plans	174	60	**234**	227	14	**241**

STOCK OPTIONS (PURCHASE AND SUBSCRIPTION)

Date of General Meeting	05.27.2008	05.27.2008	05.30.2006
Date of Board meeting	03.09.2010	03.09.2009	03.21.2008
Total number of shares[(1)] available for subscription or purchase	1,000,000	1,344,552[(4)]	2,328,128
o/w number of shares available for subscription or purchase by Executive Committee members in office at the grant date	*415,596*	*155,289*	*177,205*
Total number of beneficiaries	684	778	1,830
o/w Executive Committee members in office at the grant date	*10*	*7*	*10*
Starting date for exercising options	03.09.2014	03.31.2012	03.21.2011
Expiry date	03.08.2017	03.08.2016	03.20.2015
Subscription or purchase price (euros)[(2)]	41.20	23.18	63.60
Exercise conditions (where the plan includes several instalments)			
Fair value (% of the share price at grant date)	26%	27%	
Number of shares subscribed at 31st December 2015	21,243	266,942	0
Total number of cancelled or lapsed subscription or purchase options	656,899	912,898	2,328,128
Subscription or purchase options outstanding at 31st December 2015	321,858	164,712	0
Potential dilutive effect[(3)]	0.04%	0.02%	0%

(1) Exercising one option gives entitlement to one Societe Generale share. This table takes into account adjustments performed following capital increases. This line does not take into account options exercised since the grant date.

(2) The subscription or purchase price is equal to the average market price of the Societe Generale share during the twenty trading days preceding the meeting of the Board of Directors.

(3) The dilutive effect is the result of dividing the remaining number of options that may be subscribed for by the number of shares making up the capital stock.

(4) Includes 320,000 options granted to the Chief Executive Officers who gave them up.

FREE SHARES

Date of General Meeting	05.20.2014	05.22.2012	05.22.2012	05.25.2010	05.25.2010	05.25.2010
Date of Board meeting	03.12.2015	03.13.2014	03.14.2013	03.02.2012	03.07.2011	11.02.2010
Total number of shares granted	1,233,505	1,010,775	1,846,313	2,975,763	2,351,605	5,283,520(4)
Total number of beneficiaries	6,733	6,082	6,338	6,363	5,969	
Vesting date	03.31.2017 (R)	03.31.2016 (R)	03.31.2015 (R)	03.31.2014 (R)	03.31.2013 (R)	03.29.2013 (R) 03.31.2015 (NR) (1st instalment)
	03.31.2019 (NR)	03.31.2018 (NR)	03.31.2017 (NR)	03.31.2016 (NR)	03.31.2015 (NR)	03.31.2014 (R) 03.31.2016 (NR) (2nd instalment)
Holding period end date(1)	03.31.2019	03.31.2018	03.31.2017	03.31.2016	03.31.2015	03.29.2015 03.31.2016
Performance conditions(2)	yes	yes	yes	yes	yes	yes
Fair value (euros)(3)	36.4 (R)	37.8 (R)	26.1 (R)			35.8 (R) 34.6 (NR) (1st instalment)
	34.9 (NR)	38.1 (NR)	27.1 (NR)	21.9 (NR)	39.9 (NR)	34.6 (R) 33.2 (NR) (2nd instalment)
Number of shares vested at 31st December 2015	148	106	1,201,218	2,211,016	1,811,424	3,090,096
Total number of cancelled or lapsed shares	17,492	35,595	100,622	180,536	540,181	863,536
Performance shares outstanding at 31st December 2015	1,215,865	975,074	544,473	584,211	0	1,329,888

R = For French tax residents.
NR = For Non-French tax residents.

(1) Only for French tax residents.
(2) The performance conditions are described in the « corporate governance » section of the registration document.
(3) The valuation method used to determine the fair value is the arbitrage method.
(4) Free share plan granted to all employees of the Group (nearly 159,000 employees in 79 countries).

NOTE 6 - INCOME TAX

ACCOUNTING PRINCIPLES

CURRENT TAXES

Current tax is based on the taxable profits of each consolidated taxable entity and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under *Income tax* in the consolidated income statement.

DEFERRED TAXES

Deferred taxes are recognised whenever the Group identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured in each consolidated taxable entity and in accordance with the rules established by the local taxation authorities, upon which their income taxes are payable. This amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value. Deferred tax assets can result from deductible temporary differences or from tax loss carry forwards. These deferred tax assets are recorded only if the entity concerned is likely to recover these assets within a set time. These temporary differences or tax loss carry forwards can also be used against future taxable profit. Tax loss carry forwards are subject to an annual review taking into account the tax system applicable to each relevant tax entity and a realistic projection of their tax income or expense, based on their business development outlook: any previously unrecognised deferred tax assets are recorded in the balance sheet to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered; however, the carrying value of deferred tax assets already recognised in the balance sheet is reduced where a risk of total or partial non-recovery occurs.

Current and deferred taxes are recognised in the consolidated income statement under *Income tax*. However, deferred taxes related to gains and losses recorded under *Unrealised or deferred gains and losses* are also recognised under the same heading in shareholders' equity.

1. INCOME TAX

(In millions of euros)	2015	2014*
Current taxes	(1,064)	(1,192)
Deferred taxes	(650)	(184)
Total	**(1,714)**	**(1,376)**

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

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

(In millions of euros)	2015	2014*
Income before tax excluding net income from companies accounted for using the equity method and impairment losses on goodwill (in millions of euros)	**5,878**	**4,666**
Normal tax rate applicable to French companies (including 3.3% tax contributions)	34.43%	34.43%
Permanent differences	5.15%	5.26%
Differential on securities tax exempt or taxed at reduced rate	(1.05%)	(0.55%)
Tax rate differential on profits taxed outside France	(6.65%)	(7.65%)
Impact of non-deductible losses and use of tax losses carried forward	(2.71%)	(2.01%)
Group effective tax rate	**29.17%**	**29.48%**

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

In France, the standard Corporate Income Tax rate is 33.33%. A contribution sociale (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). In 2011, an additional contribution of 5% was introduced, in respect of fiscal years 2011 and 2012 and subsequently renewed for fiscal years 2013 and 2014 at a tax rate of 10.7%, applicable to profitable companies generating revenue in excess of EUR 250 million. The Amended Finance Law of 8th August 2014 has extended this additional contribution for the year 2015.

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

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

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

2. PROVISIONS FOR TAX ADJUSTMENTS

ACCOUNTING PRINCIPLES

Provisions represent liabilities whose timing or amount cannot be precisely determined. Provisions may be recorded where, by virtue of a commitment to a third-party, the Group will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange.

The expected outflows are then discounted to present value to determine the amount of the provision, where this discounting has a significant impact. Allocations to and reversals of provisions for tax adjustments are booked to *Current taxes* in the income statement under *Income tax*.

Information on the nature and the amount of the associated risks is not disclosed when the Group considers that such disclosure could seriously undermine its position in a dispute with other parties on the object of the provision.

(In millions of euros)	Provisions at 31st December 2014	Depreciation	Available Write-backs	Net	Used Write-backs	Changes in translation and consolidation scope	Provisions at 31st December 2015
Tax adjustments	**298**	152	(73)	79	(95)	4	**286**

3. TAX ASSETS AND LIABILITIES

TAX ASSETS

(In millions of euros)	31st December 2015	31st December 2014*
Current tax assets	1,439	1,264
Deferred tax assets	5,928	6,151
o/w deferred tax assets on tax loss carryforwards	*3,413*	*3,547*
o/w deferred tax assets on temporary differences	*2,515*	*2,604*
Total	**7,367**	**7,415**

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

TAX LIABILITIES

(In millions of euros)	31st December 2015	31st December 2014
Current tax liabilities	1,108	990
Deferred tax liabilities	463	426
Total	**1,571**	**1,416**

4. DEFERRED TAX ON UNREALISED OR DEFERRED GAINS AND LOSSES

(In millions of euros)	31st December 2015	31st December 2014
Tax impact on items that will be subsequently reclassified into income	**(279)**	**(407)**
Available-for-sale financial assets	(261)	(353)
Hedging derivatives	(11)	(17)
Unrealised or deferred gains and losses accounted for using the equity method and that will be subsequently reclassified into income	(7)	(37)
Tax impact on items that will not be subsequently reclassified into income	**225**	**270**
Actuarial gain / (loss) on post-employment benefits	225	270
Total	**(54)**	**(137)**

5. DEFERRED TAX ASSETS RECOGNISED ON TAX LOSS CARRYFORWARDS

At 31st December 2015, based on the tax system of each entity and a realistic projection of their tax income or expense, the projected period for deferred tax asset recovery is indicated in the table below:

(In millions of euros)	31st December 2015	Statutory time limit on carryforwards	Expected recovery period
Total deferred tax assets relating to tax loss carryforwards	3,413	-	-
o/w French tax group	*2,896*	*unlimited*(1)	*10 years*
o/w US tax group	*294*	*20 years*	*4 years*
others	*223*	-	-

(1) In accordance with art. 24 of the 2013 Finance Law, the deduction of previous losses is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of losses may be carried forward to the following fiscal years with no time limit and under the same conditions.

NOTE 7 - SHAREHOLDERS' EQUITY

NOTE 7.1 - TREASURY SHARES AND EQUITY INSTRUMENTS ISSUED BY THE GROUP

ACCOUNTING PRINCIPLES

TREASURY SHARES

Societe Generale shares held by the Group are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is eliminated from the consolidated income statement.

Recognition of shares issued by Group subsidiaries, which are bought and sold by the Group, is described in Note 2.

SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

Financial instruments issued by the Group are booked in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to deliver cash to the holders of the securities.

When they are classified as equity, securities issued by Societe Generale are recorded under *Capital and associated reserves*. If they are issued by Group subsidiaries, these securities are recognised under *Non-controlling interests*. External costs associated with issuing equity instruments are deducted directly from equity at their after-tax amount.

When they are classified as debt instruments, securities issued by the Group are recorded under *Debt securities issued* or *Subordinated debt* depending on their characteristics. They are accounted for in the same way as other financial liabilities measured at amortised cost (see Note 3.6).

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

(Number of shares)	2015	2014
Ordinary shares	806,239,713	805,207,646
Including treasury stock with voting rights[(1)]	*9,513,568*	*20,041,922*
Including shares held by employees	*57,400,407*	*61,740,620*

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

At 31st December 2015, Societe Generale S.A.'s capital amounted to EUR 1,007,799,641 and was made up of 806,239,713 shares with a nominal value of EUR 1.25.

During the first half of 2015 and in accordance with the conditional free share allocation plan, Societe Generale S.A. carried out a capital increase of EUR 1 million through the incorporation of reserves.

During the second half of 2015, Societe Generale S.A. carried out a capital increase totalling EUR 0.175 million with additional paid-in capital of EUR 3 million, resulting from the exercise of stock-options granted in 2009 and 2010.

2. TREASURY STOCK

At 31st December 2015, the Group held 12,584,692 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 1.56% of the capital of Societe Generale S.A.

The amount deducted by the Group from its net assets for equity instruments (shares and derivatives) came to EUR 449 million, including EUR 125 million in shares held for trading purposes.

At 31st December 2015, no Societe Generale shares were held under the liquidity contract, which contained EUR 50 million for the purpose of carrying out transactions in Societe Generale shares.

CHANGES IN TREASURY STOCKS OVER 2015

(in millions of euros)	Liquidity contract	Trading activities	Treasury stock and active management of Shareholders' equity	Total
Disposals net of purchases	15	94	173	**282**
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	1	(3)	153	**151**

3. SHAREHOLDERS' EQUITY ISSUED

PERPETUAL SUBORDINATED NOTES

Perpetual subordinated notes issued by the Group, with some discretionary features governing the payment of interest, are classified as equity.

At 31st December 2015, perpetual subordinated notes issued by the Group and recognised under Group shareholders' equity in other equity instruments totalled EUR 315 million. This amount did not change during the period.

Issuance Date	Amount in local currency at 31st December 2014	Repurchases and redemptions in 2015	Amount in local currency at 31st December 2015	Amount in millions of euros at historical rate	Remuneration
1st July 1985	EUR 62 M	-	EUR 62 M	62	BAR (Bond Average Rate) of -0.25% for the period from 1st June to 31st May before each due date
24th November 1986	USD 248 M	-	USD 248 M	182	Average 6-month Euro/Dollar deposit rates communicated by reference banks +0.075%
30th December 1996	JPY 10,000 M	-	JPY 10,000 M	71	3.936% until September 2016 and for subsequent due dates: the more favourable rate between the fixed rate and a variable rate + spread defined as follows: JPY 5-year Mid Swap Rate +2.0%

PERPETUAL DEEPLY SUBORDINATED NOTES

Given the discretionary nature of the decision to pay dividends to shareholders, perpetual deeply subordinated notes have been classified as equity and recognised under *Equity instruments and associated reserves*.

At 31st December 2015, perpetual deeply subordinated notes issued by the Group and recognised under Group shareholders' equity in other equity instruments totalled EUR 8,457 million.

This amount changed due to the redemption of two perpetual deeply subordinated notes in the first half of 2015 and the issuance of one new perpetual deeply subordinated note in the second half.

Issuance Date	Amount in local currency at 31st December 2014	Repurchases and redemptions in 2015	Amount in local currency at 31st December 2015	Amount in millions of euros at historical rate	Remuneration
26th January 2005	EUR 728 M	EUR 728 M	-	-	4.196%, from 2015 3-month Euribor +1.53% annually
5th April 2007	USD 63 M	-	USD 63 M	47	3-month USD Libor +0.75% annually, from 2017 3-month USD Libor +1.75% annually
5th April 2007	USD 808 M	-	USD 808 M	604	5.922%, from 2017 3-month USD Libor +1.75% annually
19th December 2007	EUR 463 M	-	EUR 463 M	463	6.999%, from 2018 3-month Euribor +3.35% annually
16th June 2008	GBP 506 M	-	GBP 506 M	642	8.875%, from 2018 3-month GBP Libor +3.4% annually
27th February 2009	USD 450 M	-	USD 450 M	356	9.5045%, from 2016 3-month USD Libor +6.77% annually
4th September 2009	EUR 905 M	-	EUR 905 M	905	9.375%, from 2019 3-month Euribor +8.901% annually
7th October 2009	USD 1,000 M	USD 1,000 M	-	-	8.75%
6th September 2013	USD 1,250 M	-	USD 1,250 M	953	8.25%, from 29th November 2018 USD 5-year Mid Swap Rate +6.394%
18th December 2013	USD 1,750 M	-	USD 1,750 M	1,273	7.875%, from 18th December 2023, USD 5-year Mid Swap Rate + 4.979 %
25th June 2014	USD 1,500 M	-	USD 1,500 M	1,102	6%, from 27th January 2020, USD 5-year Mid Swap Rate + 4.067 %
7th April 2014	EUR 1,000 M	-	EUR 1,000 M	1,000	6.75%, from 7th April 2021, EUR 5-year Mid Swap Rate + 5.538 %
29th September 2015	-	-	USD 1,250 M	1,111	8%

OTHER EQUITY INSTRUMENTS ISSUED BY SUBSIDIARIES

Given the discretionary nature of the decision to pay dividends to shareholders, perpetual subordinated notes issued by the Group's subsidiaries are classified as equity.

At 31st December 2015, other equity instruments issued by the Group's subsidiaries and recognised under *Non-controlling interests* totalled EUR 800 million.

Issuance Date	Amount	Remuneration
18th December 2014 (step-up clause after 12 years)	EUR 800 M	4.125%, from 2026 5-year Mid-Swap rate + 4.150% per annum

SUMMARY OF CHANGES IN EQUITY INSTRUMENTS ISSUED

Changes related to the perpetual subordinated notes and deeply subordinated notes included in *Retained earnings, Group share* are detailed below:

	31st December 2015		
(in millions of euros)	Deeply subordinated notes	Perpetual subordinated notes	Total
Remuneration paid booked under dividends (2015 Dividends paid line)	(710)	(5)	**(715)**
Changes in nominal values in 2015	(297)	-	**(297)**
Tax savings on remuneration payable to shareholders and recorded under reserves	232	4	**236**
Issuance costs, net of tax, related to subordinated notes issued in 2015	(7)	-	**(7)**

NOTE 7.2 - EARNINGS PER SHARE AND DIVIDENDS

ACCOUNTING PRINCIPLES

Earnings per share are measured by dividing net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, excluding treasury shares. Net income attributable to ordinary shareholders takes account of dividend rights of preferred shareholders, such as holders of preferred shares, subordinated securities or deeply subordinated notes classified in equity. Diluted earnings per share take into account the potential dilution of shareholders' interests in the event dilutive instruments (stock options or free share plans) are converted into ordinary shares. This dilutive effect is determined using the share buyback method.

1. EARNINGS PER SHARE

(in millions of euros)	2015	2014*
Net income, Group share	4,001	2,679
Net attributable income to deeply subordinated notes	(443)	(399)
Net attributable income to perpetual subordinated notes	8	(7)
Issuance fees relating to subordinated notes	(7)	(14)
Net result related to the redemption of the perpetual subordinated notes	-	6
Net income attributable to ordinary shareholders	**3,559**	**2,265**
Weighted average number of ordinary shares outstanding(1)	792,503,322	781,283,039
Earnings per ordinary share (in euros)	**4.49**	**2.90**
Average number of ordinary shares used in the dilution calculation(2)	100,457	173,659
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	792,603,779	781,456,698
Diluted earnings per ordinary share (in euros)	**4.49**	**2.90**

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21 (see Note 1).

(1) Excluding treasury shares.

(2) The number of shares used in the dilution calculation is computed using the "share buy-back" method and takes into account free shares and stock-option plans. The dilutive effect of stock-option plans depends on the average Societe Generale share price, which at 31st December 2015 was EUR 42.36. Accordingly, at 31st December 2015, only free shares without performance conditions under the 2009 and 2010 stock option plans were considered as dilutive.

2. DIVIDENDS PAID

Dividends paid by the Group in 2015 amounted to EUR 1,891 million and are detailed in the following table:

(in millions of euros)	Group Share	Non-controlling interests	Total
Ordinary shares	(943)	(227)	(1,170)
o/w paid in shares	-	-	-
o/w paid in cash	*(943)*	*(227)*	*(1,170)*
Other equity instruments	(715)	(6)	(721)
Total	**(1,658)**	**(233)**	**(1,891)**

NOTE 8 - ADDITIONAL DISCLOSURES

NOTE 8.1 - SEGMENT REPORTING

1. DEFINITION OF SEGMENT REPORTING

The Group is managed on a matrix basis that takes into account its different business lines and the geographical breakdown of its activities. Segment reporting information is therefore presented under both criteria.

The Group includes in the results of each sub-division all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Centre, also includes the return on equity allocated to it, based on the estimated rate of return on Group equity. The return on the sub-division's book equity is then reallocated to the Corporate Centre. Transactions between sub-divisions are carried out under the same terms and conditions as those applying to non-Group customers.

The Group's core businesses are managed through three strategic pillars:

- French Retail Banking, which includes the domestic networks Societe Generale, Crédit du Nord and Boursorama;
- International Retail Banking & Financial Services, which consists of:
  - International Retail Banking, including consumer finance activities,
  - Financial Services to Corporates (operational vehicle leasing and fleet management, equipment and vendor finance),
  - Insurance activities;
- Global Banking and Investor Solutions which comprises:
  - Global Markets and Investors Services,
  - Financing and Advisory,
  - Asset and Wealth Management.

In addition to the strategic pillars, the Corporate Centre acts as the Group's central funding department. As such, 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.

Segment income take intra-Group transactions into account, while these trasactions are eliminated from segment assets and liabilities. The tax rate levied on each business line is based on the standard tax rate applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Centre.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

2. SEGMENT REPORTING BY DIVISION AND SUB-DIVISION

Amounts by division and sub-division incorporate the new organisational structure of Group activities.

	Societe Generale Group		French Retail Banking		Corporate Centre[2]	
(in millions of euros)	2015	2014*	2015	2014*	2015	2014*
Net banking income	25,639	23,561	8,550	8,275	318	(864)
Operating Expenses[1]	(16,893)	(16,037)	(5,486)	(5,357)	(160)	(103)
Gross operating income	**8,746**	**7,524**	**3,064**	**2,918**	**158**	**(967)**
Cost of risk	(3,065)	(2,967)	(824)	(1,041)	(591)	(403)
Operating income	**5,681**	**4,557**	**2,240**	**1,877**	**(433)**	**(1,370)**
Net income from companies accounted for by the equity method	231	213	42	45	23	20
Net income / expense from other assets	197	109	(26)	(21)	163	333
Impairment of goodwill	-	(525)	-	-	-	-
Earnings before tax	**6,109**	**4,354**	**2,256**	**1,901**	**(247)**	**(1,017)**
Income tax	(1,714)	(1,376)	(839)	(704)	78	302
Net income before non-controlling interests	**4,395**	**2,978**	**1,417**	**1,197**	**(169)**	**(715)**
Non-controlling interests	394	299	-	(7)	132	89
Net income, Group share	**4,001**	**2,679**	**1,417**	**1,204**	**(301)**	**(804)**

	International retail Banking & Financial Services					
	International Retail Banking(3)		Financial Services to Corporates		Insurance	
(in millions of euros)	2015	2014*	2015	2014*	2015	2014*
Net banking income	4,998	5,339	1,506	1,328	825	757
Operating Expenses(1)	(3,206)	(3,263)	(774)	(716)	(327)	(300)
Gross operating income	**1,792**	**2,076**	**732**	**612**	**498**	**457**
Cost of risk	(1,127)	(1,354)	(119)	(88)	-	-
Operating income	**665**	**722**	**613**	**524**	**498**	**457**
Net income from companies accounted for by the equity method	16	13	55	37	-	-
Net income / expense from other assets(3)	(36)	(198)	-	-	(1)	-
Impairment of goodwill	-	(525)	-	-	-	-
Earnings before tax	**645**	**12**	**668**	**561**	**497**	**457**
Income tax	(138)	(148)	(192)	(166)	(159)	(145)
Net income before non-controlling interests	**507**	**(136)**	**476**	**395**	**338**	**312**
Non-controlling interests	241	195	2	3	1	3
Net income, Group share	**266**	**(331)**	**474**	**392**	**337**	**309**

	Global Banking and Investor Solutions					
	Global Markets and Investors Services		Financing and Advisory		Asset and Wealth Management	
(in millions of euros)	2015	2014*	2015	2014*	2015	2014*
Net banking income	5,970	5,628	2,392	2,060	1,080	1,038
Operating Expenses(1)	(4,566)	(4,126)	(1,533)	(1,303)	(841)	(869)
Gross operating income	**1,404**	**1,502**	**859**	**757**	**239**	**169**
Cost of risk	(66)	(35)	(312)	(40)	(26)	(6)
Operating income	**1,338**	**1,467**	**547**	**717**	**213**	**163**
Net income from companies accounted for by the equity method	6	-	(6)	-	95	98
Net income / expense from other assets	-	2	98	(10)	(1)	3
Impairment of goodwill	-	-	-		-	-
Earnings before tax	**1,344**	**1,469**	**639**	**707**	**307**	**264**
Income tax	(351)	(378)	(51)	(91)	(62)	(46)
Net income before non-controlling interests	**993**	**1,091**	**588**	**616**	**245**	**218**
Non-controlling interests	14	12	3	3	1	1
Net income, Group share	**979**	**1,079**	**585**	**613**	**244**	**217**

* Amounts restated relative to the financial statements published at 31st December 2014 due to:

- the retrospective application of IFRIC 21;
- adjustments of normative capital calculation method within business lines;
- changes in allocation rules within International Retail Banking & Financial Services;
- the restructuring of the Global Banking and Investor Solutions business lines in the 1st half of 2015 (see Note 2.2).

(1) Including depreciation and amortisation.

(2) Income and expenses not directly related to the business line activities are recorded in the Corporate Centre's income. Thus the debt revaluation differences linked to own credit risk (EUR +782 million at 31st December 2015), are allocated to the Corporate Centre.

(3) O/w EUR -200 million for the discontinuation of the consumer finance activity in Brazil in 2014.

(in millions of euros)	Societe Generale Group		French Retail Banking		Corporate Centre[5]	
	31st December 2015	31st December 2014*	31st December 2015	31st December 2014*	31st December 2015	31st December 2014*
Segment assets	1,334,391	1,308,138	219,420	201,803	120,221	107,243
Segment liabilities[4]	1,271,716	1,249,264	210,926	196,057	93,692	91,070

(in millions of euros)	International Retail Banking & Financial Services					
	International Retail Banking		Financial Services to Corporates		Insurance	
	31st December 2015	31st December 2014*	31st December 2015	31st December 2014*	31st December 2015	31st December 2014*
Segment assets	109,039	112,038	31,481	29,104	120,371	113,897
Segment liabilities[4]	83,912	85,032	10,125	9,522	113,483	107,676

(in millions of euros)	Global Banking and Investor Solutions					
	Global Markets and Investors Services		Financing and Advisory		Asset and Wealth Management	
	31st December 2015	31st December 2014*	31st December 2015	31st December 2014*	31st December 2015	31st December 2014*
Segment assets	603,471	627,786	96,157	83,708	34,231	32,559
Segment liabilities[4]	702,901	706,678	28,393	24,659	28,284	28,570

* Amounts restated relative to the financial statements published at 31st December 2014 due to:

- the retrospective application of IFRIC 21;
- adjustments of normative capital calculation method within business lines;
- changes in allocation rules within International Retail Banking & Financial Services;
- the restructuring of the Global Banking and Investor Solutions business lines in the 1st half of 2015 (see Note 2.2).

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

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

3. SEGMENT REPORTING BY GEOGRAPHICAL REGION

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME

	France		Europe		Americas	
(in millions of euros)	2015	2014*	2015	2014	2015	2014
Net interest and similar income[6]	4,403	4,121	3,894	4,486	(115)	264
Net fee income	3,918	4,188	1,634	1,673	555	139
Net income / expense from financial transactions[6]	3,844	1,781	1,739	2,361	1,472	884
Other net operating income	17	576	1,401	1,293	20	1
Net banking income	**12,182**	**10,666**	**8,668**	**9,813**	**1,932**	**1,288**

	Asia/Oceania		Africa		Total	
(in millions of euros)	2015	2014	2015	2014	2015	2014*
Net interest and similar income[6]	320	368	804	760	9,306	9,999
Net fee income	218	149	353	326	6,678	6,475
Net income / expense from financial transactions[6]	1,100	145	69	48	8,224	5,219
Other net operating income	7	2	(14)	(4)	1,431	1,868
Net banking income	**1,645**	**664**	**1,212**	**1,130**	**25,639**	**23,561**

(6) Dividend income was transfered from Net interest and similar Income to Net income / expense on financial transactions.

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS

	France		Europe		Americas	
(in millions of euros)	31st December 2015	31st December 2014*	31st December 2015	31st December 2014	31st December 2015	31st December 2014
Segment assets	955,096	943,223	227,120	178,848	96,289	124,468
Segment liabilities[7]	898,441	929,064	222,822	164,879	97,489	114,212

	Asia/Oceania		Africa		Total	
(in millions of euros)	31st December 2015	31st December 2014	31st December 2015	31st December 2014	31st December 2015	31st December 2014*
Segment assets	35,795	41,354	20,091	20,245	1,334,391	1,308,138
Segment liabilities[7]	34,386	23,234	18,578	17,875	1,271,716	1,249,264

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21(see Note 1).

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

NOTE 8.2 - TANGIBLE AND INTANGIBLE FIXED ASSETS

ACCOUNTING PRINCIPLES

Tangible and intangible fixed assets include operating and investment fixed assets. Equipment assets held for operating leases purpose are included in operating tangible assets, while buildings held for leasing purposes are included in investment properties.

Tangible and intangible fixed assets are carried at their purchase price on the asset side of the balance sheet, less depreciation, amortisation and impairment.

The purchase price of fixed assets includes borrowing costs incurred to fund a lengthy construction period for the fixed assets, along with all other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets. Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development.

As soon as they are fit for use, fixed assets are depreciated or amortised using the component based approach. Each component is depreciated or amortised over its own useful life. The Group has applied this approach to its operating properties, breaking down its assets into components with depreciation periods of 10 to 50 years. Depreciation periods for fixed assets other than buildings depend on their useful life, which is usually estimated at 3 to 20 years.

Any residual value of the asset is deducted from its depreciable amount. If there is a subsequent decrease or increase in this initial residual value, the depreciable amount of the asset is adjusted, leading to a prospective modification of the depreciation schedule.

Depreciation and amortisation are recorded in the income statement under *Amortisation, depreciation and impairment of tangible and intangible fixed assets*.

Fixed assets grouped into Cash Generating Units are tested for impairment whenever there is any indication that their value may have diminished. Allocations and reversals of provisions for impairment are recorded in the income statement under *Amortisation, depreciation and impairment of tangible and intangible fixed assets*.

Realised capital gains and losses on operating fixed assets are recognised under *Net income from other assets*.

Profits or losses on operating lease assets and on investment property are recognised under *Income from other activities* and *Expenses from other activities* (see Note 4.2).

CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(in millions of euros)	Gross book value at 31st December 2014	Acquisitions	Disposals	Changes in translation, consolidation scope and reclassifications	Gross value at 31st December 2015	Depreciation and amortisation of assets at 31st December 2014	Allocations to amortisation and depreciation in 2015	Impairment of assets in 2015	Write-backs from amortisation and depreciation in 2015	Changes in translation, consolidation scope and reclassifications	Net book value at 31st December 2015	Net book value at 31st December 2014
Intangible assets	4,951	493	(41)	(97)	5,306	(3,360)	(413)	-	17	72	1,622	1,591
Operating tangible assets	10,930	679	(682)	(234)	10,693	(5,919)	(509)	(12)	584	248	5,085	5,011
Lease assets of specialised financing companies	15,778	6,074	(4,796)	249	17,305	(5,002)	(2,656)	(36)	2,481	(34)	12,058	10,776
Investment properties	639	151	(5)	(3)	782	(100)	(19)	(13)	3	3	656	539
Total tangible and intangible fixed assets	**32,298**	**7,397**	**(5,524)**	**(85)**	**34,086**	**(14,381)**	**(3,597)**	**(61)**	**3,085**	**289**	**19,421**	**17,917**

BREAKDOWN OF MINIMUM PAYMENTS RECEIVABLE ON OPERATING LEASE ASSETS

(in millions of euros)	31st December 2015	31st December 2014
Breakdown of minimum payments receivable		
due in less than 1 year	3,356	3,007
due in 1-5 years	5,118	5,061
due in more than 5 years	22	23
Total minimum future payments receivable	**8,496**	**8,091**

NOTE 8.3 - FOREIGN EXCHANGE TRANSACTIONS

ACCOUNTING PRINCIPLES

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the entity's functional currency at the prevailing spot exchange rate. Realised or unrealised foreign exchange losses or gains are recognised in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss* (see Note 3.1).

Forward foreign exchange transactions are recognised at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are valued using the official spot rates prevailing at the end of the period. Unrealised gains and losses are recognised in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss* (see Note 3.1), except when hedge accounting is applied to a cash-flow hedge transaction or to a hedge of a net investment in a foreign operation (see Note 3.2).

Non-monetary financial assets denominated in foreign currencies, including shares and other equity instruments that are not measured at fair value through profit or loss, are translated into the entity's functional currency at the exchange rate prevailing at the end of the period. Foreign exchange differences arising on these financial assets are booked in equity among *Unrealised or deferred gains and losses* and are only recorded in the income statement when sold or impaired or where the currency risk is fair value-hedged. In particular, if a non-monetary asset is funded by a liability denominated in the same currency and if a fair value hedge relationship has been documented between these two financial instruments to hedge the foreign currency risk, the asset is translated at the spot rate prevailing at the end of the period while booking the impact of exchange rate fluctuations to income.

	31st December 2015				31st December 2014*			
(in millions of euros)	**Assets**	**Liabilities**	**Currencies bought, not yet received**	**Currencies sold, not yet delivered**	**Assets**	**Liabilities**	**Currencies bought, not yet received**	**Currencies sold, not yet delivered**
EUR	760,374	746,574	20,811	19,937	770,387	804,839	17,383	18,704
USD	324,591	324,715	43,752	49,152	320,543	282,406	39,950	40,091
GBP	69,513	58,518	7,836	12,791	52,643	43,044	3,224	5,448
JPY	41,084	64,231	21,168	17,611	37,032	48,595	8,788	9,081
AUD	6,122	5,712	3,640	4,923	5,074	4,859	2,430	2,805
CZK	29,046	30,656	270	130	30,229	31,867	507	1,009
RUB	9,843	6,789	21	43	11,379	9,435	307	202
RON	6,595	7,256	47	189	5,281	6,517	49	98
Other currencies	87,223	89,940	18,256	15,131	75,570	76,576	13,495	12,023
Total	**1,334,391**	**1,334,391**	**115,801**	**119,907**	**1,308,138**	**1,308,138**	**86,133**	**89,461**

* Amounts restated relative to the financial statements published at 31st December 2014 according to the retrospective application of IFRIC 21(see Note 1).

NOTE 8.4 - COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

	Country	Activity	Method*	Group ownership interest at 31st December 2015	Group ownership interest at 31st December 2014	Group voting interest at 31st December 2015	Group voting interest at 31st December 2014
	South Africa						
(1)	SG JOHANNESBURG	Bank	FULL	100.00	100.00	100.00	100.00
	Albania						
	BANKA SOCIETE GENERALE ALBANIA SH.A.	Bank	FULL	88.64	88.64	88.64	88.64
	Algeria						
	SOCIETE GENERALE ALGERIE	Bank	FULL	100.00	100.00	100.00	100.00
	ALD AUTOMOTIVE ALGERIE SPA	Specialist Financing	FULL	99.99	99.99	99.99	99.99
	Germany						
(3)	AKRUN EINS GRUNDSTUCKS-VERMIETUNGSGESELLSCHAFT MBH & CO. OBJEKT SEREN 1 KG	Real Estate and Real Estate Financing	FULL		-		100.00
	ALD AUTOLEASING D GMBH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	ALD INTERNATIONAL GROUP HOLDINGS GMBH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	ALD INTERNATIONAL SAS & CO. KG	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	ALD LEASE FINANZ GMBH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH	Specialist Financing	FULL	99.86	99.83	51.00	51.00
	BDK LEASING UND SERVICE GMBH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	CAR PROFESSIONAL FUHRPARKMANAGEMENT UND BERATUNGSGESELLSCHAFT MBH & CO. KG	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	CARPOOL GMBH	Brokers	FULL	100.00	100.00	100.00	100.00
(1)(2)	EFS SA BRANCH HAMBOURG	Financial Companies	FULL		100.00		100.00
	EUROPARC DREILINDEN GMBH	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
	EUROPARC GMBH	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
	EUROPARC KERPEN GMBH	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
	GEFA GESELLSCHAFT FUR ABSATZFINANZIERUNG MBH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	GEFA LEASING GMBH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	GEFA VERSICHERUNGSDIENST GMBH	Insurance	ESI	100.00	100.00	100.00	100.00
	HANSEATIC BANK GMBH & CO KG	Specialist Financing	FULL	75.00	75.00	75.00	75.00
	HANSEATIC GESELLSCHAFT FUR BANKBETEILIGUNGEN MBH	Portfolio Management	FULL	75.00	75.00	100.00	100.00
	HSCE HANSEATIC SERVICE CENTER GMBH	Services	FULL	75.00	75.00	100.00	100.00
(5)	IFVB INSTITUT FUR VERMOGENSBILDUNG GMBH	Services	FULL		75.19		100.00
	INTERLEASING DELLO HAMBURG GMBH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(4)	MILAHA QATAR GMBH & CO.KG	Financial Companies	FULL		60.00		29.00
(4)	MILAHA RAS LAFFAN GMBH & CO.KG	Financial Companies	FULL		60.00		29.00
(5)	NAMENDO GMBH	Services	FULL		75.19		100.00
	ONVISTA	Financial Companies	FULL	100.00	75.19	100.00	94.57
	ONVISTA BANK	Brokers	FULL	100.00	75.19	100.00	100.00
(5)	ONVISTA BETEILIGUNG HOLDING GMBH	Services	FULL		75.19		100.00
	ONVISTA MEDIA GMBH	Services	FULL	100.00	75.19	100.00	100.00
	PEMA GMBH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	PODES DREI GRUNDSTUCKS-VERMIETUNGSGESELLSCHAFT MBH &CO OBJEKTE WEL 4 KG	Real Estate and Real Estate Financing	FULL	-	-	100.00	100.00
	PODES GRUNDSTUCKS - VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKTE WEL 3 KG	Real Estate and Real Estate Financing	FULL	-	-	100.00	100.00
	PODES ZWEI GRUNDSTUCKS-VERMIETUNGSGESELLSCHAFT MBH &CO OBJEKTE WEL 3 KG	Real Estate and Real Estate Financing	FULL	-	-	100.00	100.00
(3)	RED & BLACK AUTO GERMANY 1 UG (HAFTUNGSBESCHRANKT)	Financial Companies	FULL		-		100.00
	RED & BLACK AUTO GERMANY 2 UG (HAFTUNGSBESCHRANKT)	Financial Companies	FULL	-	-	100.00	100.00
(6)	RED & BLACK AUTO GERMANY 3 UG (HAFTUNGSBESCHRANKT)	Financial Companies	FULL	-		100.00	
	RED & BLACK CAR SALES 1UG	Financial Companies	FULL	-	-	100.00	100.00
	RED & BLACK TME GERMANY 1 UG	Financial Companies	FULL	-	-	100.00	100.00
	SG EFFEKTEN	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SG EQUIPMENT FINANCE INTERNATIONAL GMBH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	SG EQUIPMENT FINANCE SA & CO KG	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(1)	SG FRANCFORT	Bank	FULL	100.00	100.00	100.00	100.00

Country		Activity	Method*	Group ownership interest at 31st December 2015	Group ownership interest at 31st December 2014	Group voting interest at 31st December 2015	Group voting interest at 31st December 2014
(1)	SOGECAP DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100.00	100.00	100.00	100.00
(1)	SOGECAP RISQUES DIVERS DEUTSCHE NIEDERLASSUNG	Insurance	FULL	100.00	100.00	100.00	100.00
(5)	TOAST MEDIA GMBH	Services	FULL		75.19		100.00
(5)	TRADE & GET GMBH	Services	FULL		75.19		100.00
	SOCIETE GENERALE SECURITIES SERVICES GMBH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
Australia							
	SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD	Brokers	FULL	100.00	100.00	100.00	100.00
Austria							
	ALD AUTOMOTIVE FUHRPARKMANAGEMENT UND LEASING GMBH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	SG EQUIPMENT LEASING AUSTRIA GMBH	Specialist Financing	ESI	100.00	100.00	100.00	100.00
(1)	SG VIENNE	Bank	FULL	100.00	100.00	100.00	100.00
Bahamas							
	SG PRIVATE BANKING (BAHAMAS) LTD.	Bank	FULL	100.00	100.00	100.00	100.00
Belgium							
(6)	AXUS FINANCE SPRL	Specialist Financing	FULL	100.00		100.00	
	AXUS SA/NV	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	BASTION EUROPEAN INVESTMENTS S.A.	Financial Companies	FULL	60.74	60.74	100.00	100.00
	MILFORD	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	PEMA TRUCK TRAILER VERHUUR	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(1)	SG BRUXELLES	Bank	FULL	100.00	100.00	100.00	100.00
(1)	SG EQUIPMENT FINANCE BENELUX B.V. BELGIAN BRANCH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE IMMOBEL	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE PRIVATE BANKING NV/SA	Bank	FULL	100.00	100.00	100.00	100.00
Benin							
	SOCIETE GENERALE BENIN	Bank	FULL	83.19	83.19	83.85	83.85
Bermuda							
	CATALYST RE INTERNATIONAL LTD.	Insurance	FULL	100.00	100.00	100.00	100.00
	CATALYST RE LTD.	Insurance	FULL	100.00	100.00	100.00	100.00
Brazil							
	ALD AUTOMOTIVE S.A.	Specialist Financing	ESI	100.00	100.00	100.00	100.00
	BANCO CACIQUE S.A.	Bank	FULL	100.00	100.00	100.00	100.00
	BANCO PECUNIA S.A.	Bank	FULL	100.00	100.00	100.00	100.00
	BANCO SOCIETE GENERALE BRASIL S.A.	Bank	FULL	100.00	100.00	100.00	100.00
	CACIQUE PROMOTORA DE VENDAS LTDA	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	COBRACRED COBRANCA ESPECIALIZADA LTDA	Financial Companies	FULL	100.00	100.00	100.00	100.00
	CREDIAL EMPREENDIMENTOS E SERVICOS LTDA	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	MORDENO SOCIEDADES ANONIMAS	Financial Companies	FULL	100.00	100.00	100.00	100.00
	NEWEDGE REPRESENTACOES LTDA (NEWEDGE BRAZIL)	Brokers	FULL	100.00	100.00	100.00	100.00
	SG EQUIPMENT FINANCE S.A. ARRENDAMENTO MERCANTIL	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	SG SD FUNDO DE INVESTIMENTO MULTIMERCADO - INVESTIMENTO NO EXTERIOR	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE S.A. CORRETORA DE CAMBIO, TITULOS E VALORES MOBILIARIOS	Brokers	FULL	100.00	100.00	100.00	100.00
Bulgaria							
	REGIONAL URBAN DEVELOPMENT FUND	Specialist Financing	FULL	51.86	51.86	52.00	52.00
	SG EXPRESS BANK	Bank	FULL	99.74	99.74	99.74	99.74
	SOCIETE GENERALE FACTORING	Specialist Financing	FULL	99.74	99.74	100.00	100.00
	SOGELEASE BULGARIA	Specialist Financing	FULL	99.74	99.74	100.00	100.00
Burkina Faso							
	SOCIETE GENERALE BURKINA FASO	Bank	FULL	51.27	51.27	52.61	52.61
Cameroon							
	SOCIETE GENERALE CAMEROUN	Bank	FULL	58.08	58.08	58.08	58.08
Canada							
	SG CONSTELLATION CANADA LTD.	Specialist Financing	FULL	100.00	100.00	100.00	100.00

Country		Activity	Method*	Group ownership interest at 31st December 2015	Group ownership interest at 31st December 2014	Group voting interest at 31st December 2015	Group voting interest at 31st December 2014
	SG HAMBROS TRUST COMPANY (CANADA) INC	Financial Companies	FULL	100.00	100.00	100.00	100.00
(1)	SOCIETE GENERALE (CANADA BRANCH)	Bank	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE (CANADA)	Bank	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE CAPITAL CANADA INC	Brokers	FULL	100.00	100.00	100.00	100.00
China							
	ALD FORTUNE AUTO LEASING & RENTING SHANGHAI CO. LTD	Specialist Financing	ESI	50.00	50.00	50.00	50.00
	FORTUNE SG FUND MANAGEMENT CO. , LTD.	Financial Companies	EJV	49.00	49.00	49.00	49.00
	SOCIETE GENERALE (CHINA) LIMITED	Bank	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE LEASING AND RENTING CO. LTD	Specialist Financing	FULL	100.00	100.00	100.00	100.00
Cyprus							
	VPRG LIMITED	Group Real Estate Management Companies	FULL	99.49	99.49	100.00	100.00
South Korea							
(1)(2)	NEWEDGE FINANCIAL HONG KONG LTD (SEOUL BRANCH)	Brokers	FULL		100.00		100.00
(1)(2)	SG SEC. (HK) LTD, SEOUL BRANCH	Brokers	FULL		100.00		100.00
(1)	SG SEOUL	Bank	FULL	100.00	100.00	100.00	100.00
	SG SECURITIES KOREA, LTD	Brokers	FULL	100.00	100.00	100.00	100.00
Ivory Coast							
	SG DE BANQUES EN COTE D'IVOIRE	Bank	FULL	73.25	73.25	73.25	73.25
	SOGEBOURSE EN COTE D'IVOIRE	Portfolio Management	FULL	71.27	71.27	100.00	100.00
Croatia							
	ALD AUTOMOTIVE D.O.O. ZA. OPERATIVNI I FINANCIJSKI LEASING	Specialist Financing	ESI	100.00	100.00	100.00	100.00
	SG LEASING D.O.O.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE-SPLITSKA BANKA D.D.	Bank	FULL	100.00	100.00	100.00	100.00
Curaçao							
	SGA SOCIETE GENERALE ACCEPTANCE N.V	Financial Companies	FULL	100.00	100.00	100.00	100.00
Denmark							
	ALD AUTOMOTIVE A/S	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	NF FLEET A/S	Specialist Financing	FULL	80.00	80.00	80.00	80.00
	PEMA LAST OG- TRAILERUDLEJNING A/S	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(1)	SG FINANS AS DANISH BRANCH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
United Arab Emirates							
(1)(5)	NEWEDGE GROUP (DUBAI BRANCH)	Brokers	FULL		100.00		100.00
(1)(2)	SOCIETE GENERALE BANK & TRUST DUBAI	Bank	FULL		100.00		100.00
(1)	SOCIETE GENERALE DUBAI	Bank	FULL	100.00	100.00	100.00	100.00
Spain							
	ALD AUTOMOTIVE S.A.U	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	ALTURA MARKETS, SOCIEDAD DE VALORES, SA	Brokers	EJV	50.00	50.00	50.00	50.00
(1)	GENEFIM SUCURSAL EN ESPANA	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	SELF TRADE BANK SA	Brokers	FULL	100.00	40.55	100.00	51.00
	SG EQUIPMENT FINANCE IBERIA, E.F.C, S.A.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	SOCGEN INVERSIONES FINANCIERAS SA	Financial Companies	FULL	100.00	100.00	100.00	100.00
(1)	SOCIETE GENERALE SUCCURSAL EN ESPANA	Bank	FULL	100.00	100.00	100.00	100.00
	SODEPROM	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
Estonia							
	ALD AUTOMOTIVE EESTI AS	Specialist Financing	ESI	75.01	75.01	75.01	75.01
United States							
	AEGIS HOLDINGS (ONSHORE) INC.	Financial Companies	FULL	100.00	100.00	100.00	100.00
(2)	ANTALIS US FUNDING CORP	Financial Companies	FULL		-		100.00
	CGI FINANCE INC	Financial Companies	FULL	99.89	99.88	100.00	100.00
	CGI NORTH AMERICA INC.	Specialist Financing	FULL	99.89	99.88	100.00	100.00
	CLASSIC YACHT DOCUMENTATION, INC.	Services	FULL	99.89	99.88	100.00	100.00
	LYXOR ASSET MANAGEMENT HOLDING CORP.	Portfolio Management	FULL	100.00	100.00	100.00	100.00

Country		Activity	Method*	Group ownership interest at 31st December 2015	Group ownership interest at 31st December 2014	Group voting interest at 31st December 2015	Group voting interest at 31st December 2014
	LYXOR ASSET MANAGEMENT INC.	Financial Companies	FULL	100.00	100.00	100.00	100.00
	NEWEDGE FACILITIES MANAGEMENT INC	Services	FULL	100.00	100.00	100.00	100.00
(5)	NEWEDGE USA, LLC	Brokers	FULL		100.00		100.00
	SG AMERICAS EQUITIES CORP.	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SG AMERICAS OPERATIONAL SERVICES, INC.	Services	FULL	100.00	100.00	100.00	100.00
	SG AMERICAS SECURITIES HOLDINGS, LLC	Bank	FULL	100.00	100.00	100.00	100.00
	SG AMERICAS SECURITIES, LLC	Brokers	FULL	100.00	100.00	100.00	100.00
	SG AMERICAS, INC.	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SG CONSTELLATION, INC.	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SG EQUIPMENT FINANCE USA CORP.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	SG MORTGAGE FINANCE CORP.	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SG REINSURANCE INTERMEDIARY BROKERAGE, LLC	Insurance	FULL	100.00	100.00	100.00	100.00
	SG STRUCTURED PRODUCTS, INC.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	SGAIH, INC.	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SGB FINANCE NORTH AMERICA INC.	Financial Companies	FULL	50.94	50.94	100.00	100.00
(1)	SOCIETE GENERALE (NEW YORK)	Bank	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE ENERGY LLC	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE FINANCIAL CORPORATION	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE INVESTMENT CORPORATION	Financial Companies	FULL	100.00	100.00	100.00	100.00
(2)	SOCIETE GENERALE NORTH AMERICA, INC.	Financial Companies	FULL		100.00		100.00
	TROPICANA FUNDING INCORPORATED	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SGAIF, LLC	Financial Companies	FULL	100.00	100.00	100.00	100.00
	TENDER OPTION BOND PROGRAM	Financial Companies	FULL	100.00	100.00	100.00	100.00
Finland							
	AXUS FINLAND OY	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(6)	EASY KM OY	Specialist Financing	FULL	100.00		100.00	
	NF FLEET OY	Specialist Financing	FULL	80.00	80.00	80.00	80.00
France							
	9 RUE DES BIENVENUS	Real Estate and Real Estate Financing	FULL	86.50	86.50	100.00	100.00
	AIR BAIL	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	AIX - BORD DU LAC - 3	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
	ALBIGNY AVORAUX	Real Estate and Real Estate Financing	FULL	86.50	86.50	100.00	100.00
	ALD AUTOMOTIVE RUSSIE SAS	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	ALD INTERNATIONAL	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	ALPRIM	Real Estate and Real Estate Financing	FULL	60.00	60.00	60.00	60.00
(4)	AMUNDI GROUP	Financial Companies	ESI		20.00		20.00
	ANTALIS SA	Financial Companies	FULL	-	-	100.00	100.00
	ANTARIUS	Insurance	EJV	50.00	50.00	50.00	50.00
	ANTARIUS FONDS ACTIONS PLUS	Financial Companies	EJV	-	-	99.89	99.89
	ANTARIUS FONDS OBLIGATAIRE	Financial Companies	EJV	-	-	99.95	99.95
	ANTARIUS OBLI 1-3 ANS	Financial Companies	EJV	-	-	100.00	100.00
	ANTARIUS ROTATION SECTORIELLE	Financial Companies	EJV	-	-	97.29	97.29
	AQPRIM	Real Estate and Real Estate Financing	FULL	55.00	55.00	55.00	55.00
	AVIVA INVESTORS RESERVE EUROPE	Financial Companies	EJV	-	-	58.58	58.58
	BANQUE FRANCAISE COMMERCIALE OCEAN INDIEN	Bank	FULL	50.00	49.99	50.00	49.99
	BANQUE KOLB	Bank	FULL	99.87	99.87	99.87	99.87
	BANQUE LAYDERNIER	Bank	FULL	100.00	100.00	100.00	100.00
	BANQUE NUGER	Bank	FULL	100.00	99.99	100.00	100.00
	BANQUE POUYANNE	Bank	ESI	35.00	35.00	35.00	35.00
	BANQUE RHONE ALPES	Bank	FULL	99.99	99.99	99.99	99.99
	BANQUE TARNEAUD	Bank	FULL	100.00	100.00	100.00	100.00
(6)	BOURSORAMA INVESTISSEMENT	Services	FULL	100.00		100.00	
	BOURSORAMA SA	Brokers	FULL	100.00	79.51	100.00	79.51

Country		Activity	Method*	Group ownership interest		Group voting interest	
				at 31st December 2015	at 31st December 2014	at 31st December 2015	at 31st December 2014
	BREMANY LEASE SAS	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	CAEN - RUE BASSE	Real Estate and Real Estate Financing	FULL	80.18	80.18	100.00	100.00
	CAEN - RUE DU GENERAL MOULIN	Real Estate and Real Estate Financing	FULL	80.18	80.18	100.00	100.00
	CARBURAUTO	Group Real Estate Management Companies	EJV	50.00	50.00	50.00	50.00
	CARRERA	Group Real Estate Management Companies	EJV	50.00	50.00	50.00	50.00
	CENTRE IMMO PROMOTION	Real Estate and Real Estate Financing	FULL	60.00	60.00	60.00	60.00
	CHARTREUX LOT A1	Real Estate and Real Estate Financing	FULL	80.18	80.18	100.00	100.00
	CHEMIN DES COMBES	Real Estate and Real Estate Financing	FULL	86.50	86.50	100.00	100.00
	COEUR EUROPE	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
	COMPAGNIE FINANCIERE DE BOURBON	Specialist Financing	FULL	99.99	99.99	100.00	100.00
	COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
	COMPAGNIE GENERALE D'AFFACTURAGE	Services	FULL	100.00	100.00	100.00	100.00
	COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS	Specialist Financing	FULL	99.89	99.88	99.89	99.88
	CONTE	Group Real Estate Management Companies	EJV	50.00	50.00	50.00	50.00
	CREDINORD CIDIZE	Financial Companies	FULL	100.00	100.00	100.00	100.00
	CREDIT DU NORD	Bank	FULL	100.00	100.00	100.00	100.00
	DARWIN DIVERSIFIE 0-20	Portfolio Management	FULL	-	-	88.67	88.25
	DARWIN DIVERSIFIE 40-60	Portfolio Management	FULL	-	-	79.98	79.60
	DARWIN DIVERSIFIE 80-100	Portfolio Management	FULL	-	-	78.10	76.20
(6)	DESCARTES TRADING	Financial Companies	FULL	100.00		100.00	
	DEVILLE AV LECLERC	Real Estate and Real Estate Financing	FULL	80.18	80.18	100.00	100.00
	DISPONIS	Specialist Financing	FULL	99.99	99.94	100.00	100.00
	ESNI - COMPARTIMENT SG-CREDIT CLAIMS -1	Financial Companies	FULL	-	-	100.00	100.00
	ETOILE CLIQUET 90	Financial Companies	EJV	-	-	66.29	66.29
	ETOILE GARANTI FEVRIER 2020	Financial Companies	EJV	-	-	86.15	86.15
	ETOILE GARANTI JUILLET 2018	Financial Companies	EJV	-	-	53.61	53.61
	ETOILE ID	Financial Companies	FULL	100.00	100.00	100.00	100.00
	ETOILE PATRIMOINE 50	Financial Companies	EJV	-	-	58.64	58.64
(2)	ETOILE TOP 2007	Financial Companies	EJV		-		46.62
	FCC ALBATROS	Portfolio Management	FULL	-	-	51.00	51.00
(2)	FCT BLANCO	Financial Companies	FULL		-		100.00
	FCT CODA	Financial Companies	FULL	-	-	100.00	100.00
	FCT COMPARTMENT SOGECAP SG 1	Financial Companies	FULL	-	-	100.00	100.00
	FCT MALZIEU	Financial Companies	FULL	-	-	100.00	100.00
	FCT R&B BDDF PPI	Portfolio Management	FULL	100.00	100.00	100.00	100.00
(2)	FCT RED & BLACK FRENCH SMALL BUSINESS	Specialist Financing	FULL		100.00		100.00
	FCT WATER DRAGON	Financial Companies	FULL	-	-	100.00	100.00
(6)	FEEDER LYXOR CAC 40	Financial Companies	FULL	-		99.77	
(6)	FEEDER LYXOR STOXX 50	Financial Companies	FULL	-		99.56	
	FENWICK LEASE	Specialist Financing	FULL	99.99	99.99	100.00	100.00
(6)	FIDUCEO	Services	FULL	100.00		100.00	
	FINANCIERE UC	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
(5)	FINAREG	Portfolio Management	FULL		100.00		100.00
	FINASSURANCE SNC	Brokers	FULL	98.89	98.88	99.00	99.00
(2)	FQA FUND	Financial Companies	FULL		-		100.00
	FRANFINANCE	Specialist Financing	FULL	99.99	99.99	99.99	99.99
	FRANFINANCE LOCATION	Specialist Financing	FULL	99.99	99.99	100.00	100.00
	GALYBET	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
(5)	GENE ACT 1	Portfolio Management	FULL		100.00		100.00
	GENEBANQUE	Bank	FULL	100.00	100.00	100.00	100.00
	GENECAL FRANCE	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	GENECAR - SOCIETE GENERALE DE COURTAGE D'ASSURANCE ET DE REASSURANCE	Insurance	FULL	100.00	100.00	100.00	100.00

Country		Activity	Method*	Group ownership interest		Group voting interest	
				at 31st December 2015	at 31st December 2014	at 31st December 2015	at 31st December 2014
	GENECOMI	Specialist Financing	FULL	99.64	99.64	99.64	99.64
	GENEFIM	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	GENEFIMMO HOLDING	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	GENEFINANCE	Portfolio Management	FULL	100.00	100.00	100.00	100.00
	GENEGIS I	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
	GENEGIS II	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
	GENEVAL	Portfolio Management	FULL	100.00	100.00	100.00	100.00
	GENEVALMY	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
	GENINFO	Portfolio Management	FULL	100.00	100.00	100.00	100.00
	IMAPRIM AMENAGEMENT	Real Estate and Real Estate Financing	FULL	70.00	70.00	70.00	70.00
(1)	INORA LIFE FRANCE	Insurance	FULL	100.00	100.00	100.00	100.00
	INTER EUROPE CONSEIL	Financial Companies	FULL	100.00	100.00	100.00	100.00
	INVESTIR IMMOBILIER - MAROMME	Real Estate and Real Estate Financing	FULL	80.18	80.18	100.00	100.00
	INVESTIR IMMOBILIER NORMANDIE	Real Estate and Real Estate Financing	FULL	80.00	80.00	80.00	80.00
	ISSY 11-3 GALLIENI	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
	KOLB INVESTISSEMENT	Financial Companies	FULL	100.00	100.00	100.00	100.00
	LA BANQUE POSTALE FINANCEMENT	Specialist Financing	ESI	35.00	35.00	35.00	35.00
	LA CROIX BOISEE	Real Estate and Real Estate Financing	FULL	80.18	80.18	100.00	100.00
	LA FONCIERE DE LA DEFENSE	Portfolio Management	FULL	99.99	99.99	100.00	100.00
(5)	LA MADELEINE	Real Estate and Real Estate Financing	FULL		100.00		100.00
	LES MESANGES	Real Estate and Real Estate Financing	EJV	40.00	40.00	50.00	50.00
(5)	LIBECAP	Portfolio Management	FULL		100.00		100.00
(4)	LIRIX	Portfolio Management	ESI		100.00		100.00
	LYXOR ASSET MANAGEMENT	Financial Companies	FULL	100.00	100.00	100.00	100.00
	LYXOR INTERNATIONAL ASSET MANAGEMENT	Financial Companies	FULL	100.00	100.00	100.00	100.00
(5)	NEWEDGE GROUP	Brokers	FULL		100.00		100.00
	NICE BROC	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	NICE CARROS	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	NOAHO	Real Estate and Real Estate Financing	FULL	55.00	55.00	55.00	55.00
	NORBAIL IMMOBILIER	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	NORBAIL SOFERGIE	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	NORIMMO	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	ONYX	Group Real Estate Management Companies	EJV	50.00	50.00	50.00	50.00
	OPCI SOGECAPIMMO	Real Estate and Real Estate Financing	FULL	-	-	100.00	100.00
	OPERA 72	Group Real Estate Management Companies	FULL	99.99	99.99	100.00	100.00
	ORADEA VIE	Insurance	FULL	100.00	100.00	100.00	100.00
	ORPAVIMOB	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	PACTIMO	Real Estate and Real Estate Financing	FULL	86.00	86.00	86.00	86.00
	PAREL	Services	FULL	100.00	100.00	100.00	100.00
	PARTICIPATIONS IMMOBILIERES RHONE ALPES	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	PHILIPS MEDICAL CAPITAL FRANCE	Specialist Financing	FULL	60.00	60.00	60.00	60.00
	PRAGMA	Real Estate and Real Estate Financing	FULL	86.00	86.00	100.00	100.00
	PRIMAXIA	Real Estate and Real Estate Financing	FULL	79.74	79.74	81.00	81.00
	PRIORIS	Financial Companies	FULL	94.89	94.89	95.00	95.00
	PROJECTIM	Real Estate and Real Estate Financing	FULL	60.00	60.00	60.00	60.00
(2)	RED & BLACK AUTO FRANCE 2012	Financial Companies	FULL		-		100.00
	RED & BLACK CONSUMER FRANCE 2013	Financial Companies	FULL	100.00	100.00	100.00	100.00
	RIVAPRIM	Real Estate and Real Estate Financing	FULL	60.00	60.00	60.00	60.00
	SAGEMCOM LEASE	Specialist Financing	FULL	99.99	99.99	100.00	100.00
	SAINT CLAIR	Real Estate and Real Estate Financing	EJV	40.00	40.00	50.00	50.00
	SAINT-MARTIN 3	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
	SARL DT 6 NANTES	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
	SARL SEINE CLICHY	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00

Country	Activity	Method*	Group ownership interest		Group voting interest	
			at 31st December 2015	at 31st December 2014	at 31st December 2015	at 31st December 2014
SAS ANTONY - DOMAINE DE TOURVOIE	Real Estate and Real Estate Financing	SALRE	50.00	50.00	50.00	50.00
SAS COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SAS DE LA RUE DORA MAAR	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
SAS LOIRE ATLANTIQUE TERTIAIRE	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
SAS NOAHO AMENAGEMENT	Real Estate and Real Estate Financing	FULL	86.50	86.50	100.00	100.00
SAS NORMANDIE HABITAT	Real Estate and Real Estate Financing	FULL	86.00	86.00	100.00	100.00
SAS NORMANDIE RESIDENCES	Real Estate and Real Estate Financing	FULL	98.00	98.00	100.00	100.00
SAS PARNASSE	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SAS SOGEPROM TERTIAIRE	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SAS TOUR D2	Real Estate and Real Estate Financing	SALRE	50.00	50.00	50.00	50.00
SC ALICANTE 2000	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
SC CHASSAGNE 2000	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
SCCV 29 ET 31 AVENUE CHARLES DE GAULLE A LA TESTE DE BUCH	Real Estate and Real Estate Financing	FULL	39.52	39.52	51.00	51.00
SCCV 3 CHATEAUX	Real Estate and Real Estate Financing	EJV	43.00	43.00	50.00	50.00
SCCV BALMA ENTREPRISE	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
SCCV BASSENS LES MONTS	Real Estate and Real Estate Financing	FULL	70.00	70.00	70.00	70.00
SCCV BLAINVILLE LEMARCHAND	Real Estate and Real Estate Financing	FULL	80.18	80.18	100.00	100.00
SCCV CAEN CHARITE - ILOT 3	Real Estate and Real Estate Financing	FULL	80.18	80.00	100.00	100.00
SCCV CHARITE - REHABILITATION	Real Estate and Real Estate Financing	FULL	80.18	80.18	100.00	100.00
SCCV CHARTREUX LOT E	Real Estate and Real Estate Financing	FULL	80.18	80.18	100.00	100.00
SCCV CHARTREUX LOTS B-D	Real Estate and Real Estate Financing	FULL	80.18	80.18	100.00	100.00
SCCV ETERVILLE RUE DU VILLAGE	Real Estate and Real Estate Financing	FULL	80.18	80.18	100.00	100.00
SCCV LES ECRIVAINS	Real Estate and Real Estate Financing	FULL	86.50	86.50	100.00	100.00
SCCV LES PATIOS D'OR DE FLEURY LES AUBRAIS	Real Estate and Real Estate Financing	FULL	64.00	64.00	80.00	80.00
SCCV LES SUCRES	Real Estate and Real Estate Financing	EJV	43.25	43.25	50.00	50.00
SCCV MARCQ PROJECTIM	Real Estate and Real Estate Financing	FULL	64.00	64.00	80.00	80.00
SCCV MARQUET PROJECTIM	Real Estate and Real Estate Financing	FULL	68.00	68.00	85.00	85.00
SCCV POURCIEUX-BARONNES	Real Estate and Real Estate Financing	FULL	60.00	60.00	60.00	60.00
SCCV RIVER GREEN	Real Estate and Real Estate Financing	FULL	99.60	99.60	100.00	100.00
SCCV VERNAISON - RAZAT	Real Estate and Real Estate Financing	EJV	43.25	43.25	50.00	50.00
SCDM PARTICIPATIONS	Portfolio Management	ESI	-	-	100.00	100.00
SCI AIX BORD DU LAC-1	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
SCI AIX-BORD DU LAC-2	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
SCI AQPRIM PROMOTION	Real Estate and Real Estate Financing	FULL	77.50	77.50	100.00	100.00
SCI ASC LA BERGEONNERIE	Real Estate and Real Estate Financing	EJV	42.00	42.00	50.00	50.00
SCI AVARICUM	Real Estate and Real Estate Financing	FULL	99.00	99.00	99.00	99.00
SCI BRAILLE/HOTEL DE VILLE	Real Estate and Real Estate Financing	EJV	49.96	49.92	50.00	50.00
SCI CAP COURROUZE	Real Estate and Real Estate Financing	FULL	65.00	65.00	65.00	65.00
SCI CENTRE IMMO PROMOTION RESIDENCES	Real Estate and Real Estate Financing	FULL	80.00	80.00	100.00	100.00
SCI CHARITE - GIRANDIERE	Real Estate and Real Estate Financing	EJV	40.00	40.00	50.00	50.00
SCI CHELLES AULNOY MENDES FRANCE	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
SCI DREUX LA ROTULE NORD	Real Estate and Real Estate Financing	FULL	80.00	80.00	100.00	100.00
SCI DU 84 RUE DU BAC	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
SCI ETAMPES NOTRE-DAME	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
SCI ETRECHY SAINT NICOLAS	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
SCI EUROPARC HAUTE BORNE 1	Real Estate and Real Estate Financing	FULL	51.00	51.00	51.00	51.00
SCI EUROPARC ST MARTIN DU TOUCH 2002	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
(2) SCI GOUSSAINVILLE SAINT-JUST	Real Estate and Real Estate Financing	FULL		65.00		65.00
SCI HEGEL PROJECTIM	Real Estate and Real Estate Financing	FULL	68.00	68.00	85.00	85.00
SCI LA MANTILLA COMMERCES	Real Estate and Real Estate Financing	FULL	93.00	93.00	100.00	100.00
SCI LA MARQUEILLE	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
SCI LAVOISIER	Real Estate and Real Estate Financing	FULL	80.00	80.00	80.00	80.00

Country		Activity	Method*	Group ownership interest at 31st December 2015	Group ownership interest at 31st December 2014	Group voting interest at 31st December 2015	Group voting interest at 31st December 2014
	SCI LE HAMEAU DES GRANDS PRES	Real Estate and Real Estate Financing	EJV	40.00	40.00	40.00	40.00
	SCI LE PARC DE BORDEROUGE	Real Estate and Real Estate Financing	FULL	60.00	60.00	60.00	60.00
	SCI LES JARDINS D'IRIS	Real Estate and Real Estate Financing	FULL	60.00	60.00	60.00	60.00
	SCI LES PORTES DU LEMAN	Real Estate and Real Estate Financing	FULL	80.00	80.00	80.00	80.00
	SCI LES RESIDENCES GENEVOISES	Real Estate and Real Estate Financing	FULL	90.00	90.00	90.00	90.00
	SCI LIEUSAINT RUE DE PARIS	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
	SCI LINAS COEUR DE VILLE 1	Real Estate and Real Estate Financing	FULL	70.00	70.00	70.00	70.00
	SCI L'OREE DES LACS	Real Estate and Real Estate Financing	FULL	70.00	70.00	70.00	70.00
	SCI LYON JOANNES	Real Estate and Real Estate Financing	EJV	43.40	43.40	50.00	50.00
	SCI MARCOUSSIS BELLEJAME	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
	SCI NOAHO RESIDENCES	Real Estate and Real Estate Financing	FULL	86.50	86.50	100.00	100.00
	SCI PARIS 182 CHATEAU DES RENTIERS	Real Estate and Real Estate Financing	FULL	60.00	60.00	60.00	60.00
	SCI PROJECTIM HABITAT	Real Estate and Real Estate Financing	FULL	80.00	80.00	100.00	100.00
	SCI PROJECTIM HELLEMMES SEGUIN	Real Estate and Real Estate Financing	FULL	64.00	64.00	80.00	80.00
	SCI PROJECTIM MARCQ COEUR DE VILLE	Real Estate and Real Estate Financing	EJV	48.00	48.00	60.00	60.00
	SCI PRONY	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
	SCI QUINTESSENCE-VALESCURE	Real Estate and Real Estate Financing	EJV	46.00	46.00	50.00	50.00
	SCI REIMS GARE	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	SCI RESIDENCE DU DONJON	Real Estate and Real Estate Financing	EJV	40.00	40.00	40.00	40.00
	SCI RHIN ET MOSELLE 1	Real Estate and Real Estate Financing	FULL	92.00	92.00	100.00	100.00
	SCI SAINT OUEN L'AUMONE - L'OISE	Real Estate and Real Estate Financing	EJV	38.00	38.00	38.00	38.00
	SCI SAINT-DENIS WILSON	Real Estate and Real Estate Financing	FULL	60.00	60.00	60.00	60.00
	SCI SAINT-PIERRE-DES-CORPS/CAP 55	Real Estate and Real Estate Financing	FULL	80.00	80.00	100.00	100.00
	SCI SCS IMMOBILIER D'ENTREPRISES	Real Estate and Real Estate Financing	FULL	52.80	52.80	66.00	66.00
	SCI SOGEADI TERTIAIRE	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
	SCI SOGECIP	Real Estate and Real Estate Financing	FULL	80.00	80.00	100.00	100.00
	SCI SOGECTIM	Real Estate and Real Estate Financing	FULL	80.00	80.00	100.00	100.00
	SCI SOGEPROM ATLANTIQUE	Real Estate and Real Estate Financing	FULL	80.00	80.00	80.00	80.00
	SCI SOGEPROM CIP CENTRE	Real Estate and Real Estate Financing	FULL	92.00	92.00	100.00	100.00
	SCI TERRES NOUVELLES FRANCILIENNES	Real Estate and Real Estate Financing	FULL	80.00	80.00	80.00	80.00
	SCI TOULOUSE CENTREDA 3	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	SCI VALENCE-CHAMPS DE MARS	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
	SCI VELRI	Group Real Estate Management Companies	EJV	50.00	50.00	50.00	50.00
	SCI-LUCE-LE CARRE D' OR-LOT E	Real Estate and Real Estate Financing	FULL	92.00	92.00	100.00	100.00
	SEFIA	Financial Companies	FULL	50.94	50.94	51.00	51.00
	SG 29 HAUSSMANN	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SG 29 REAL ESTATE	Services	FULL	100.00	100.00	100.00	100.00
(6)	SG ACTIONS EURO SELECTION	Financial Companies	FULL	-		58.24	
	SG CAPITAL DEVELOPPEMENT	Portfolio Management	FULL	100.00	100.00	100.00	100.00
	SG CONSUMER FINANCE	Portfolio Management	FULL	100.00	100.00	100.00	100.00
	SG EURO CT	Brokers	FULL	100.00	100.00	100.00	100.00
	SG EUROPEAN MORTGAGE INVESTMENTS	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SG FINANCIAL SERVICES HOLDING	Portfolio Management	FULL	100.00	100.00	100.00	100.00
(6)	SG MONETAIRE PLUS E	Financial Companies	FULL	-		38.45	
	SG OPTION EUROPE	Brokers	FULL	100.00	100.00	100.00	100.00
	SG SECURITIES (PARIS) SAS	Brokers	FULL	100.00	100.00	100.00	100.00
	SG SERVICES	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(6)	SG VALOR ALPHA ACTIONS FRANCE	Financial Companies	FULL	-		75.34	
	SGB FINANCE S.A.	Financial Companies	FULL	50.94	50.94	51.00	51.00
	SNC BON PUITS 1	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	SNC BON PUITS 2	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	SNC COPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	SNC D'AMENAGEMENT FORUM SEINE ISSY LES MOULINEAUX	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33

Country	Activity	Method*	Group ownership interest at 31st December 2015	Group ownership interest at 31st December 2014	Group voting interest at 31st December 2015	Group voting interest at 31st December 2014
SNC DU 10 RUE MICHELET	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SNC ISSY FORUM 10	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
SNC ISSY FORUM 11	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
SNC PROMOSEINE	Real Estate and Real Estate Financing	EJV	33.33	33.33	33.33	33.33
SOCIETE ANONYME DE CREDIT A L'INDUSTRIE FRANCAISE (CALIF)	Bank	FULL	100.00	100.00	100.00	100.00
SOCIETE CIVILE DE CONSTRUCTION-VENTE ANNA PURNA	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SOCIETE CIVILE IMMOBILIERE DES COMBEAUX DE TIGERY	Real Estate and Real Estate Financing	FULL	99.99	99.99	100.00	100.00
SOCIETE CIVILE IMMOBILIERE DOMION	Real Estate and Real Estate Financing	FULL	80.00	80.00	80.00	80.00
SOCIETE CIVILE IMMOBILIERE FONTENAY - ESTIENNES D'ORVES	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
SOCIETE CIVILE IMMOBILIERE NAXOU	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SOCIETE CIVILE IMMOBILIERE TOULDI	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SOCIETE CIVILE IMMOBILIERE VOGRE	Real Estate and Real Estate Financing	FULL	99.90	99.90	99.90	99.90
SOCIETE CIVILE IMMOBILIERE VOLTAIRE PHALSBOURG	Real Estate and Real Estate Financing	FULL	80.00	80.00	80.00	80.00
SOCIETE DE BOURSE GILBERT DUPONT	Financial Companies	FULL	100.00	100.00	100.00	100.00
SOCIETE DE LA RUE EDOUARD VII	Portfolio Management	FULL	99.91	99.91	99.91	99.91
SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	Group Real Estate Management Companies	FULL	99.98	99.98	100.00	100.00
SOCIETE EN NOM COLLECTIF PARNASSE	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SOCIETE FINANCIERE D' ANALYSE ET DE GESTION	Financial Companies	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE	Bank	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE CAPITAL PARTENAIRES	Portfolio Management	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE DE BANQUE AUX ANTILLES	Bank	FULL	100.00	100.00	100.00	100.00
(5) SOCIETE GENERALE ENERGIE	Brokers	FULL		99.99		99.99
SOCIETE GENERALE EQUIPMENT FINANCE S.A.	Specialist Financing	FULL	99.99	99.99	99.99	99.99
SOCIETE GENERALE PARTICIPATIONS INDUSTRIELLES	Portfolio Management	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SCF	Financial Companies	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SECURITIES SERVICES FRANCE	Financial Companies	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SECURITIES SERVICES HOLDING	Portfolio Management	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SECURITIES SERVICES NET ASSET VALUE	Services	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SFH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
SOCIETE IMMOBILIERE URBI ET ORBI	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SOCIETE MARSEILLAISE DE CREDIT	Bank	FULL	100.00	100.00	100.00	100.00
SOGE BEAUJOIRE	Group Real Estate Management Companies	FULL	99.99	99.99	100.00	100.00
SOGE PERIVAL I	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
SOGE PERIVAL II	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
SOGE PERIVAL III	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
SOGE PERIVAL IV	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
SOGECAMPUS	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
SOGECAP	Insurance	FULL	100.00	100.00	100.00	100.00
SOGECAP ACTIONS	Financial Companies	FULL	-	-	100.00	100.00
SOGECAP LONG TERME N°1	Financial Companies	FULL	-	-	100.00	100.00
SOGEFIM HOLDING	Portfolio Management	FULL	100.00	100.00	100.00	100.00
SOGEFIMUR	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SOGEFINANCEMENT	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SOGEFINERG SG POUR LE FINANCEMENT DES INVESTISSEMENTS ECONOMISANT L'ENERGIE	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SOGEFONTENAY	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
SOGELEASE FRANCE	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SOGEMARCHE	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
SOGEPALM	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
SOGEPARTICIPATIONS	Portfolio Management	FULL	100.00	100.00	100.00	100.00
SOGEPROM	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SOGEPROM ENTREPRISES	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SOGEPROM ENTREPRISES REGIONS	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00

Country	Activity	Method*	Group ownership interest at 31st December 2015	Group ownership interest at 31st December 2014	Group voting interest at 31st December 2015	Group voting interest at 31st December 2014
SOGEPROM HABITAT	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SOGEPROM PARTENAIRES	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SOGEPROM RESIDENCES	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SOGEPROM SERVICES	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
SOGESSUR	Insurance	FULL	100.00	100.00	100.00	100.00
(6) SOGEVIMMO	Group Real Estate Management Companies	FULL	-		100.00	
SOGINFO - SOCIETE DE GESTION ET D'INVESTISSEMENTS FONCIERS	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
SOPHIA-BAIL	Real Estate and Real Estate Financing	FULL	100.00	51.00	100.00	51.00
STAR LEASE	Specialist Financing	FULL	100.00	100.00	100.00	100.00
TEMSYS	Specialist Financing	FULL	100.00	100.00	100.00	100.00
URBANISME ET COMMERCE	Real Estate and Real Estate Financing	FULL	99.92	99.84	99.92	99.84
URBANISME ET COMMERCE PROMOTION	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
VALMINVEST	Group Real Estate Management Companies	FULL	100.00	100.00	100.00	100.00
(5) VOURIC	Portfolio Management	FULL		100.00		100.00
SG LYXOR LCR FUND	Portfolio Management	FULL	100.00	100.00	100.00	100.00
SCI RIVAPRIM RESIDENCES	Real Estate and Real Estate Financing	FULL	92.00	92.00	100.00	100.00
SCI RIVAPRIM HABITAT	Real Estate and Real Estate Financing	FULL	84.00	84.00	100.00	100.00
S.C.I. DU DOMAINE DE STONEHAM	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
BANQUE COURTOIS	Bank	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER "SOGEBAIL"	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
(7) SOGEPROM ME	Real Estate and Real Estate Financing	ESI	20.00	20.00	20.00	20.00
SOCIETE "LES PINSONS"	Real Estate and Real Estate Financing	EJV	50.00	50.00	50.00	50.00
Georgia						
BANK REPUBLIC	Bank	FULL	93.64	93.64	93.64	93.64
GEORGIAN MILL COMPANY LLC	Specialist Financing	FULL	93.64	93.64	100.00	100.00
MERTSKHALI PIRVELI	Specialist Financing	FULL	93.64	93.64	100.00	100.00
Ghana						
SOCIETE GENERALE GHANA LIMITED	Bank	FULL	52.24	52.24	52.24	52.24
Gibraltar						
HAMBROS (GIBRALTAR NOMINEES) LIMITED	Services	FULL	100.00	100.00	100.00	100.00
SG HAMBROS BANK (GIBRALTAR) LIMITED	Bank	FULL	100.00	100.00	100.00	100.00
Greece						
ALD AUTOMOTIVE S.A. LEASE OF CARS	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(1) SOGECAP GREECE	Insurance	FULL	100.00	100.00	100.00	100.00
Guernsey						
(3) ARAMIS CORP. LIMITED	Financial Companies	FULL		-		100.00
CDS INTERNATIONAL LIMITED	Services	FULL	100.00	100.00	100.00	100.00
HAMBROS (GUERNSEY NOMINEES) LTD	Services	FULL	100.00	100.00	100.00	100.00
HTG LIMITED	Services	FULL	100.00	100.00	100.00	100.00
(1) SG HAMBROS BANK (CHANNEL ISLANDS) LTD GUERNSEY BRANCH	Bank	FULL	100.00	100.00	100.00	100.00
ARAMIS II SECURITIES CO, LTD	Financial Companies	FULL	-	-	100.00	100.00
Guinea						
SG DE BANQUES EN GUINEE	Bank	FULL	57.94	57.94	57.94	57.94
Equatorial Guinea						
SG DE BANQUES EN GUINEE EQUATORIALE	Bank	FULL	52.44	52.44	57.23	57.23
Hong Kong						
(1)(6) DESCARTES TRADING HONG KONG BRANCH	Financial Companies	FULL	100.00		100.00	
NEWEDGE BROKER HONG KONG LTD	Brokers	FULL	100.00	100.00	100.00	100.00
NEWEDGE FINANCIAL HONG KONG LTD	Brokers	FULL	100.00	100.00	100.00	100.00
(1)(5) NEWEDGE GROUP, HONG KONG BRANCH	Brokers	FULL		100.00		100.00
(1) SG HONG KONG	Bank	FULL	100.00	100.00	100.00	100.00
SG SECURITIES (HK) NOMINEES LTD	Brokers	FULL	100.00	100.00	100.00	100.00

Country	Activity	Method*	Group ownership interest		Group voting interest	
			at 31st December 2015	at 31st December 2014	at 31st December 2015	at 31st December 2014
SG SECURITIES (HONG-KONG) LTD	Brokers	FULL	100.00	100.00	100.00	100.00
SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD (HONG-KONG)	Brokers	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE ASIA LTD	Financial Companies	FULL	100.00	100.00	100.00	100.00
(1) SOCIETE GENERALE BANK AND TRUST HONG KONG BRANCH	Bank	FULL	100.00	100.00	100.00	100.00
TH INVESTMENTS (HONG KONG) 1 LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
TH INVESTMENTS (HONG KONG) 2 LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
TH INVESTMENTS (HONG KONG) 3 LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
(6) TH INVESTMENTS (HONG KONG) 4 LIMITED	Financial Companies	FULL	100.00		100.00	
Hungary						
ALD AUTOMOTIVE MAGYARORSZAG KFT	Specialist Financing	ESI	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE HUNGARY ZRT	Specialist Financing	ESI	100.00	100.00	100.00	100.00
SG EQUIPMENT LEASING HUNGARY LTD	Specialist Financing	ESI	100.00	100.00	100.00	100.00
Cayman Islands						
AEGIS HOLDINGS (OFFSHORE) LTD.	Financial Companies	FULL	100.00	100.00	100.00	100.00
BRIDGEVIEW II LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SECURITIES (NORTH PACIFIC) LTD	Bank	FULL	100.00	100.00	100.00	100.00
British Virgin Islands						
(3)(9) TNS SERVICES LIMITED	Services	FULL		-		100.00
India						
ALD AUTOMOTIVE PRIVATE LIMITED	Specialist Financing	ESI	100.00	100.00	100.00	100.00
NEWEDGE BROKER INDIA PTE LTD	Brokers	FULL	100.00	100.00	100.00	100.00
SG ASIA HOLDINGS (INDIA) PVT LTD	Brokers	FULL	100.00	100.00	100.00	100.00
(1) SG MUMBAI	Bank	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE GLOBAL SOLUTION CENTRE PRIVATE	Services	FULL	100.00	100.00	100.00	100.00
Ireland						
ALD RE LIMITED	Insurance	ESI	100.00	100.00	100.00	100.00
(3) CONDORCET GLOBAL OPPORTUNITY UNIT TRUST - CONDORCET GLOBAL OPPORTUNITY FUND	Financial Companies	FULL		99.60		99.60
(1)(2) EFS SA BRANCH DUBLIN	Financial Companies	FULL		100.00		100.00
INORA LIFE LTD	Insurance	FULL	100.00	100.00	100.00	100.00
IRIS II SPV LIMITED	Financial Companies	FULL	-	-	100.00	100.00
RED & BLACK PRIME RUSSIA MBS	Financial Companies	FULL	-	-	100.00	100.00
(1) SG DUBLIN	Bank	FULL	100.00	100.00	100.00	100.00
SGBT FINANCE IRELAND LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SGSS (IRELAND) LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE HEDGING LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
Italy						
ALD AUTOMOTIVE ITALIA S.R.L	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(5) CGL ITALIA SPA	Financial Companies	FULL		99.88		100.00
FIDITALIA S.P.A	Specialist Financing	FULL	100.00	100.00	100.00	100.00
FRAER LEASING SPA	Specialist Financing	FULL	73.85	73.85	73.85	73.85
SG EQUIPMENT FINANCE ITALY S.P.A.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG FACTORING SPA	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG LEASING SPA	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(1) SG MILAN	Bank	FULL	100.00	100.00	100.00	100.00
(5) SGB FINANCE ITALIA SPA	Financial Companies	FULL		50.94		100.00
(1) SOCECAP SA RAPPRESENTANZA GENERALE PER L'ITALIA	Insurance	FULL	100.00	100.00	100.00	100.00
(2) SOCIETE GENERALE ITALIA HOLDING S.P.A	Specialist Financing	FULL		100.00		100.00
SOCIETE GENERALE SECURITIES SERVICES S.P.A.	Bank	FULL	100.00	100.00	100.00	100.00
(1) SOGESSUR SA	Insurance	FULL	100.00	100.00	100.00	100.00
Japan						
LYXOR ASSET MANAGEMENT JAPAN CO LTD	Portfolio Management	FULL	100.00	100.00	100.00	100.00
NEWEDGE JAPAN INC	Brokers	FULL	100.00	100.00	100.00	100.00

Country		Activity	Method*	Group ownership interest at 31st December 2015	Group ownership interest at 31st December 2014	Group voting interest at 31st December 2015	Group voting interest at 31st December 2014
(1)	SG TOKYO	Bank	FULL	100.00	100.00	100.00	100.00
(1)	SOCIETE GENERALE SECURITIES (NORTH PACIFIC) LTD, TOKYO BRANCH	Bank	FULL	100.00	100.00	100.00	100.00
Jersey							
(3)	CLARIS IV LTD	Financial Companies	FULL		-		100.00
	ELMFORD LIMITED	Services	FULL	100.00	100.00	100.00	100.00
	HANOM I LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
	HANOM II LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
	HANOM III LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
	JD CORPORATE SERVICES LIMITED	Services	FULL	100.00	100.00	100.00	100.00
(8)	LYXOR MASTER FUND	Financial Companies	FULL	100.00	100.00	100.00	100.00
	NEWMEAD TRUSTEES LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SG HAMBROS (FOUNDATIONS) LTD	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SG HAMBROS BANK (CHANNEL ISLANDS) LTD	Bank	FULL	100.00	100.00	100.00	100.00
	SG HAMBROS FUND MANAGERS (JERSEY) LTD	Portfolio Management	FULL	100.00	100.00	100.00	100.00
	SG HAMBROS NOMINEES (JERSEY) LTD	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SG HAMBROS PROPERTIES (JERSEY) LTD	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SG HAMBROS TRUST COMPANY (CHANNEL ISLANDS) LTD	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SGH TRUSTEES (JERSEY) LIMITED	Services	FULL	100.00	100.00	100.00	100.00
	SOLENTIS INVESTMENT SOLUTIONS PCC	Financial Companies	FULL	-	-	100.00	100.00
Latvia							
	ALD AUTOMOTIVE SIA	Specialist Financing	ESI	75.00	75.00	75.00	75.00
Lebanon							
	SG DE BANQUE AU LIBAN	Bank	ESI	16.80	16.80	16.80	16.80
Lithuania							
	UAB ALD AUTOMOTIVE	Specialist Financing	ESI	75.00	75.00	75.00	75.00
Luxembourg							
(3)	ALEF II	Financial Companies	FULL		100.00		100.00
	AXUS LUXEMBOURG SA	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	CHABON SA	Financial Companies	FULL	100.00	100.00	100.00	100.00
	CODEIS SECURITIES S.A.	Financial Companies	FULL	100.00	100.00	100.00	100.00
(5)	EUROPEAN FUND SERVICES SA	Financial Companies	FULL		100.00		100.00
	LX FINANZ S.A.R.L.	Financial Companies	FULL	100.00	90.00	100.00	100.00
(5)	LYXOR ASSET MANAGEMENT LUXEMBOURG S.A.	Financial Companies	FULL		100.00		100.00
	RED & BLACK AUTO LEASE GERMANY 1 SA	Specialist Financing	FULL	-	-	100.00	100.00
(2)	ROSINVEST	Financial Companies	FULL		99.45		99.97
	SG ISSUER	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SGBT ASSET BASED FUNDING SA	Financial Companies	FULL	100.00	100.00	100.00	100.00
(3)	SGBT SECURITIES	Financial Companies	FULL		100.00		100.00
	SOCIETE GENERALE BANK & TRUST	Bank	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE CAPITAL MARKET FINANCE	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE FINANCING AND DISTRIBUTION	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE LDG	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE LIFE INSURANCE BROKER SA	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT S.A.	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE RE SA	Insurance	FULL	100.00	100.00	100.00	100.00
	SOGELIFE	Insurance	FULL	100.00	100.00	100.00	100.00
(2)	WELL INVESTMENTS SA	Financial Companies	FULL		100.00		100.00
	IVEFI S.A.	Financial Companies	FULL	100.00	100.00	100.00	100.00
	COVALBA	Financial Companies	FULL	100.00	100.00	100.00	100.00
	SGBTCI	Financial Companies	FULL	100.00	100.00	100.00	100.00
	BARTON CAPITAL LLC	Financial Companies	FULL	-	-	100.00	100.00
Macedonia							
	OHRIDSKA BANKA AD SKOPJE	Bank	FULL	70.02	70.02	71.85	72.31

Country		Activity	Method*	Group ownership interest		Group voting interest	
				at 31st December 2015	at 31st December 2014	at 31st December 2015	at 31st December 2014
Madagascar							
	BANKY FAMPANDROSOANA VAROTRA SG	Bank	FULL	70.00	70.00	70.00	70.00
Malta							
	LNG MALTA INVESTMENT 1 LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
	LNG MALTA INVESTMENT 2 LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
Morocco							
	ALD AUTOMOTIVE SA MAROC	Specialist Financing	FULL	43.55	43.55	50.00	50.00
	ATHENA COURTAGE	Insurance	FULL	57.91	57.91	99.93	99.93
	FONCIMMO	Group Real Estate Management Companies	FULL	57.01	57.01	100.00	100.00
	LA MAROCAINE VIE	Insurance	FULL	88.88	88.88	99.98	99.98
	SG MAROCAINE DE BANQUES	Bank	FULL	57.01	57.01	57.01	57.01
	SOCIETE GENERALE DE LEASING AU MAROC	Specialist Financing	FULL	57.01	57.01	100.00	100.00
	SOCIETE GENERALE TANGER OFFSHORE	Financial Companies	FULL	56.94	56.94	99.88	99.88
	SOGECAPITAL GESTION	Financial Companies	FULL	56.98	56.99	99.94	99.96
	SOGEFINANCEMENT MAROC	Specialist Financing	FULL	57.01	57.01	100.00	100.00
	SOCIETE D' EQUIPEMENT DOMESTIQUE ET MENAGER "EQDOM"	Specialist Financing	FULL	45.65	45.65	53.72	53.72
Mauritius							
	SG SECURITIES BROKING (M) LIMITED	Brokers	FULL	100.00	100.00	100.00	100.00
Mexico							
	ALD AUTOMOTIVE S.A. DE C.V.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	ALD FLEET SA DE CV SOFOM ENR	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	SGFP MEXICO, S. DE R.L. DE C.V.	Financial Companies	FULL	100.00	100.00	100.00	100.00
Moldova							
	MOBIASBANCA GROUPE SOCIETE GENERALE	Bank	FULL	79.93	79.93	87.90	87.90
Monaco							
	(1) CREDIT DU NORD - MONACO	Bank	FULL	100.00	100.00	100.00	100.00
	(1) SMC MONACO	Bank	FULL	100.00	100.00	100.00	100.00
	(1) SOCIÉTÉ GÉNÉRALE (SUCCURSALE MONACO)	Bank	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE PRIVATE BANKING (MONACO)	Bank	FULL	100.00	100.00	100.00	100.00
Montenegro							
	SOCIETE GENERALE BANKA MONTENEGRO A.D.	Bank	FULL	90.56	90.56	90.56	90.56
Norway							
	ALD AUTOMOTIVE AS	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	NF FLEET AS	Specialist Financing	FULL	80.00	80.00	80.00	80.00
	SG FINANS AS	Specialist Financing	FULL	100.00	100.00	100.00	100.00
New Caledonia							
	CREDICAL	Specialist Financing	FULL	87.07	87.07	96.64	96.64
	SOCIETE GENERALE CALEDONIENNE DE BANQUE	Bank	FULL	90.10	90.10	90.10	90.10
New Zealand							
	SG HAMBROS TRUST COMPANY (NEW ZEALAND) LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
Netherlands							
	ALVARENGA INVESTMENTS B.V.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	AXUS FINANCE NL B.V.	Specialist Financing	FULL	-	-	100.00	100.00
	AXUS NEDERLAND BV	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	BRIGANTIA INVESTMENTS B.V.	Financial Companies	FULL	100.00	100.00	100.00	100.00
	HERFSTTAFEL INVESTMENTS B.V.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	MONTALIS INVESTMENT BV	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	(1) SG AMSTERDAM	Bank	FULL	100.00	100.00	100.00	100.00
	SG EQUIPMENT FINANCE BENELUX BV	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	SOGELEASE B.V.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	SOGELEASE FILMS	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	TYNEVOR B.V.	Financial Companies	FULL	100.00	25.00	100.00	50.00
	HORDLE FINANCE B.V.	Financial Companies	FULL	100.00	100.00	100.00	100.00

Country		Activity	Method*	Group ownership interest		Group voting interest	
				at 31st December 2015	at 31st December 2014	at 31st December 2015	at 31st December 2014
The Philippines							
(1)(9)	SOCIETE GENERALE MANILA OFFSHORE BRANCH	Bank	FULL	100.00	100.00	100.00	100.00
Poland							
	ALD AUTOMOTIVE POLSKA SP Z O.O.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	EURO BANK S.A.	Specialist Financing	FULL	99.52	99.52	99.52	99.52
	PEMA POLSKA SP.Z O.O.	Services	FULL	100.00	100.00	100.00	100.00
	SG EQUIPMENT LEASING POLSKA SP Z.O.O.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(1)	SOCIETE GENERALE S.A. ODDZIAL W POLSCE	Bank	FULL	100.00	100.00	100.00	100.00
(1)	SOGECAP RISQUES DIVERS SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	FULL	100.00	100.00	100.00	100.00
(1)	SOGECAP SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	FULL	100.00	100.00	100.00	100.00
French Polynesia							
	BANQUE DE POLYNESIE	Bank	FULL	72.10	72.10	72.10	72.10
	SOGELEASE BDP SAS	Specialist Financing	FULL	72.10	72.10	100.00	100.00
Portugal							
	SGALD AUTOMOTIVE SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENZ SA	Specialist Financing	FULL	100.00	100.00	100.00	100.00
Czech Republic							
	ALD AUTOMOTIVE SRO	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(6)	CATAPS	Services	FULL	60.73		100.00	
	ESSOX SRO	Specialist Financing	FULL	80.00	80.00	100.00	100.00
	FACTORING KB	Financial Companies	FULL	60.73	60.73	100.00	100.00
	KB PENZIJNI SPOLECNOST, A.S.	Financial Companies	FULL	60.73	60.73	100.00	100.00
	KB REAL ESTATE	Real Estate and Real Estate Financing	FULL	60.73	60.73	100.00	100.00
	KOMERCNI BANKA A.S	Bank	FULL	60.73	60.73	60.73	60.73
	KOMERCNI POJISTOVNA A.S	Insurance	FULL	80.76	80.76	100.00	100.00
	MODRA PYRAMIDA STAVEBNI SPORITELNA AS	Financial Companies	FULL	60.73	60.73	100.00	100.00
	NP 33	Real Estate and Real Estate Financing	FULL	60.73	60.73	100.00	100.00
	PEMA PRAHA SPOL. S.R.O.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	PROTOS	Financial Companies	FULL	60.73	60.73	100.00	100.00
	SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.	Specialist Financing	FULL	80.33	80.33	100.00	100.00
	SOGEPROM CESKA REPUBLIKA S.R.O.	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
	SOGEPROM MICHLE S.R.O.	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
(3)	TRANSFORMED FUND	Financial Companies	FULL		60.73		100.00
	VN 42	Real Estate and Real Estate Financing	FULL	60.73	60.73	100.00	100.00
Romania							
	ALD AUTOMOTIVE SRL	Specialist Financing	FULL	92.03	92.03	100.00	100.00
	BRD - GROUPE SOCIETE GENERALE SA	Bank	FULL	60.17	60.17	60.17	60.17
(6)	BRD ASSET MANAGEMENT SAI SA	Portfolio Management	FULL	60.15		99.97	
	BRD FINANCE IFN S.A.	Financial Companies	FULL	80.48	80.48	100.00	100.00
	S.C. BRD SOGELEASE IFN S.A.	Specialist Financing	FULL	60.17	60.17	100.00	100.00
	S.C. ROGARIU IMOBILIARE S.R.L.	Real Estate and Real Estate Financing	FULL	75.00	75.00	75.00	75.00
	SOCIETE GENERALE EUROPEAN BUSINESS SERVICES S.A.	Services	FULL	99.99	99.99	100.00	100.00
	SOGEPROM ROMANIA SRL	Real Estate and Real Estate Financing	FULL	100.00	100.00	100.00	100.00
United Kingdom							
	ACR	Financial Companies	FULL	100.00	100.00	100.00	100.00
	ALD AUTOMOTIVE GROUP PLC	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	ALD AUTOMOTIVE LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	ALD FUNDING LIMITED	Specialist Financing	FULL	-	-	100.00	100.00
(1)	BRIDGEVIEW II LIMITED (UK BRANCH)	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(1)	BRIGANTIA INVESTMENTS B.V. (UK BRANCH)	Financial Companies	FULL	100.00	100.00	100.00	100.00
(1)(6)	DESCARTES TRADING LONDON BRANCH	Financial Companies	FULL	100.00		100.00	
(1)	HORDLE FINANCE B.V. (UK BRANCH)	Financial Companies	FULL	100.00	100.00	100.00	100.00
(6)	JWB LEASE HOLDINGS LIMITED	Specialist Financing	FULL	100.00		100.00	

Country	Activity	Method*	Group ownership interest		Group voting interest	
			at 31st December 2015	at 31st December 2014	at 31st December 2015	at 31st December 2014
(6) JWB LEASING LIMITED PARTNERSHIP	Specialist Financing	FULL	100.00		100.00	
LNG INVESTMENT 1 LTD	Financial Companies	FULL	100.00	100.00	100.00	100.00
LNG INVESTMENT 2 LTD	Financial Companies	FULL	100.00	100.00	100.00	100.00
LYXOR ASSET MANAGEMENT UK LLP	Financial Companies	FULL	100.00	100.00	100.00	100.00
(2) SELF TRADE UK NOMINEES LIMITES	Financial Companies	FULL		79.51		100.00
(2) SELFTRADE UK MARKETING SERVICE	Services	FULL		79.51		100.00
(2) SELFTRADE UK SERVICES	Services	FULL		79.51		100.00
SG EQUIPMENT FINANCE (DECEMBER) LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE LEASING LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE OPERATING LEASING LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG EQUIPMENT FINANCE RENTAL LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG FINANCIAL SERVICES LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
SG HAMBROS (LONDON) NOMINEES LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
SG HAMBROS BANK LIMITED	Bank	FULL	100.00	100.00	100.00	100.00
SG HAMBROS LIMITED (HOLDING)	Bank	FULL	100.00	100.00	100.00	100.00
SG HAMBROS TRUST COMPANY LTD	Financial Companies	FULL	100.00	100.00	100.00	100.00
SG HEALTHCARE BENEFITS TRUSTEE COMPANY LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
SG INVESTMENT LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
SG LEASING (ASSETS) LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG LEASING (CENTRAL 1) LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG LEASING (CENTRAL 3) LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG LEASING (DECEMBER) LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG LEASING (JUNE) LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG LEASING (MARCH) LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG LEASING (USD) LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG LEASING (UTILITIES) LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG LEASING IX	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SG LEASING XII	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(1) SG LONDRES	Bank	FULL	100.00	100.00	100.00	100.00
SGFLD LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
SOCGEN NOMINEES (UK) LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE EQUIPMENT FINANCE LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE NEWEDGE UK LTD	Brokers	FULL	100.00	100.00	100.00	100.00
SOCIETE GENERALE SECURITIES SERVICES UK LIMITED	Brokers	FULL	100.00	100.00	100.00	100.00
STRABUL NOMINEES LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
TALOS HOLDING LTD	Financial Companies	FULL	100.00	79.51	100.00	100.00
TALOS SECURITIES LTD	Brokers	FULL	100.00	79.51	100.00	100.00
(1) TH INVESTMENTS (HONG KONG) 2 LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
TH LEASING (JUNE) LIMITED	Specialist Financing	FULL	100.00	100.00	100.00	100.00
TH STRUCTURED ASSET FINANCE LIMITED	Financial Companies	FULL	100.00	100.00	100.00	100.00
THE EIFFEL LIMITED PARTNERSHIP	Specialist Financing	FULL	100.00	100.00	100.00	100.00
THE MARS MARITIME LIMITED PARTNERSHIP	Financial Companies	FULL	100.00	100.00	100.00	100.00
THE SATURN MARITIME LIMITED PARTNERSHIP	Financial Companies	FULL	100.00	100.00	100.00	100.00
(1) TYNEVOR B.V. (UK BRANCH)	Financial Companies	FULL	100.00	25.00	100.00	100.00
THE FENCHURCH PARTNERSHIP	Financial Companies	FULL	100.00	100.00	100.00	100.00
Russian Federation						
ALD AUTOMOTIVE OOO	Specialist Financing	FULL	100.00	100.00	100.00	100.00
AVTO LCC	Services	FULL	99.49	99.49	100.00	100.00
(5) BSGV LEASING LLC	Specialist Financing	FULL		99.49		100.00
CLOSED JOINT STOCK COMPANY SG FINANCE	Financial Companies	ESI	100.00	100.00	100.00	100.00
CREDIT INSTITUTION OBYEDINYONNAYA RASCHOTNAYA SISTEMA	Financial Companies	FULL	99.49	99.49	100.00	100.00

Country		Activity	Method*	Group ownership interest at 31st December 2015	Group ownership interest at 31st December 2014	Group voting interest at 31st December 2015	Group voting interest at 31st December 2014
(4)	INKAKHRAN NCO	Financial Companies	FULL		99.49		100.00
	LLC RUSFINANCE	Specialist Financing	FULL	99.49	99.49	100.00	100.00
	LLC RUSFINANCE BANK	Specialist Financing	FULL	99.49	99.49	100.00	100.00
(2)	PMD-SERVICE	Group Real Estate Management Companies	FULL		-		100.00
	PROEKTINVEST LLC	Group Real Estate Management Companies	FULL	99.49	99.49	100.00	100.00
	RB FACTORING LLC	Specialist Financing	FULL	99.49	99.49	100.00	100.00
	RB LEASING LLC	Specialist Financing	FULL	99.49	99.49	100.00	100.00
	REAL INVEST LLC	Real Estate and Real Estate Financing	FULL	99.49	99.49	100.00	100.00
	SG STRAKHOVANIE LLC	Insurance	FULL	99.90	99.90	100.00	100.00
	SOCIETE GENERALE STRAKHOVANIE ZHIZNI LLC	Insurance	FULL	99.90	99.90	100.00	100.00
	SOSNOVKA LLC	Group Real Estate Management Companies	FULL	99.49	99.49	100.00	100.00
	VALMONT LLC	Group Real Estate Management Companies	FULL	99.49	99.49	100.00	100.00
	PJSC ROSBANK	Bank	FULL	99.49	99.49	99.49	99.49
	COMMERCIAL BANK DELTACREDIT JOINT STOCK COMPANY	Bank	FULL	99.49	99.49	100.00	100.00
	RB SERVICE LLC	Group Real Estate Management Companies	FULL	99.49	99.49	100.00	100.00
	RB SPECIALIZED DEPOSITARY LLC	Financial Companies	FULL	99.49	99.49	100.00	100.00
Senegal							
	SG DE BANQUES AU SENEGAL	Bank	FULL	64.45	64.45	64.87	64.87
Serbia							
	ALD AUTOMOTIVE D.O.O BEOGRAD	Specialist Financing	ESI	100.00	100.00	100.00	100.00
	SOCIETE GENERALE BANKA SRBIJA	Bank	FULL	100.00	100.00	100.00	100.00
Singapore							
	NEWEDGE FINANCIAL SINGAPORE PTE LTD	Brokers	FULL	100.00	100.00	100.00	100.00
	SG SECURITIES (SINGAPORE) PTE. LTD.	Brokers	FULL	100.00	100.00	100.00	100.00
(1)	SG SINGAPOUR	Bank	FULL	100.00	100.00	100.00	100.00
(1)	SOCIETE GENERALE BANK & TRUST SINGAPORE BRANCH	Bank	FULL	100.00	100.00	100.00	100.00
Slovakia							
(1)(2)	ALD AUTOMOTIVE S.R.O	Specialist Financing	FULL		100.00		100.00
(6)	ALD AUTOMOTIVE SLOVAKIA S.R.O.	Specialist Financing	FULL	100.00		100.00	
(1)	KOMERCNI BANKA BRATISLAVA	Bank	FULL	60.73	60.73	100.00	100.00
	PEMA SLOVAKIA SPOL.S.R.O.	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(1)	SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O. ORGANIZACNA ZLOZKA (SLOVAK RUPUBLIC BRANCH)	Specialist Financing	FULL	80.33	80.33	100.00	100.00
(5)	TRUCKCENTER ZVOLEN SPOL. S.R.O.	Services	FULL		100.00		100.00
Slovenia							
	ALD AUTOMOTIVE OPERATIONAL LEASING DOO	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	SKB LEASING D.O.O.	Specialist Financing	FULL	99.73	99.73	100.00	100.00
	SKB BANKA	Bank	FULL	99.73	99.73	99.73	99.73
Sweden							
	ALD AUTOMOTIVE AB	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	NF FLEET AB	Specialist Financing	FULL	80.00	80.00	80.00	80.00
	PEMA TRUCK- OCH TRAILERUTHYRNING AB	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(1)	SG FINANS AS SWEDISH BRANCH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
Switzerland							
	ALD AUTOMOTIVE AG	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(1)(2)	NEWEDGE GROUP, PARIS, ZURICH BRANCH	Brokers	FULL		100.00		100.00
	PEMA TRUCK- UND TRAILERVERMIETUNG GMBH	Specialist Financing	FULL	100.00	100.00	100.00	100.00
	ROSBANK (SWITZERLAND)	Bank	FULL	99.49	99.49	100.00	100.00
	SG EQUIPMENT FINANCE SCHWEIZ AG	Specialist Financing	FULL	100.00	100.00	100.00	100.00
(1)	SG ZURICH	Bank	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE PRIVATE BANKING (SUISSE) S.A.	Bank	FULL	100.00	100.00	100.00	100.00
	SOCIETE GENERALE PRIVATE BANKING (LUGANO-SVIZZERA) SA	Bank	FULL	100.00	100.00	100.00	100.00

Country	Activity	Method*	Group ownership interest at 31st December 2015	Group ownership interest at 31st December 2014	Group voting interest at 31st December 2015	Group voting interest at 31st December 2014
Taiwan						
(1) SG SECURITIES (HONG KONG) LIMITED	Brokers	FULL	100.00	100.00	100.00	100.00
(1) SG TAIPEI	Bank	FULL	100.00	100.00	100.00	100.00
Chad						
SOCIETE GENERALE TCHAD	Bank	FULL	55.19	55.19	66.16	66.16
Thailand						
(1)(9) SG BANGKOK	Bank	FULL	100.00	100.00	100.00	100.00
Togo						
(1)(6) SOCIETE GENERALE TOGO	Bank	FULL	83.19		100.00	
Tunisia						
UNION INTERNATIONALE DE BANQUES	Bank	FULL	55.10	55.10	52.34	52.34
Turkey						
ALD AUTOMOTIVE TURIZM TICARET ANONIM SIRKETI	Specialist Financing	ESI	100.00	100.00	100.00	100.00
(1) SG ISTANBUL	Bank	FULL	100.00	100.00	100.00	100.00
Ukraine						
FIRST LEASE LTD.	Specialist Financing	ESI	100.00	100.00	100.00	100.00

* FULL: Full consolidation - SALRE: Share in the assets and liabilities and share in the related revenue and expense - EJV: Equity (Joint Venture) - ESI: Equity (significant influence)

(1) Branches
(2) Entities wound up in 2015
(3) Removed from the scope in 2015
(4) Entities sold in 2015
(5) Merged in 2015
(6) Newly consolidated in 2015
(7) Including 120 French property holding companies (SCIs), accounted for using the equity method, in which the Group's ownership interest and voting rights range from 20% to 100%
(8) Including 197 funds
(9) Wind up in process

NOTE 8.5 - PROVISIONS

ACCOUNTING PRINCIPLES

Under balance sheet liabilities, *Provisions* are comprised of provisions for financial instruments, disputes, employee benefits and tax adjustments.

BREAKDOWN OF PROVISIONS

(in millions of euros)	31st December 2015	31st December 2014
Provisions for financial instruments and disputes (see Note 3.8)	3,148	2,383
Provisions for employee benefits (see Note 5.2)	1,784	1,811
Provisions for tax adjustments (see Note 6)	286	298
Total	**5,218**	**4,492**

NOTE 8.6 - FEES PAID TO STATUTORY AUDITORS

The financial statements of Societe Generale are certified jointly by Ernst & Young et Autres, represented by Mrs. Isabelle Santenac, and Deloitte & Associés, represented by Mr. José-Luis Garcia.

At the proposal of the Board of Directors, the General Meeting held on 22nd May 2012 appointed Ernst & Young et Autres and renewed Deloitte & Associés, for six years.

The Board meeting held in November 2003 adopted the rules governing the relations between Group companies and Ernst & Young et Autres, Deloitte & Associés and their respective networks, which were subsequently amended in May 2006 in order to take into account changes to the code of compliance. These rules state that the Statutory Auditors may only provide to Group subsidiaries outside of France services that are not directly linked to their audit assignments as long as the principle of independence as defined in France is respected.

A report is submitted each year to the Audit and Internal Control Committee, detailing the fees paid by type of assignment to the Statutory Auditors' networks.

Moreover, in order to prevent the development of excessively close ties between auditors and Management, and to gain a new perspective on the accounts of the Group's entities, a new distribution of audit sections has been implemented. A rotation between the firms in charge of the different audit sections have been made as from 1st January 2015. Over two-thirds of the audited scope (subsidiaries and activities) have been subject to a change of auditors since 2009.

Lastly, the Finance Departments of the entities and business divisions annually appraise the quality of the audits performed by Deloitte & Associés and Ernst & Young et Autres. The conclusions of this survey are presented to the Audit and Internal Control Committee.

AMOUNTS OF STATUTORY AUDITORS' FEES PRESENTED IN THE INCOME STATEMENT

		Ernst & Young et Autres		Deloitte & Associés		TOTAL	
(In million of euros excl. VAT)		2015	2014	2015	2014	2015	2014
Statutory audit, certification, examination of parent company and consolidated accounts	Issuer	4	4	6	5	10	9
	Fully consolidated subsidiaries	14	14	12	11	26	25
Audit Services and Related assignments	Issuer	1	3	2	3	3	6
	Fully consolidated subsidiaries	1	1	1	1	2	2
Sub-total Audit		**20**	**22**	**21**	**20**	**41**	**42**
in %		**95%**	**100%**	**100%**	**100%**	**98%**	**100%**
Other services provided by the networks to fully consolidated subsidiaries	Legal, tax, social	0	0	0	0	0	0
	Other	1	0	0	0	1	0
Total		**21**	**22**	**21**	**20**	**42**	**42**

3. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

DELOITTE & ASSOCIÉS

185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex
S.A. au capital de € 1.723.040

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG et Autres

1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

SOCIÉTÉ GÉNÉRALE
YEAR ENDED DECEMBER 31, 2015

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of Société Générale;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to note 1 «Significant accounting principles – 2. New accounting standards applied by the Group» which sets out the consequences of the initial application of IFRIC 21 "Levies".

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- For the purpose of preparing the consolidated financial statements, your group records depreciation to cover the credit risks inherent to its activities and performs significant accounting estimates, related in particular to the valuation of goodwill, to the assessment of the deferred tax assets, as well as the assessment of provisions for disputes, as described in the following notes to the consolidated financial statements: note 1 "Significant accounting principles – 3. Use of estimates and judgment", note 2.2 "Goodwill", note 6 "Income tax" and note 3.8 "Impairment and provisions – 4. Cost of risk". We have reviewed and tested the processes implemented by management, the underlying assumptions and the valuation parameters, and we have assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies described in the aforesaid notes to the consolidated financial statements.
- As detailed in note 3.4 "Fair value of financial instruments measured at fair value" to the consolidated financial statements, your group uses internal models to measure financial instruments that are not based on observable market data. Our procedures consisted in reviewing the control procedures for the models used, assessing the underlying data and assumptions as well as their observability, and verifying that the risks generally expected from the markets were taken into account in the valuations.
- As stated in notes 3.1 "Financial assets and liabilities at fair value through profit or loss – 2. Financial instruments at fair value through profit or loss using fair value option" and 3.4 "Fair value of financial

instruments measured at fair value" to the consolidated financial statements, your group assessed the impact of changes in its own credit risk with respect to the valuation of certain financial liabilities measured at fair value through profit or loss. We have verified the appropriateness of the data used for this purpose.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

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

Neuilly-sur-Seine and Paris-La Défense, March 7, 2016
The statutory auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
José-Luis Garcia	*Isabelle Santenac*

Contents of Societe Generale management report

4. SOCIETE GENERALE MANAGEMENT REPORT

SUMMARY BALANCE SHEET OF SOCIETE GENERALE

ASSETS

(in billions of euros at December 31st)	31st December 2015	31st December 2014	Change
Interbank and money market assets	167	129	38
Customer loans	244	234	10
Securities	549	488	61
of which securities purchased under resale agreements	*204*	*155*	*49*
Other assets	190	194	(4)
of which option premiums	*92*	*99*	*(7)*
Tangible and intangible fixed assets	2	2	-
Total assets	**1,152**	**1,047**	**105**

LIABILITIES

(in billions of euros at December 31st)	31st December 2015	31st December 2014	Change
Interbank and money liabilities(1)	233	201	32
Customer deposits	335	291	44
Bonds and subordinated debt(2)	30	26	4
Securities	336	294	42
of which securities sold under repurchase agreements	*196*	*165*	*31*
Other liabilities and provisions	184	202	(18)
of which option premiums	*96*	*106*	*(10)*
Equity	34	33	1
Total liabilities and shareholders' equity	**1,152**	**1,047**	**105**

(1) Including negotiable debt instruments.
(2) Including undated subordinated capital notes.

Societe Generale's balance sheet totalled EUR 1,152 billion, up EUR 105 billion compared to 31st December 2014.

With the gradual recovery in France and Europe caused by the progressive increase in internal demand, notwithstanding the low interest rate environment, the slowdown in China and several emerging markets, and ever greater regulatory constraints, Societe Generale consolidated the solidity of its balance sheet; the quality of its portfolio has never been so high.

The EUR 38 billion increase in interbank and money market assets occurred in a high-liquidity environment and a very low, or even negative, interest rate context.

Liquidity requirements on deposit in central banks to maintain prudential ratios were covered primarily by EUR 22.9 billion in deposits with the Banque de France and by dollar deposits (equal to EUR 17.9 billion at 31st December 2015) with the FED.

In a historically low-rate environment and a still-uncertain economic climate, French Retail Banking achieved good commercial performance in 2015. As a result, the Societe Generale network continued to increase its customer base with net account openings increasing by +32% compared to 2014, consisting mainly of wealthy customers for good product lines. It was also recognised by Viséo Conseil as providing the best customer service for 2016.

Among other things, this customer growth was due to very dynamic mortgage production. Outstanding loans grew by EUR 10 billion, due to a EUR 4.9 billion increase in residential loans as a result of a refinancing wave which peaked in Q3 2015 and working capital loans (+ EUR 9.9 billion), shared by SG Métropole and SG New York.

Given the active competition to increase savings, Retail Banking continued its success in attracting balance sheet deposits. The outstanding balance of special savings accounts increased by EUR 1.8 billion. The outstanding balance of individual and corporate deposits increased by EUR 15.1 billion through the addition of new customers and continued success in attracting sight deposits (+19.9% compared to 2014). The outstanding balance of financial customer deposits also grew by + EUR 21.8 billion.

2015 was characterised by increased volatility in capital markets, tensions in bond holder returns during the first half and a plunge of the Shanghai stock exchange during the second half. The changes in the securities portfolio reflect the difficult market conditions linked to investor risk aversion and increased regulatory requirements. In liabilities, the change in “securities” was due to an increase in the outstanding margin balances (+ EUR 14 billion) and collateralised deposits of financial customers (+ EUR 31.7 billion).

Changes in the other financial accounts, which are volatile by nature on both sides of the balance sheet, were linked to the valuation of derivatives and the decrease in security deposits paid and received in respect of market transactions.

Societe Generale boasts a diversified range of funding sources and channels:

- stable resources consisting of equity and subordinated debt (EUR 64 billion);
- customer deposits, which make up a significant share (29%) of total balance sheet resources;
- resources in the form of interbank deposits and borrowings (EUR 151 billion);
- capital raised on the market through a proactive diversification policy, making use of various types of debt (secured and unsecured bonds, etc.), issuance vehicles (EMTNs, Certificates of Deposit), currencies and investor pools (EUR 75 billion);
- pension securities deposited by customers and credit institutions (EUR 196 billion).

The Group’s financing structure is based on substantial deposit inflows across all of its business lines and on the extension of its funding sources, which reflects Societe Generale’s efforts to strengthen the structure of its balance sheet in recent years.

SUMMARY INCOME STATEMENT OF SOCIETE GENERALE

	2015						2014		
		15/14		**15/14**		**15/14**			
(in millions of euros)	**France**	*(%)*	**International**	*(%)*	**Société Générale**	*(%)*	**France**	**International**	**Société Générale**
Net Banking Income	**11,041**	**35**	**3,059**	**18**	**14,100**	**31**	**8,184**	**2,587**	**10,771**
Operating expenses	(6,713)	6	(1,908)	12	(8,621)	7	(6,334)	(1,698)	(8,032)
Gross operating income	**4,328**	**134**	**1,151**	**30**	**5,479**	**100**	**1,850**	**889**	**2,739**
Cost of risk	(1,140)	374	(219)	347	(1,359)	369	(241)	(49)	(290)
Operating income	**3,188**	**98**	**932**	**11**	**4,120**	**68**	**1,609**	**840**	**2,449**
Net income from long-term investments	(3,275)	143	6	(250)	(3,269)	141	(1,350)	(4)	(1,354)
Operating income before tax	**(87)**	**(134)**	**938**	**12**	**851**	**(22)**	**259**	**836**	**1,095**
Income tax	532	107	(318)	(11)	214	(316)	257	(356)	(99)
Net allocation to regulatory provisions	-	N/A	-	N/A	-	N/A	-	-	-
Net income	**445**	**(14)**	**620**	**29**	**1,065**	**7**	**516**	**480**	**996**

In 2015, Societe Generale generated gross operating income of EUR 5.5 billion, representing an increase of EUR 2.7 billion on 2014 due in part to the stabilisation of NBI and in part to an increase in operating expenses of EUR -0.6 billion.

- The following non-recurring events took place in 2015:
  - In order to take into account the developments in a number of legal risks, including in particular ongoing judicial investigations and proceedings with the US and European authorities, as well as the ruling by the French Conseil d’Etat on the précompte (equalisation tax), Societe Generale recorded a provision for disputes under liabilities that was increased by EUR 0.6 billion in 2015 to EUR 1.7 billion.
  - On 28 October 2015, all assets of the Newedge Group were transferred to Societe Generale,
  - The wholly-owned Inter Europe Conseil subsidiary reduced its capital and completed a EUR 2.6 billion extraordinary dividend distribution. Following this capital decrease, Societe Generale wrote down the value of the subsidiary’s securities by EUR -2.2 billion.
- Net banking income increased to EUR 14.1 billion compared to 2014 (+ EUR 10.8 billion). The year was characterised by good operational performance and enhanced synergies between business lines.

- Given the strong business momentum, Societe Generale's French Retail Banking arm increased its revenues. The negative effects of the low interest-rate environment and mortgage refinancing were offset by a significant increase in deposits and higher margin loans. In 2016, market conditions will probably slightly reduce net banking income.
- After the slight drop in 2014, Global Banking and Investor Solutions showed good progress in 2015. The increase in Global Markets and Investor Solutions activities in 2015 confirms the positive momentum and strong complementary nature of the businesses in an environment characterised by tension in European debt markets during the first half and disruptions related to China during the second half. Only Interest Rate, Loan, Exchange and Raw Materials recorded lower revenue compared to 2014 due to unfavourable lower volumes. In addition, Financing and Advisory and Private Banking showed good performance and continued revenue growth;
- The employment competitiveness tax amounted to EUR 39 million in 2015 (vs. EUR 38 million in 2014) and was used in accordance with regulations. The tax in 2015 allowed a continuation of technological investments and a corresponding acceleration in Societe Generale's digital transition process. It was allocated to:
  - Improving the positioning of our Retail Banking franchise by making all of our business lines more digital (websites, mobile, customers and banker tablets, digitising processing);
  - Transforming legacy IT systems in Global Banking and Investor Solutions to create more digital systems with stronger customer orientation, greater flexibility and an ability to share information;
  - Increasing “continuous delivery” of IT services;
  - Monitoring technology to create partnerships around innovative projects with, in particular, start-ups;
  - Improving employee tools (deployment of Wi-Fi, tablet applications and implementation of collaborative tools).
- Operating expenses increased by EUR 0.6 billion. This change was due, in particular, to exchange effects, a major increase in taxes and regulatory expenses (including the contribution to the Single Resolution Mechanism), as well as an increase in legal costs.
- Net cost of risk was EUR -1.4 billion at end of 2015, up by EUR -1.1 billion compared to 2014. This item included an additional provision of EUR 0.6 billion for disputes. The cost of commercial risk of the Societe Generale network and Retail Banking dropped due to a lower level of business customers. The cost of risk of Global Banking and Investor Solutions was characterised by an increase in the provision for counterparties exposed to the oil and gas sector.
- The combination of all these items boosted operating income by EUR 1.7 billion.
- In 2015, losses from long-term investments were predominantly affected by the provision for equity investments of subsidiaries, and particularly those of Inter Europe Conseil after a capital decrease (EUR -2.2 billion) and Rosbank (EUR -0.7 billion);

Net income after tax came to EUR 1.1 billion at end-2015 versus EUR 1 billion at end-2014.

TRADE PAYABLES PAYMENT SCHEDULE

	31st December 2015					31st December 2014				
	Payables not yet due					Payables not yet due				
(In millions of euros)	1 to 30 days	31 to 60 days	More than 60 days	Payables due	Total	1 to 30 days	31 to 60 days	More than 60 days	Payables due	Total
Supplier payables	48	39	0	27	113	54	41	1	21	117

The maturity dates correspond to the conditions calculated to 60 days invoices dates.

The processing of Societe Generale France's supplier invoices is largely centralised. The department responsible for this processing books and settles invoices passed or payment by all of Societe Generale France's corporate and business divisions. The branches of the French network, however, have dedicated teams to process and pay their own invoices.

In accordance with the Group's internal control procedures, invoices are only paid after they have been validated by the departments that signed for the services.

FIVE-YEAR FINANCIAL SUMMARY OF SOCIETE GENERALE

	2015	2014	2013	2012	2011
Financial position at year-end					
Capital stock (in millions of euros)(1)	1,008	1,007	998	975	970
Number of outstanding shares(2)	806,239,713	805,207,646	798,716,162	780,273,227	776,079,991
Results of operations (in millions of euros)					
Gross banking and other income(3)	28,365	25,119	25,887	27,982	31,197
Earnings before tax, depreciation, amortization, provisions, employee profit sharing and general reserve for banking risks	5,809	2,823	3,901	1,210	4,980
Employee profit sharing	15	12	10	9	31
Income tax	(214)	99	(221)	(257)	(205)
Net income	1,065	996	2,714	1,283	1,019
Total dividends paid	1,612	966	799	351	0
Earnings per share (in euros)					
Earnings after tax but before depreciation, amortization and provisions	7.45	3.37	5.15	1.87	6.64
Net income	1.32	1.24	3.40	1.64	1.31
Dividend paid per share	2	1.20	1.00	0.45	-
Personnel					
Average headcount	46,390	45,450	45,606	46,114	47,540
Total payroll (in millions of euros)	3,653	3,472	3,459	3,862	3,298
Employee benefits (Social Security and other) (in millions of euros)	1,452	1,423	1,407	1,404	1,349

(1) In 2015, Societe Generale carried out the following capital increase for a total of EUR 1.29 million, with additionnal paid-in capital of EUR 3.44 million:
- EUR 1.12 million in free and conditional Societe Generale shares to employees taken from the reserves;
- EUR 0.17 million resulting from the exercise of stock options granted by the Board of Directors, with additional paid-in capital of EUR 3.44 million.

(2) At 31st December 2015 Societe Generale's common stock consisted of 806,239,713 shares with a nominal value of EUR 1.25 per share.

(3) Revenue consists of interest income, dividend income, fee income, income from financial transactions and other operating income.

MAIN CHANGES IN THE INVESTMENT PORTFOLIO IN 2015

In 2015, the following transactions affected Societe Generale's investment portfolio:

Outside France	In France
Creation of	**Creation of**
Acquisition of interest in	**Acquisition of interest in**
Acquisition SG Newedge UK - Newedge Financial Hong Kong	**Acquisition**
Increase of interest in	**Increase of interest in** Boursorama
Subscription to capital increase SG Americas Securities Holdings	**Subscription to capital increase** Descartes Trading- SG SFH- ALD International
Cession totale Newedge USA	**Cession totale** Amundi Group
Reduction of interest in(1)	**Reduction of interest in(1)** Newedge Group- Geneval- Inter Europe Conseil

(1) Including capital reductions, dissolution by transfer of assets and liquidations.

The table below summarises the significant changes in Societe Generale investment portfolio in 2015:

Increase[1]				Decrease[1]			
Declaration threshold	Company	% of capital 31st December 2015	% of capital 31st December 2014	Declaration threshold	Company	% of capital 31st December 2015	% of capital 31st December 2014
5%				5%			
10%				10%			
20%				20%	Amundi Group[2]	-	20%
33,33%				33,33%			
50%				50%			
66,66%	Boursorama	100%	79.512%	66,66%	Newedge Group[2]	-	100%
	SG Newedge UK	100%	-		Newedge USA	-	100%
	Newedge Financial Hong Kong	100%	-				

(1) Threshold crossings by percentage of direct ownership by Societe Generale SA.
(2) Stakes held in accordance with article L. 233.6 of the French Commercial Code (Code de commerce).

INFORMATION REQUIRED PURSUANT TO ARTICLE L. 511-4-2 OF THE FRENCH MONETARY AND FINANCIAL CODE RELATED TO SOCIETE GENERALE SA

As part of its long-standing presence in the commodity markets, Societe Generale proposes agricultural commodity derivatives to meet the various needs of its customers, including the risk management needs of business customers (producers, consumers) and exposure to the commodity markets for investors (asset managers, funds, insurance companies).

Societe Generale's offer includes soft commodity derivatives (sugar, cocoa, coffee, cotton, orange juice) and field crops (corn, wheat, soybean, rapeseed, oats) and other agricultural listed commodities (lean hogs, live cattle, feeder cattle, dairy milk, rough rice). Societe Generale makes markets in vanilla products (e.g. forward contracts), options and option strategies, and structured products with additional complexity. Exposure to agricultural commodities can be provided through a single-commodity product or through multicommodity products, which are mostly used by investors.

Societe Generale will manage risks associated with the related positions either on the OTC market by executing transactions with commodity dealers, commodity traders, banks, brokers, or on organised markets:

- NYSE LIFFE for cocoa, wheat, corn, rapeseed, sugar and coffee ;
- ICE FUTURES US for cocoa, coffee, cotton, orange juice, sugar and wheat ;
- ICE FUTURES Canada for canola ;
- CME Group for corn, soybean, wheat, oats, live cattle, lean hogs, feeder cattle, milk and rice ;
- Minneapolis Grain Exchange for wheat.

The list above is not fixed and may evolve in the future.

A number of measures are in place to prevent or detect any material impact on the price of agricultural commodities as a result of Societe Generale activities described above on the derivatives markets:

- the trading activity is governed by limits approved and monitored by risk monitoring teams that are independent of the operators;
- more specifically, Societe Generale's trading activity in exchange contracts follows limits set up by the Societe Generale clearing broker;
- to prevent behaviour that could be considered disruptive, Societe Generale traders are provided with trading rules and mandates, and receive regular training on business standards and market conduct;
- daily controls are run in order to detect any inappropriate trading. These controls include the monitoring of the CFTC (U.S. Commodity Futures Trading Commission) and exchange requirements on position limits;
- all of these measures contribute to the supervision of trading activity by underlying, product type and maturity and impose reporting obligations for large positions.

5. FINANCIAL STATEMENTS

PARENT COMPANY BALANCE SHEET

ASSETS

(in millions of euros)		31st December 2015	31st December 2014
Cash, due from central banks and post office accounts		61,376	41,634
Due from banks	Note 2.3	214,628	175,894
Customer loans	Note 2.3	338,927	301,022
Lease financing and similar agreements		6	8
Treasury notes and similar securities	Note 2.1	97,603	84,861
Bonds and other debt securities	Note 2.1	109,169	107,809
Shares and other equity securities	Note 2.1	109,311	110,746
Affiliates and other long term securities	Note 2.1	526	507
Investments in subsidiaries	Note 2.1	28,102	27,686
Tangible and intangible fixed assets	Note 7.2	1,987	2,127
Treasury stock	Note 2.1	319	356
Accruals, other accounts receivable and other assets	Note 3.2	190,176	194,335
Total		**1,152,130**	**1,046,985**

OFF-BALANCE SHEET ITEMS

(in millions of euros)		31st December 2015	31st December 2014
Loan commitments granted	Note 2.3	167,020	133,960
Guarantee commitments granted	Note 2.3	231,327	257,865
Commitments made on securities		18,651	15,354
Foreign exchange transactions	Note 7.4	1,329,524	1,062,378
Forward financial instrument commitments	Note 2.2	18,302,883	19,196,587

LIABILITIES AND SHAREHOLDERS'EQUITY

(in millions of euros)		31st December 2015	31st December 2014
Due to central banks and post office accounts		6,692	4,048
Due to banks	Note 2.4	252,818	222,272
Customer deposits	Note 2.4	428,980	353,538
Liabilities in the form of securities issued	Note 2.4	82,102	88,167
Accruals, other accounts payable and other liabilities	Note 3.2	305,703	305,310
Provisions	Note 7.7	18,731	21,346
Long-term subordinated debt and notes	Note 6.2	23,546	18,858
SHAREHOLDERS' EQUITY			
Common stock	Note 6.1	1,008	1,006
Additional paid-in capital	Note 6.1	20,420	20,417
Retained earnings	Note 6.1	11,065	11,027
Net income	Note 6.1	1,065	996
Sub-total		**33,558**	**33,446**
Total		**1,152,130**	**1,046,985**

OFF-BALANCE SHEET ITEMS

(in millions of euros)		31st December 2015	31st December 2014
Loan commitments received	Note 2.4	81,480	56,275
Guarantee commitments received	Note 2.4	53,287	48,019
Commitments received on securities		23,887	18,740
Foreign exchange transactions	Note 7.4	1,330,948	1,066,772

INCOME STATEMENT

(in millions of euros)		2015	2014
Interest and similar income		*14,645*	*16,774*
Interest and similar expense		*(12,593)*	*(15,805)*
Net interest income	Note 2.5	2,052	969
Net income from lease financing and similar agreements		-	-
Dividend income	Note 2.6	4,874	2,475
Fee income		*4,543*	*3,842*
Fee expenses		*(1,893)*	*(1,088)*
Net fee income	Note 3.1	2,650	2,754
Net income from the trading portfolio	Note 2.7	4,237	3,725
Net income from short-term investment securities	Note 2.7	535	815
Income from other activities		*33,755*	*30,233*
Expenses from other activities		*(34,003)*	*(30,200)*
Net gains or losses on other activities		(248)	33
Net banking income		**14,100**	**10,771**
Personnel expenses	Note 4.1	(5,116)	(4,798)
Other operating expenses(1)		(3,096)	(2,876)
Depreciation and amortization		(409)	(358)
Total operating expenses		**(8,621)**	**(8,032)**
Gross operating income		**5,479**	**2,739**
Cost of risk	Note 2.8	(1,359)	(290)
Operating income		**4,120**	**2,449**
Net income from long-term investments	Notes 2.9 & 7.2	(3,269)	(1,354)
Operating income before tax		**851**	**1,095**
Income tax	Note 5	214	(99)
Net allocation to regulatory provisions		-	-
Net income		**1,065**	**996**

Information about fees paid to statutory auditors are disclosed in the notes to the consolidated financial statements of Societe Generale Group; consequently, this information is not provided in the notes to the parent company financial statements of Societe Generale.

(1) Including EUR 107 million regarding the contributions to the Single Resolution Fund for 2015.

6. NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements were approved by the Board of Directors on 10th February 2016.

NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

The preparation and presentation of the parent company financial statements for Societe Generale comply with the provisions of Regulation 2014-07 of the French Accounting Standards Board, the ANC, related to the annual accounts for the banking sector. As the financial statements of foreign branches were prepared using accounting principles generally accepted in their respective countries, they were subsequently adjusted to comply with the accounting principles applicable in France.

The presentation of the notes to the parent company financial statements has been reorganized in order to improve their readability and consistency, in line with the Public Statement issued on 27th October 2015 by the European Securities and Markets Authority on improving the quality of disclosures in the financial statements, and with the Recommendations for 2015 financial statements issued on 28th October 2015 by the Autorité des Marchés Financiers (AMF), which also referred to its guide published on 1st July 2015 on the relevance, consistency and readability of financial statements.

The disclosures provided in the notes to the parent company financial statements focus on information that is both relevant and material to the financial statements of the Societe Generale Group, its activities and the circumstances in which it conducted its operations over the period.

The following table cross-references the new notes with their former presentation in the parent company financial statements for financial year 2014.

1. ACCOUNTING POLICIES AND VALUATION METHODS

In accordance with the accounting principles applicable to French banks, the majority of transactions are recorded using valuation methods that take into account the purpose for which they were made.

In financial intermediation transactions, assets and liabilities are generally carried at historical cost and depreciation is recognised where counterparty risk arises. Revenues and expenses arising from these transactions are recorded over the life of the transaction in accordance with the time period concept. Transactions on forward financial instruments carried out for hedging purposes or to manage the bank's overall interest rate risk are accounted for using the same principles.

Trading transactions are generally marked to market at year-end, except for loans, borrowings and short-term investment securities which are recorded at nominal value (see below). When financial instruments are not quoted in an active market, the market value used is reduced for reasons of prudence. Moreover, a reserve is recorded to cover valuations established on the basis of in-house models *(Reserve Policy)*, which is determined according to the complexity of the model used and the life of the financial instrument.

2. TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENT

The on- and off-balance sheet items of branches reporting in foreign currencies are translated at the official exchange rate prevailing at year-end. Income statement items of these branches are translated at the average month-end exchange rates. Gains and losses arising from the translation of reserves, retained earnings and net income are included in shareholders'equity under *Translation differences*. Gains and losses arising from the translation of the capital contribution of foreign branches are also included in changes in shareholders'equity under the same heading.

Gains and losses arising from the translation of the capital contribution of foreign branches are included under *Other accounts payable* or *Other accounts receivable*. Translation differences relating to branches in the euro zone are retained in shareholders'equity and are only recognised in the income statement when these entities are sold.

3. USE OF ESTIMATES AND JUDGMENT

When applying the accounting principles disclosed in the following notes for the purpose of preparing Societe Generale's parent company financial statements, the 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 parent company financial statements.

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

The use of estimates mainly concerns the following valuations:

- fair value in the balance sheet of financial instruments (securities portfolio and forward financial instruments) and holding for trading activities (described in Notes 2.1, 2.2 and 3.2)
- the amount of impairment of financial assets (See Note 2.8), tangible and intangible fixed assets (see Note 7.2)
- provisions recognised under liabilities (in particular, provisions for disputes in a complex legal environment), and including Provisions for employee benefits (see Notes 2.8, 4.2 and 7.7)
- the amount of deferred tax assets recognised in the balance sheet (see Note 5).

NOTE 2. FINANCIAL INSTRUMENTS

NOTE 2.1 SECURITIES PORTFOLIO

ACCOUNTING PRINCIPLES

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank securities), shares and other equity securities
- the purpose for which they were acquired: trading, short-term and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments.

Purchases and sales of securities are recorded in the balance sheet at the date of settlement-delivery.

The classification and valuation rules applied for each portfolio category are as follows and the impairment rules applied by the Group are described in Note 2.8.

■ Trading securities

Trading securities are securities acquired or incurred principally for the purpose of selling or repurchasing them in the near-term, or held for the purpose of market-making activities. These securities are traded in active markets, and the available market price reflects frequent buying and selling under normal conditions of competition. Trading securities also include securities linked to a sale commitment in the context of an arbitrage operation done on an organised or assimilated market and securities purchased or sold in the specialised management of a trading portfolio containing forward financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Trading securities are recognised in the balance sheet at cost, excluding acquisition expenses.

They are marked to market at the end of the financial period.

Net unrealised gains or losses, together with net gains or losses on disposals, are recognised in the income statement under *Net income from financial transactions*. Coupon payments received on fixed-income securities in the trading portfolio are recorded in the income statement under *Net interest income from bonds and other debt securities*.

Trading securities that are no longer held for the purpose of selling them in the near-term, or no longer held for the purpose of market-making activities, or held in the specialised management of a trading portfolio for which there is no longer evidence of a recent pattern of short-term profit-taking, may be reclassified into the *Short-term investment securities* category or into the *Long-term investment securities* category if:

- exceptional market situations generate a change of holding strategy, or
- if after their acquisition debt securities become no longer negotiable in an active market and Societe Generale has the intention and the ability to hold them for the foreseeable future or until maturity.

Securities which are then reclassified are recorded in their new category at their fair market value on the date of reclassification.

■ Short-term investment securities

Short-term investment securities are all those that are not classified as trading securities, long-term investment securities, or investments in consolidated subsidiaries and affiliates.

Shares and other equity securities

Equity securities are carried on the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realisable value. For listed securities, realisable value is defined as the most recent market price. Unrealised capital gains are not recognised in the accounts but a depreciation of portfolio securities is recorded to cover unrealised capital losses, without the said depreciation being offset against any unrealised capital gains. Income from these securities is recorded in *Dividend income*.

Bonds and other debt securities

These securities are carried at cost excluding acquisition expenses and, in the case of bonds, excluding interest accrued and not yet due at the date of purchase. The positive or negative difference between cost and redemption value is amortised to income over the life of the relevant securities and using the actuarial method. Accrued interest on bonds and other short-term investment securities is recorded as *Related receivables* and under *Net interest income from bonds and other debt securities* in the income statement.

Short-term investment securities may be reclassified into the *Long-term investment securities* category provided that:

- exceptional market situations generate a change of holding strategy, or
- if after their acquisition debt securities become no longer negotiable in an active market and Societe Generale has the intention and the ability to hold them for the foreseeable future or until maturity.

■ Long-term investment securities

Long-term investment securities are acquired debt securities or reclassified short-term investment securities which Societe Generale intends to hold until maturity, where it has the financial capacity to do so and is not subject to any legal or other form of constraint that might call into question its intention to do so. Long-term investment securities also include trading and short-term investment securities which have been reclassified by Societe Generale following the particular conditions described here before (facing exceptional market situations or when debt securities are no longer negotiable in an active market).

These instruments may be designated as hedged items in hedging transactions using forward financial instruments used to hedge the interest rate risk on identifiable items or groups of similar items. Long-term investments are recorded according to the same principles as short-term investment securities, except that no depreciation is made for unrealised losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

1. TREASURY NOTES, BONDS AND OTHER DEBT SECURITIES, SHARES AND OTHER EQUITY SECURITIES

	31st December 2015				31st December 2014			
(in millions of euros)	**Treasury notes and similar securities**	**Shares and other equity securities**	**Bonds and other debt securities**	**Total**	**Treasury notes and similar securities**	**Shares and other equity securities**	**Bonds and other debt securities**	**Total**
Trading securities	71,737	109,063	79,195	259,995	58,514	110,126	77,050	245,690
Short-term investment securities[1]:								
Gross book value	25,481	184	11,536	37,201	26,059	547	11,652	38,258
Depreciations	(65)	(19)	(98)	(182)	(13)	(22)	(56)	(91)
Net book value	25,416	165	11,438	37,019	26,046	525	11,596	38,167
Long-term investment securities:								
Gross book value	48	-	18,474	18,522	129	-	19,036	19,165
Depreciations	-	-	(12)	(12)	-	-	(19)	(19)
Net book value	48	-	18,462	18,510	129	-	19,017	19,146
Related receivables	402	83	74	559	172	95	146	413
Total	**97,603**	**109,311**	**109,169**	**316,083**	**84,861**	**110,746**	**107,809**	**303,416**

(1) Of which Bank of France elligible securities in refinancement: EUR 22,419 million.

ADDITIONAL INFORMATION ON SECURITIES

(in millions of euros)	31st December 2015	31st December 2014
Estimated market value of short-term investment securities :		
Unrealised capital gains(1)	1,113	1,608
Estimated value of long-term investment securites :	-	4
Premiums and discounts relating to short-term and long-term investment securities	178	127
Investments in mutual funds :		
- French mutual funds	3,707	3,257
- Foreign mutual funds	6,493	5,083
Of which mutual funds which reinvest all their income	62	190
Listed securities(2)	257,039	209,892
Transfer of securities of the short-term to the long-term portfolios	18,428	18,980
Subordinated securities	-	338
Securities lent	47,528	50,517

(1) Not including unrealized gains or losses on forward financial instruments, if any, used to hedge short-term investment securities.

(2) The listed trading securities amounted to EUR 201,835 million at 31st December 2015 against EUR 152,797 million at 31st December 2014.

2. SECURITIES, INVESMENTS IN SUBSIDIARIES, AFFILIATES AND OTHER LONG TERM SECURITIES

ACCOUNTING PRINCIPLES

This category of securities covers shares held in consolidated subsidiaries and affiliates, when it is deemed useful to Societe Generale's business to hold the said shares in the long term. This notably covers investments that meet the following criteria:

- shares in companies that share Directors or senior managers with Societe Generale and where influence can be exercised over the company in which the shares are held
- shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the group and ensure that decisions are taken in unison
- shares representing more than 10% of the voting rights in the capital issued by a bank or a company whose business is directly linked to that of Societe Generale.

This category also includes *Other long-term equity investments.* These are equity investments made by Societe Generale with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the low proportion of attached voting rights.

Investments in consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price net of acquisition costs. Dividend income earned on these securities is recognised in the income statement under *Dividend income*.

AFFILIATES AND OTHER LONG TERM SECURITIES

(in millions of euros)	31st December 2015	31st December 2014
Banks	427	409
Others	222	219
Gross book value(1)	**649**	**628**
Depreciations	(123)	(121)
Net book value	**526**	**507**

(1) The main change involve the acquisition of Banco SG Mozambique fo EUR +16 million.

INVESTMENTS IN SUBSIDIARIES

(in millions of euros)	31st December 2015	31st December 2014
Banks	**29,350**	**25,882**
Listed	5,373	5,460
Unlisted	23,977	20,422
Others	**7,853**	**8,086**
Listed	-	-
Unlisted	7,853	8,086
Gross book value(1)	**37,203**	**33,968**
Depreciation(2)	(9,101)	(6,282)
Net book value	**28,102**	**27,686**

(1) The main changes for 2015 involve:
- the recovery of Newedge Group's equity shares after the merger-takeover: EUR +2,048 million
- the capital increase of SG Financial Services Holding: EUR +1,800 million
- the capital increase of SG Americas Securities Holding: EUR +810 million
- the capital increase of ALD International SA: EUR +531 million
- the capital increase of Descartes Trading: EUR +376 million
- the acquisition of Boursorama shares from minority shareholders: EUR +218 million
- the capital reduction of Geneval: EUR -527 million
- the liquidation of SG Italia Holding S.P.A.: EUR -566 million
- the merger-takeover of Newedge Group: EUR -599 million
- the disposal of Amundi: EUR -1,029 million.

(2) The main changes in the depreciations are as follow:
- the depreciation of Inter Europe Conseil as a result of the capital reduction: EUR -2,226 million
- the depreciation of Rosbank: EUR -742 million
- the depreciation of Banco SG Brasil: EUR -321 million
- the depreciation of SG Securities Services: EUR -138 million
- the recovery following the capital reduction of Geneval: EUR +286 million.

All transactions with the related parties were concluded under normal market conditions.

3. TREASURY SHARE

ACCOUNTING PRINCIPLES

Societe Generale shares acquired for allocation to employees are recorded as *Short-term investment securities – Treasury shares* on the assets side of the balance sheet.

Societe Generale shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are recorded under *Trading securities*.

	31st December 2015			31st December 2014		
(in millions of euros)	Quantity	Book value(2)	Market value	Quantity	Book value(2)	Market value
Trading securities(1)	-	-	-	400,000	14	14
Short-term investment securities	9,513,568	319	407	11,054,906	342	401
Long-term equity investments	-	-	-	-	-	-
Total	**9,513,568**	**319**	**407**	**11,454,906**	**356**	**415**

Nominal value : EUR 1.25.

Market value per share : EUR 42.78 at 31st December 2015.

(1) The Group set up on 22nd August 2011 a liquidity contract which was endowed with EUR 170 million for carrying out transactions on the Societe Generale share.

(2) The accounting value is assessed according to the new notice of the CNC N 2008-17 approved on 6th November 2008 concerning stock-options and bonus issues of shares.

NOTE 2.2 OPERATIONS ON FORWARD FINANCIAL INSTRUMENTS

ACCOUNTING PRINCIPLES

Forward financial instruments relating to interest rates, foreign exchange or equities are used for trading or hedging purposes. Nominal commitments on forward financial instruments are recorded as a separate off-balance sheet item. This amount represents the volume of outstanding transactions and does not represent the potential gain or loss associated with the market or counterparty risk on these transactions. Credit derivatives purchased to hedge credit risks on financial assets which are not valued at market value are classified and treated as guarantee commitments received.

The accounting treatment of income or expenses on these forward financial instruments depends on the purpose for which the transaction was concluded, as follows:

Hedging transactions

Income and expenses on forward financial instruments used as a hedge and assigned from the beginning to an identifiable item or group of similar items, are recognised in the income statement in the same manner as income and expenses on the hedged items. Income and expenses on interest rate instruments are recorded as net interest income in the same interest income or expense account as the items hedged. Income and expenses on other instruments such as equity instruments, stock market indexes or currencies are recognised as *Net income from financial transactions*, under *Net income from forward financial instruments.*

Income and expenses on forward financial instruments used to hedge or manage an overall interest rate risk are recognised in the income statement over the life of the instrument under *Net income from financial transactions*, in the caption *Net income from forward financial instruments*.

Trading transactions

Trading transactions include instruments traded on organised or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets, together with debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks. These transactions are measured at their market value at the balance sheet date. When financial instruments are not quoted in an active market, this value is generally determined on the basis of in-house models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount *(Reserve Policy)*. This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a conservative valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated according to the size of the position and intended to cover the risk that Societe Generale will be unable to liquidate the investment in one go due to the size of the holding;
- an adjustment for the reduced liquidity of instruments and modeling risks in the case of complex products as well as transactions on less liquid markets (less liquid since they have been developed recently or are more specialised).

Furthermore, for over-the-counter transactions on forward interest rate instruments, the market value takes into account counterparty risks and the discounted value of future management costs.

The corresponding gains or losses are directly recognised as income for the period, regardless of whether they are realised or unrealised. They are recognised in the income statement as *Net income from financial transactions*.

Gains or losses corresponding to contracts concluded within the scope of cash management activities managed by the trading room, in order to benefit from any interest rate fluctuations, are recorded when liquidated or over the life of the contract, depending on the type of instrument. Unrealised losses are provisioned at year-end and the corresponding amount is recorded under *Net income from financial transactions*.

1. FORWARD FINANCIAL INSTRUMENTS COMMITMENTS

(in millions of euros)	Fair Value Trading transactions	Hedging transactions	Total 31st December 2015	Total 31st December 2014
Firm transactions				
Transactions on organized markets				
Interest rate futures	581,175	-	581,175	503,672
Foreign exchange futures	108,960	-	108,960	74,219
Other futures contracts	931,466	344	931,810	1,123,530
OTC agreements				
Interest rate swaps	9,892,052	19,391	9,911,443	10,792,618
Currency financing swaps	932,828	1,286	934,114	968,889
Forward Rate Agreements (FRA)	789,434	-	789,434	1,846,090
Other	24,695	-	24,695	16,311
Optional transactions				
Interest rate options	2,420,708	-	2,420,708	2,138,001
Foreign exchange options	273,570	-	273,570	256,710
Options on stock exchange indexes and equities	2,216,801	40	2,216,841	1,367,039
Other options	110,133	-	110,133	109,508
Total	**18,281,822**	**21,061**	**18,302,883**	**19,196,587**

2. FAIR-VALUE OF THE TRANSACTIONS QUALIFIED AS HEDGING

(in millions of euros)	31st December 2015
Firm transactions	
Transactions on organized markets	
Interest rate futures	-
Foreign exchange futures	-
Other forward contracts	24
OTC agreements	
Interest rate swaps	2,646
Currency financing swaps	(327)
Forward Rate Agreements (FRA)	-
Other	-
Optional transactions	
Interest rate options	-
Foreign exchange options	-
Options on stock exchange indexes and equities	-
Other options	-
Total	**2,343**

NOTE 2.3 - LOANS AND BORROWINGS

ACCOUNTING PRINCIPLES

Amounts due from banks and customer loans are classified according to their initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits in the case of banks, and commercial loans, overdrafts and other loans to customers. They also include securities purchased from banks and customers under resale agreements, and loans secured by notes and securities.

Only amounts due and customer loans which meet the following criteria are offset on the balance sheet: those with the same counterparty, maturity, currency and accounting entity, and those for which an agreement exists with the counterparty allowing the company to combine the accounts and exercise the right of offset.

Interest accrued on these receivables is recorded as *Related receivables* and recognised in the income statement under *Interest income and expenses*.

Fees received and incremental transaction costs related to the granting of a loan are comparable to interest and spread over the effective life of the loan.

Guarantees and endorsements recorded off-balance sheet represent transactions which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

If a commitment carries an incurred credit risk which makes it probable that Societe Generale will not recover all or part of the amounts due under the counterparty's commitment in accordance with the original terms of the contract, despite the existence of a guarantee, the corresponding outstanding loan is classified as a doubtful loan. Moreover, any loan will be classified as doubtful if one or more repayments are more than three months overdue (six months for mortgage loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed, if it can be assumed that there is an identified risk, or if legal proceedings have been started.

If a loan to a given borrower is classified as doubtful, all outstanding loans or commitments to that borrower are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Depreciation for unrealised losses and for doubtful loans is recorded in the amount of the probable loss (see Note 2.8).

1. DUE FROM BANKS

(in millions of euros)	31st December 2015	31st December 2014
Deposits and loans		
Demand		
Current accounts	17,360	15,429
Overnight deposits and loans	1,185	508
Loans secured by notes-overnight	-	-
Term		
Term deposits and loans	81,458	66,492
Subordinated and participating loans	5,254	4,912
Loans secured by notes and securities	-	-
Related receivables	180	223
Gross amount	**105,437**	**87,564**
Depreciations	(37)	(37)
Net amount	**105,400**	**87,527**
Securities purchased under resale agreements	109,228	88,367
Total(1)(2)	**214,628**	**175,894**

(1) At 31st December 2015 doubtful loans amounted to EUR 82 million (of which EUR 32 million were non-performing loans) against EUR 75 million (of which EUR 25 million were non-performing loans) at 31st December 2014.

(2) Including amounts receivable from subsidiaries: EUR 97,490 million at 31st December 2015 (EUR 70,863 million at 31st December 2014).

2. CUSTOMER LOANS

(in millions of euros)	31st December 2015	31st December 2014
Discount of trade notes	2,016	2,204
Other loans		
Short-term loans	61,916	51,985
Export loans	10,314	9,758
Equipment loans	39,086	38,723
Mortgage loans	68,632	63,713
Other loans	54,029	58,566
Sub-total(1)(2)(3)	**233,977**	**222,745**
Overdrafts	10,703	10,884
Related receivables	1,178	1,155
Gross amount	**247,874**	**236,988**
Depreciations	(3,830)	(3,856)
Net amount	**244,044**	**233,132**
Loans secured by notes and securities	140	851
Securities purchased under resale agreements	94,743	67,039
Total(4)	**338,927**	**301,022**

(1) Including pledged loan : EUR 66,693 million. Among these loans, EUR 11,915 million are eligible for refinancing with Bank of France at 31st December 2015 (EUR 9,240 million at 31st December 2014).

(2) Of which participating loans: EUR 1,849 million at 31st December 2015 (EUR 1,679 million at 31st December 2014).

(3) at 31st December 2015 doubtful loans amounted to EUR 8,286 million (of which EUR 5,035 million were non-performing loans) against EUR 8,180 million (of which EUR 3,371 million were non-performing loans) at 31st December 2014.

(4) Of which amounts receivable from subsidiaries: EUR 47,910 million at 31st December 2015 (EUR 51,923 million at 31st December 2014).

3. COMMITMENTS GRANTED

(in millions of euros)	31st December 2015	31st December 2014
Commitments granted(1)		
Loan commitments		
To banks	30,203	22,949
To customers	136,817	111,011
Total	**167,020**	**133,960**
Guarantee commitments		
On behalf of banks	138,057	135,707
On behalf of customers	93,270	122,158
Total	**231,327**	**257,865**

(1) Of which commitments granted to subsidiaries: EUR 35,831 million at 31st December 2015 (EUR 35,425 million at 31st December 2014).

NOTE 2.4 - DEBTS

ACCOUNTING PRINCIPLES

Amounts due to banks and customer deposits are classified according to their initial duration and type: demand (demand deposits and current accounts) and time deposits and borrowings in the case of banks, and regulated savings accounts and other deposits in the case of customers. They also include securities sold to banks and customers under repurchase agreements.

Interest accrued on these deposits is recorded as *Related payables* and as an expense in the income statement.

1. DUE TO BANKS

(in millions of euros)	31st December 2015	31st December 2014
Demand deposits		
Demand deposits and current accounts	19,702	16,576
Borrowings secured by notes - overnight	-	-
Sub-total	**19,702**	**16,576**
Term deposits		
Term deposits and borrowings	130,763	102,969
Borrowings secured by notes and securities	-	-
Sub-total	**130,763**	**102,969**
Related payables	426	267
Total deposits	**150,891**	**119,812**
Securities sold under repurchase agreements	101,927	102,460
Total(1)	**252,818**	**222,272**

(1) Including amounts due to subsidiaries: EUR 76,293 million at 31st December 2015 (EUR 72,578 million at 31st December 2014).

2. CUSTOMER DEPOSITS

	31st December 2015	31st December 2014
Regulated savings accounts		
Demand	37,865	37,492
Term	16,953	15,574
Sub-total	**54,818**	**53,066**
Other demand deposits		
Businesses and sole proprietors	39,440	30,886
Individual customers	26,158	23,828
Financial customers	21,540	12,878
Others	4,319	5,171
Sub-total	**91,457**	**72,763**
Other term deposits		
Businesses and sole proprietors	47,755	43,147
Individual customers	568	964
Financial customers	123,350	110,246
Others	16,335	10,308
Sub-total	**188,008**	**164,665**
Related payables	936	973
Total customer deposits	**335,219**	**291,467**
Borrowings secured by notes and securities	91	89
Securities sold to customers under repurchase agreements	93,670	61,982
Total(1)	**428,980**	**353,538**

(1) Including deposits of subsidiaries: EUR 122,784 million at 31st December 2015 (EUR 115,601 million at 31st December 2014).

3. DEBT SECURITIES ISSUED

ACCOUTING PRINCIPLES

These liabilities are classified by type of security: loan notes, interbank market certificates, negotiable debt instruments, bonds and other debt securities, but exclude subordinated notes which are classified under *Subordinated debt*.

Interest accrued is recorded as *Related payables* and as an expense in the income statement. Bond issuance and redemption premiums are amortised using the straight-line or actuarial method over the life of the related borrowings. The resulting expense is recorded in the income statement under *Net income from bonds and other debt securities*.

Bond issuance costs accrued over the period are recorded as expenses for the period, under *Net income from bonds and other debt securities* in the income statement.

(in millions of euros)	31st December 2015	31st December 2014
Term savings certificates	-	1
Bond borrowings	4	26
Related payables	21	26
Sub-total	**25**	**53**
Interbank certificates and negotiable debt instruments	81,057	87,077
Related payables	1,020	1,037
Total	**82,102**	**88,167**

4. COMMITMENTS RECIEVED

(in millions of euros)	31st December 2015	31st December 2014
Commitments received(1)		
Loan commitments received from banks	81,480	56,275
Guarantee commitments received from banks	53,287	48,019
Total	**134,767**	**104,294**

(1) Of which commitments received from subsidiaries: EUR 12,390 million at 31st December 2015 (EUR 4,606 million at 31st December 2014).

NOTE 2.5 - INTERESTS INCOME AND EXPENSES

ACCOUNTING PRINCIPLES

Interest income and expense are recognised in the income statement under *Interest and similar income* for all financial instruments measured at amortised cost using the effective interest rate method.

The effective interest rate is taken to be the rate used to discount future cash inflows and outflows over the expected life of the instrument in order to establish the book value of the financial asset or liability. The calculation of this rate considers the future cash flows based on the contractual provisions of the financial instrument without taking account of possible future loan losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

When a financial asset or group of similar financial assets has been impaired following an impairment of value, subsequent interest income is recorded on the basis of the effective interest rate used to discount the future cash flows when measuring the loss of value.

Moreover, except for those related to employee benefits, provisions recognised as balance sheet liabilities generate interest expenses that are calculated using the same interest rate used to discount the expected outflow of resources.

	2015			2014		
(in millions of euros)	Incomes	Expenses	Net	Incomes	Expenses	Net
Interest income from transactions with banks	**1,940**	**(1,869)**	**71**	**1,765**	**(1,909)**	**(144)**
Transactions with central banks, post office accounts and banks	1,658	(1,669)	(11)	1,615	(1,560)	55
Securities sold under repurchase agreements and borrowings secured by notes and securities	282	(200)	82	150	(349)	(199)
Net premiums and discounts	-	-	-	-	-	-
Transactions with customers	**8,335**	**(4,573)**	**3,762**	**9,219**	**(5,988)**	**3,231**
Trade notes	92	-	92	94	-	94
Other customer loans	7,710	-	7,710	8,471	-	8,471
Overdrafts	233	-	233	327	-	327
Special savings accounts	-	(717)	(717)	-	(852)	(852)
Other deposits	-	(3,522)	(3,522)	-	(4,872)	(4,872)
Securities sold / bought under repurchase agreements and borrowings secured by notes and securities	300	(334)	(34)	327	(264)	63
Net premiums and discounts	-	-	-	-	-	-
Bonds and other debt securities	**3,053**	**(4,226)**	**(1,173)**	**4,691**	**(6,681)**	**(1,990)**
Other interest expenses and related income	**1,317**	**(1,925)**	**(608)**	**1,099**	**(1,227)**	**(128)**
Total interest incomes / expenses	**14,645**	**(12,593)**	**2,052**	**16,774**	**(15,805)**	**969**

Detail of other customer loans:

(in millions of euros)	2015	2014
Short-term loans	1,111	1,028
Export loans	214	228
Equipment loans	1,124	1,223
Mortgage loans	2,193	2,364
Other loans	3,068	3,628
Sub-total	**7,710**	**8,471**

NOTE 2.6 - DIVIDEND INCOME

(in millions of euros)	2015	2014
Dividends from shares and other equity securities	11	10
Dividends from investments in non-consolidated subsidiaries and affiliates and other long-term securities	4,863	2,465
Total[1]	**4,874**	**2,475**

(1) Dividends received from investments in the trading portfolio have been classified under Net income from financial transactions.

NOTE 2.7 - NET INCOME FROM FINANCIAL TRANSACTIONS

(in millions of euros)	2015	2014
Net income from the trading portfolio		
Net income from operations on trading securities	(2,612)	1,947
Net income from forward financial instruments	6,379	2,109
Net income from foreign exchange transactions	470	(331)
Sub-total	**4,237**	**3,725**
Net income from short-term investment securities		
Gains on sale	697	879
Losses on sale	(91)	(98)
Allocation of depreciations	(85)	(89)
Reversal of depreciations	14	123
Sub-total	**535**	**815**
Net total	**4,772**	**4,540**

NOTE 2.8 DEPRECIATIONS AND PROVISIONS

1. DEPRECIATIONS

ACCOUNTING PRINCIPLES

Depreciations include assets depreciations and depreciations on securities.

ASSETS DEPRECIATIONS

Depreciation for unrealised losses is equal to the difference between the carrying amount of the asset and the present value of estimated future recoverable cash flows, taking into account any guarantees, discounted at the financial assets' original effective interest rate. Furthermore, this depreciation may not be less than the full amount of the accrued interest on the doubtful loan. Depreciation, reversals of depreciation, losses on bad debts and recovery of impaired debts are recognised under *Cost of risk*, along with write-backs of depreciation linked to the passage of time.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, a depreciation is recognised without waiting for the risk to individually affect one or more receivables. The amount of depreciation is notably determined on the basis of historical data on default rates and incurred losses on assets with credit risk characteristics that are similar to those in the portfolio, adjusted to reflect any relevant current economic conditions and, where necessary, the opinion of an expert. Changes in depreciation calculated as such are recognised under *Cost of risk*.

Doubtful loans can be reclassified as performing loans when the credit risk has been definitively eliminated and regular repayments have resumed according to the original terms of the contract. Similarly, doubtful loans which have been restructured can be reclassified as performing loans. When a loan is restructured, a discount is applied to any differences between the cash flows expected to be received under the initial terms of the contract and the present value of the future flows of capital and interest expected to be received under the new terms, discounted at the original effective interest rate.

The amount deducted is recognised under *Cost of risk*. If the restructured loan is subsequently reclassified as a performing loan, it is reincorporated into net interest income over the remaining term of the loan.

When a borrower's solvency is such that after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, the loan is identified as a non-performing loan. A loan is classified as non-performing once the bank asks for an early termination, when the contract is terminated and in any case one year after it was classified as doubtful, except where the original terms of the contract have been respected or where the loan is covered by guarantees which ensure its recovery. Loans which have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

DEPRECIATIONS ON SECURITIES

■ Trading securities

Shares and other equity securities

At year-end, cost is compared to realisable value. For listed securities, realisable value is defined as the most recent market price. Unrealised capital gains are not recognised in the accounts but a depreciation of portfolio securities is recorded to cover unrealised capital losses, without the said depreciation being offset against any unrealised capital gains.

Bonds and other debt securities

At year-end, cost is compared to realisable value or, in the case of listed securities, to their most recent market price. Unrealised capital gains are not recognised in the accounts but a depreciation of portfolio securities is recorded to cover unrealised capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of depreciation for losses on short-term investment securities together with gains and losses on sales of these securities are recorded under *Net income from financial transactions* in the income statement.

■ Long-term investment securities

Long-term investments are recorded according to the same principles as short-term investment securities, except that no depreciation is made for unrealised losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of depreciation for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under *Net income from long-term investments*.

■ Affiliates and investment in subsidiaries

At year-end, investments in consolidated subsidiaries and affiliates are valued at their value in use, namely the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. Unrealised capital gains are not recognised in the accounts but a depreciation on portfolio securities is recorded to cover unrealised capital losses.

Allocations to and reversals of depreciation as well as any capital gains or losses realised on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are recognised under *Net income from long-term investments*.

(in millions of euros)	31st December 2015	31st December 2014
Assets depreciations		
Banks	37	37
Customer loans	3,830	3,856
Lease financing agreements	-	-
Other	72	77
Sub-total(1)	**3,939**	**3,970**
Depreciation on securities(2)	9,418	6,513
Total depreciations	**13,357**	**10,483**

(1) Of which depreciation for non-performing loans: EUR 2,874 million.

(2) Except Treasury stock.

THE CHANGE OF DEPRECIATIONS (EXCLUDING SECURITIES) BREAKS DOWN AS FOLLOWS:

		Net allowances				
(in millions of euros)	Amount at 31st December 2014	Net cost of risk	Other income statement	Used provisions	Change in scope and reclassifying	Amount at 31st December 2015
Assets' depreciations	3,970	486	(12)	(553)	48	3,939

2. PROVISIONS

ACCOUNTING PRINCIPLES

Provisions include:

- provisions for commitments;
- provisions for contingencies and disputes.

A description of contingencies and disputes is provided in the Risk Management report.

Provisions for contingencies and disputes are defined as liabilities with no precisely defined amount or due date. They are only recorded if the company has an obligation to a third party that will probably or necessarily lead to a transfer of funds to the third party, without compensation for at least an equivalent amount being expected from this third party.

Information on the nature and the amount of the risks is not disclosed when the Group estimates that such disclosure could seriously prejudice its position in a dispute with other parties on the subject matter of the provision.

Net allocations to provisions are classified by type of risk in the corresponding accounts in the income statement.

CRB regulation 99-06 defines the funds necessary for the deposit guarantee fund. These resources comprise certificates of association acquired by each entity, together with annual subscription fees. CRB regulation 99-08 sets the total amount of these subscription fees which were payable over the period 1999 through 2002 in order to endow the fund. Half of said fees were paid in the form of guarantee deposits. Certificates of association and guarantee deposits are recorded in the balance sheet under *Other sundry debtors*. A provision was recognised at the end of 1999 under *Exceptional items* for all subscription fees to be paid by Societe Generale over the 2000-2002 period for the initial endowment of the guarantee fund. Subsequent fees were recorded under *Other operating expenses*.

The change of provisions breaks down as follows:

		Net allowances				
(in millions of euros)	Amount at 31st December 2014	Net cost of risk	Other income statement	Used provisions	Change in scope and reclassifying	Amount at 31st December 2015
Off-balance sheet commitments made to banks	9	-	-	-	-	9
Off-balance sheet commitments made to customers	194	2	-	(7)	1	190
Sectoral provisions and other	792	145	-	-	8	945
Provisions for forward financial instruments	17,686	-	(4,085)	-	602	14,203
Provisions for other risks and commitments(1)	1,497	637	61	(28)	6	2,173
Total provisions	**20,178**	**784**	**(4,024)**	**(35)**	**617**	**17,520**

(1) Including a EUR 44 million net allocation for PEL/CEL provisions at 31st December 2015 (see Note 2.8.3)

3. MORTGAGE SAVINGS AGREEMENTS (PEL / CEL)

ACCOUNTING PRINCIPLES

Comptes d'épargne-logement (CEL or mortgage savings accounts) and plans d'épargne-logement (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of 10th July 1965. These products combine an initial deposits phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. Under the current regulation, this last phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are recognised at amortised cost.

These instruments create two types of commitments for Societe Generale: the obligation to remunerate customer savings for an indeterminate future period at an interest rate established at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also established at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the company, a provision is recorded on the liabilities side of the balance sheet. Any changes in these provisions are recognised as net banking income under *Net interest income*. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) which constitute a single generation.

During the deposits phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observed past behaviour of customers.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of the amount of balance sheet deposits at the date of calculation and the historical observed past behaviour of customers.

A provision is recorded if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products (with a similar estimated life and date of inception).

OUTSTANDING DEPOSITS IN MORTGAGE SAVINGS AGREEMENTS (PEL / CEL)

(in millions of euros)	31st December 2015	31st December 2014
Mortgage savings plans (PEL)		
less than 4 years old	6,624	6,008
between 4 and 10 years old	4,709	3,782
more than 10 years old	4,289	4,547
Sub-total	**15,622**	**14,337**
Mortgage savings accounts (CEL)	1,182	1,226
Total	**16,804**	**15,563**

OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO MORTGAGE SAVINGS AGREEMENTS (PEL / CEL)

(in millions of euros)	31st December 2015	31st December 2014
less than 4 years old	25	54
between 4 and 10 years old	73	89
more than 10 years old	8	11
Total	**106**	**154**

PROVISIONS FOR COMMITMENTS LINKED TO MORTGAGE SAVINGS AGREEMENTS (PEL / CEL)

(in millions of euros)	31st December 2014	Dotations	Reprises	31st December 2015
Mortgage savings plans (PEL)				
less than 4 years old	-	1	-	1
between 4 and 10 years old	3	21	-	24
more than 10 years old	190	20	-	210
Sub-total	**193**	**42**	**-**	**235**
Mortgage savings accounts (CEL)	-	2	-	2
Total	**193**	**44**	**-**	**237**

The level of provisions is sensitive to the long-term interest rates. Since the long-term rates were low during 2015, the provisions for PEL and CEL mortgage saving accounts are linked to the risks attached to the commitment to remunerate the deposits. Provisioning for PEL/CEL savings amounted to 1.41% of total outstandings as at 31st December 2015.

METHODS USED TO ESTABLISH THE PARAMETERS FOR VALUING PROVISIONS

The parameters used for estimating the future behaviour of customers are derived from historical observations of customer behaviour patterns over long period (more than 10 years). The values of these parameters can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The discount rates used are derived from the zero coupon swaps vs. Euribor yield curve on valuation date, averaged over a 12-month period.

4. COST OF RISK

ACCOUNTING PRINCIPLES

Cost of risk includes allocations, net of reversals, to provisions and to impairments for credit risk, the amount of the loan considered uncollectible and the amount of recoveries on loans written off, as well as allocations and reversals of provisions for other risks.

(in millions of euros)	2015	2014
Net allocation to depreciations and provisions for identified risks		
Identified risks	(632)	(529)
Losses not covered by depreciations and amounts recovered on write-offs	(90)	(136)
Other risks and commitments(1)	(637)	(400)
Sub-total	**(1,359)**	**(1,065)**
Net allocation to general country risk reserves(2)	-	775
Net allocation to depreciations and provisions for receivables and off-balance commitments	**(1,359)**	**(290)**
Including gain or loss on revaluation of currency hedge of provisions		
Counterparty risk	(46)	(85)

(1) To take into account the developments in a number of legal risks, including in particular the ongoing judicial investigations and proceedings with the US and European authorities, as well as the French “Conseil d’État” ruling on the “précompte”, Societe Generale has recognised a provision for disputes among its liabilities that has been adjusted in 2015 by an additional allowance of EUR 600 million to raise it to EUR 1,700 million (including an estimate for costs of proceedings).

(2) In 2014, the country risk reserve was used and allocated to reserves on equity securities of foreign subsidiaries (See Note 2.1).

NOTE 2.9 - NET INCOME FROM LONG-TERM INVESTMENTS

ACCOUNTING PRINCIPLES

This item covers capital gains or losses realised on disposals, as well as the net allocation to depreciation for investments in consolidated subsidiaries and affiliates, long-term investment securities.

(in millions of euros)	2015	2014
Long-term investment securities		
Net capital gains (or losses) on sale	1	(1)
Net allocation to depreciations	8	18
Sub-total	**9**	**17**
Investments in subsidiaries and affiliates		
Gains on sale(1)	122	9
Losses on sale(2)	(311)	(213)
Allocation to depreciations(3)	(3,489)	(1,577)
Reversal of depreciations(3)	392	411
Subsidies granted to affiliates (subsidiaries)	-	-
Sub-total	**(3,286)**	**(1,370)**
Net Total(4)	**(3,277)**	**(1,353)**

(1) Of which EUR 101 million concerning the sale of Amundi.
(2) Of which EUR 311 million concerning the capital reduction of Geneval.
(3) Of which EUR 3,487 million of allocations and EUR 392 million of write-backs in 2015 for subsidiaries (see Note 2.1 - Investments in subsidiaries).
(4) The net income on operating fixed assets is detailed in Note 7.2 of the present document.

NOTE 3 - OTHER ACTIVITIES

NOTE 3.1. - NET FEES FOR SERVICES

ACCOUNTING PRINCIPLES

Societe Generale recognises fee income and expense for services provided and received in different ways depending on the type of service.

Fees for ongoing services, such as some payment services, custody fees, or web-service subscriptions are recorded as income over the lifetime of the service. Fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties following payment incidents are recognised in income when the service is provided.

In syndication deals, the effective interest rate for the share of the issue retained on Societe Generale's balance sheet is comparable to that applying to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees is recorded in the income statement at the end of the syndication period. Arrangement fees are recorded in income when the placement is legally complete.

	2015			2014		
(in millions of euros)	Incomes	Expenses	Net	Incomes	Expenses	Net
Transactions with banks	96	(61)	35	75	(52)	23
Transactions with customers	1,065	-	1,065	1,040	-	1,040
Securities transactions	1,005	(723)	282	428	(551)	(123)
Primary market transactions	165	-	165	156		156
Foreign exchange transactions and forward financial instruments	23	(301)	(278)	25	(272)	(247)
Loan and guarantee commitments	670	(125)	545	635	(53)	582
Services	1,519	-	1,519	1,483	-	1,483
Other	-	(683)	(683)	-	(160)	(160)
Net total	**4,543**	**(1,893)**	**2,650**	**3,842**	**(1,088)**	**2,754**

NOTE 3.2. - ACCRUALS, OTHER ASSETS AND LIABILITIES

1. ACCRUALS, OTHER ACCOUNTS RECEIVABLE AND OTHER ASSETS

(in millions of euros)	31st December 2015	31st December 2014
Other assets		
Guarantee deposits paid[(1)]	33,101	32,223
Miscellaneous receivables	12,753	12,508
Premiums on options purchased	91,681	99,009
Settlement accounts on securities transactions	3,263	2,262
Other	367	822
Sub-total	**141,165**	**146,824**
Accruals and similar		
Prepaid expenses	293	307
Deferred taxes	4,715	4,884
Accrued income	2,336	2,190
Other[(2)]	41,739	40,207
Sub-total	**49,083**	**47,588**
Gross amount	**190,248**	**194,412**
Depreciations	(72)	(77)
Net amount	**190 176**	**194 335**

(1) Mainly concerns guarantee deposits paid on financial instruments.

(2) Including derivative instruments valuation for EUR 35,050 million (EUR 34,383million at 31st December 2014)

2. ACCRUALS, OTHER ACCOUNTS PAYABLE AND OTHER LIABILITIES

(in millions of euros)	31st December 2015	31st December 2014
Transactions on securities		
Amounts payable for securities borrowed	97,381	83,246
Other amounts due for securities	43,215	45,649
Sub-total	**140,596**	**128,895**
Other liabilities		
Guarantee deposits paid[(1)]	29,639	29,126
Miscellaneous payables	10,454	10,104
Premiums on options sold	96,367	106,023
Settlement accounts on securities transactions	3,516	4,983
Other securities transactions	-	-
Related payables	135	119
Sub-total	**140,111**	**150,355**
Accruals and similar		
Accrued expenses	3,587	3,721
Deferred taxes	8	3
Deffered income	1,929	3,629
Other[(2)]	19,472	18,707
Sub-otal	**24,996**	**26,060**
Total	**305,703**	**305,310**

(1) Mainly concerns guarantee deposits paid on financial instruments.

(2) Including derivative instruments valuation for EUR 13,611 million (EUR 14,195 million at 31st December 2014).

NOTE 4 - EXPENSES AND EMPLOYEE BENEFITS

NOTE 4.1 - PERSONNEL EXPENSES AND REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS

ACCOUNTING PRINCIPLES

The *Personnel expenses* account includes all expenses related to personnel, notably the cost of the legal employee profit-sharing, income related to CICE (Tax Credit for Competitiveness and Employment) and incentive plans for the year, as well as the cost of internal restructuring operations.

Employee benefits are divided into four categories:

- Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled within twelve months of the end of the annual reporting period in which the employees render the related service, such as fixed and variable compensation, annual leave, taxes and social security contributions, mandatory employer contributions and profit-sharing;
- Post-employment benefits, including defined contributions plans and defined benefit plans such as pension plans and retirement benefits;
- Long-term employee benefits are employee benefits that are not expected to be fully settled within those that are payable to the employee for rendered service during his active life (e.g. long service awards and time saving accounts);
- Termination benefits.

Short-term employee benefits are recorded under *Personnel expenses* during the period according to the services provided by the employee.

The accounting principles relating to post-employment benefits and longterm benefits are described in Note 4.2, those related to share-based payments are described in Note 4.3.

1. PERSONNEL EXPENSES

(in millions of euros)	2015	2014
Employee compensation	3,425	3,187
Social security benefits and payroll taxes	1,554	1,463
Employer contribution, profit sharing and incentives	137	148
Total	**5,116**	**4,798**
Average staff	**46,390**	**45,450**
In France	40,772	40,347
Outside France	5,618	5,103

Analysis of personnel expenses for the last five years:

(in millions of euros)	2015	2014	2013	2012	2011
Societe Generale					
Profit sharing	15	12	10	9	31
Incentives	79	90	58	55	75
Employer contribution	43	44	44	41	67
Sub-total	**137**	**146**	**112**	**105**	**173**
Subsidiaries	**-**	**2**	**1**	**2**	**4**
Total	**137**	**148**	**113**	**107**	**177**

2. REMUNERATION OF THE COMPANY'S MANAGERS

Total attendance fees paid in 2015 to the company's directors amounted to EUR 1.25 million.

The remuneration paid in 2015 to the senior management (Chairman of the Board, the Chief executive officer and his two deputies) amounted to EUR 9.6 million (including EUR 2.1million of variable pay paid in cash or in shares for 2011 to 2013 fiscal years and EUR 3.7 million of long term incentives for the 2011 fiscal year).

NOTE 4.2 - EMPLOYEE BENEFITS

Societe Generale, in France and its branches in foreign countries, may award their employees:

- post-employment benefits, such as pension plans or retirement benefits;
- long-term benefits such as deferred variable remuneration, long service awards or the *Compte Epargne Temps* (CET) flexible working provisions;
- termination benefits.

DETAIL OF PROVISIONS FOR EMPLOYEE BENEFITS:

(in millions of euros)	Amount at 31st December 2014	Net allowances: Net cost of risk	Net allowances: Other income statement	Used provisions	Change in scope and reclassifying	Amount at 31st December 2015
Provisions for employee benefits	1,013	-	51	-	20	1,084

1. POST-EMPLOYMENT BENEFITS

ACCOUNTING PRINCIPLES

Pension plans may be defined contribution or defined benefit plans.

DEFINED CONTRIBUTION PLANS

Defined contribution plans limit Societe Generale's liability to the subscriptions paid into the plan but do not commit the company to a specific level of future benefits. Contributions paid are recorded as an expense for the year in question.

DEFINED BENEFIT PLANS

Defined benefit plans commit Societe Generale, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the medium- or long-term risk. The present value of defined benefit obligations is valued by independent qualified actuaries.

Provisions are recognised on the liabilities side of the balance sheet under *Provisions*, to cover the whole of these retirement obligations. This is assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

When these plans are financed from external funds classed as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) or differences between actuarial assumptions and real performance (return on plan assets) are recognised as actuarial gains or losses. They are amortised in the income statement according to the "corridor" method: i.e. over the expected average remaining working lives of the employees participating in the plan, as soon as they exceed the greater of:

- 10% of the present value of the defined benefit obligation;
- 10% of the fair value of the assets at the end of the previous financial year.

Where a new or amended plan comes into force the cost of past services is spread over the remaining period until vesting. An annual charge is recorded under *Personnel expenses* for defined benefit plans, consisting of:

- the additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- the expected return on plan assets (gross return);
- the amortisation of actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

DEFINED CONTRIBUTION PLANS

Main defined contribution plans provided to employees of the Group are located in France. They include state pension plans and other national pension plans such as ARRCO and AGIRC, as well as pension schemes put in place by some branches of the Societe Generale for which the only commitment is to pay annual contributions (PERCO).

POST-EMPLOYMENT BENEFIT PLANS (DEFINED BENEFIT PLANS)

Pension plans include pension benefit as annuities and end of career payments. Pension benefit annuities are paid in addition to pensions state plans.

1.1 RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

(in millions of euros)	31st December 2015	31st December 2014
Net liabilities recorded in the balance sheet	389	307
Assets recorded in the balance sheet	(92)	(135)
Net balance	**297**	**172**
Breakdown of the net balance		
Present value of funded defined benefit obligations	2,311	2,379
Fair value of plan assets	(1,885)	(1,883)
A - Actuarial deficit (net balance)	**426**	**496**
B - Present value of unfunded defined benefit obligations	**114**	**115**
Unrecognised items		
Unrecognised past service cost	(9)	2
Unrecognised net actuarial gains or losses	436	587
Separate assets	(142)	(150)
Plan assets impacted by change in asset celling	(42)	-
C - Total unrecognised items	**243**	**439**
A + B - C = Net balance	**297**	**172**

1.2 EXPENSES RECOGNISED IN THE INCOME STATEMENT

(in millions of euros)	31st December 2015	31st December 2014
Current service cost including social security contributions	67	58
Employee contributions	(1)	(1)
Amortisation of past service cost	12	14
Settlement, curtailment	1	(4)
Interest cost	64	76
Expected return on plan assets	(75)	(76)
Expected return on separate assets	(4)	(2)
Amortisation of gains or losses	56	34
Change in asset ceiling	42	-
Transfer from non recognised assets	4	2
Total Expenses	**166**	**101**

1.3. CHANGES IN NET LIABILITIES OF POST-EMPLOYMENT BENEFIT PLANS RECORDED IN THE BALANCE SHEET

1.3.1. Changes in the present value of defined benefit obligations

(in millions of euros)	2015	2014
Balance at 1st January	**2,495**	**2,082**
Current service cost including social security contributions	67	58
Employee contributions	-	-
Past service cost	3	(5)
Interest cost	64	76
Actuarial gains or losses	(156)	395
Foreign exchange adjustment	75	72
Benefit payments	(122)	(147)
Perimeter modification	-	-
Transfers and others	(2)	(36)
Balance at 31st December	**2,424**	**2,495**

1.3.2. Changes in fair value of plan assets and separate assets

(in millions of euros)	2015	2014
Balance at 1st January	**1,883**	**1,591**
Expected return on plan assets	75	75
Expected return on separate assets	4	2
Actuarial gains or losses	(49)	154
Foreign exchange adjustment	70	68
Employee contributions	1	1
Employer contributions to plan assets	7	127
Benefit payments	(103)	(108)
Perimeter modification	-	-
Transfers and others	(3)	(27)
Balance at 31st December	**1,885**	**1,883**

1.4 INFORMATION REGARDING FUNDING ASSETS

1.4.1 General information regarding funding assets

(for all benefits and future contributions)

The breakdown of the fair value of plan assets is as follows: 48% bonds, 42% equities, 4% money market instruments and 6% others. Societe Generale's own financial instruments directly held are not significant.

For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 92 million.

Employer contributions to be paid to post-employment defined benefit plans for 2016 are estimated at EUR 4 million.

1.4.2 Actual returns on funding assets

The actual return on plan and separate assets were:

(in millions of euros)	31st December 2015	31st December 2014
Plan assets	25	229
Separate assets	4	2

The assumptions on return on assets are presented in the following section.

1.5. MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	31st December 2015	31st December 2014
Discount rate		
Europe	2.60%	2.36%
Americas	4.10%	4.40%
Asia-Oceania-Africa	2.89%	2.79%
Long-term inflation rate		
Europe	2.39%	2.39%
Americas	2.00%	2.00%
Asia-Oceania-Africa	1.78%	1.78%
Expected return on plan assets		
Europe	3.41%	3.95%
Americas	4,10%	6.50%
Asia-Oceania-Africa	2.22%	2.76%
Future salary increase net of inflation		
Europe	0.53%	0.59%
Americas	NA	2.00%
Asia-Oceania-Africa	2.48%	2.46%
Average remaining working lifetime of employees (in years)		
Europe	8.8	8.7
Americas	8.5	9.1
Asia-Oceania-Africa	11.1	11.08
Duration (in years)		
Europe	16.1	16.32
Americas	23	23.44
Asia-Oceania-Africa	9.48	9.65

Notes:

(1) The assumptions by geographical area are averages weighted by the present value of the Defined Benefit Obligation (DBO) with the exception of the expected returns on plan assets, which are averages weighted by the fair value of assets.

(2) The range of expected rates of return on plan assets rate is related to the composition of the assets.Generally, expected return rates of plan assets are calculated by weighting expected anticipated returns on each category of assets with their respective weights in the asset fair value.

(3) The yield curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed in the end of October for USD, GBP and EUR, and corrected at the end of December if the increase in discount rates had a significant impact. Inflation rates used are the long-term targets of the Central Banks of the monetary areas above.

(4) The average remaining working lifetime of employees is calculated taking into account turn over assumptions.

(5) The assumptions described above have been applied on post-employment benefit plans.

1.6. SENSITIVITIES OF DEFINED BENEFIT OBLIGATIONS TO MAIN ASSUMPTIONS RANGES

(Measured element percentage)	31st December 2015	31st December 2014
Variation from +1% in discount rate		
Impact on the present value of defined benefit obligations at 31st December N	(13%)	(15%)
Variation from +1% in long-term inflation rate		
Impact on the present value of defined benefit obligations at 31st December N	13%	13%
Variation from +1% in Expected return on plan assets		
Impact on fair value of plan assets at 31st December N	1%	1%
Variation from +1% in Future salary increases		
Impact on the present value of defined benefit obligations at 31st December N	4%	4%

Note:

The disclosed sensitivities are averages of the variations weighted by the present value of Defined Benefit Obligations (DBO) at 31st December N or weighted by the fair value of plan assets.

2. LONG-TERM BENEFITS

ACCOUNTING PRINCIPLES

Long-term employee benefits are those that are payable to employees for services rendered during their employment, but which are not expected to be wholly settled before twelve months after the end of the annual reporting period in which the employees render the related service. These are benefits paid to employees more than 12 months after the end of the period in which they provided the related services. Long-term benefits are measured in the same way as post-employment benefits, except for the treatment of actuarial gains and losses and past service costs, which are recorded immediately in income.

Societe Generale may award their employees long-term benefits, like long-term variable remunerations, time saving accounts (French Term) Comptes Epargne Temps or long service awards. They are different from post-employment benefits and termination benefits, which are not fully due whithin twelve months following the financial year during which the services are rendered by the employees.

The amount of net balance of long-term benefits stands at EUR 626 million.

The total cost for long-term benefits is EUR 223 million.

NOTE 4.3 - FREE SHARE PLANS

ACCOUNTING PRINCIPLES

In the case of share purchase options and free shares plans granted to employees, a provision must be recorded for the loss that the entity will incur when it will deliver treasury shares to the employees.

This provision is recorded under *Personnel expenses* for an amount equal to the difference:

- between the quoted price of the treasury shares at the balance sheet closing date and the exercise price (zero in the case of free shares) if the entity has not already purchased its treasury shares in order to give them to the employees;
- between the acquisition price of treasury shares held and the exercise price (zero in case of free shares) if the entity has already purchased its treasury shares in order to deliver them to the employees.

If vesting conditions such as service or performance conditions must be satisfied for the employees to become entitled to receive shares, the provision expense shall be accounted for the services as they are rendered by the employees during the vesting period.

In the case of share subscription plans, no expense shall be recorded concerning treasury shares that have to be issued.

1. MAIN CHARACTERISTICS OF THE FREE SHARE PLAN OF THE YEAR

The plan for employees for the year ended 31st December, 2015 is described below:

Issuer	**Societe Generale**
Year of grant	**2015**
Type of plan	**performance shares**
Number of free shares granted	724,958
Shares delivered	-
Shares forfeited as at 31st December, 2015	7,459
Shares outstanding as at 31st December, 2015	717,499
Number of shares reserved as at 31st December, 2015	717,499
Share value, used as basis for social contributions	EUR 23 million

Service and performance conditions are described in the “Corporate Governance” section of the present document.

2. AMOUNT OF THE DEBT RECORDED IN THE BALANCE SHEET FOR 2015 PLAN

The amount of the debt recorded in the balance sheet for the 2015 plan is EUR 4 million.

3. INFORMATION RELATIVE TO TREASURY SHARES FOR 2015 PLAN

The number of treasury shares linked to 2015 plan is 717,499 for EUR 12 million.

NOTE 5 - TAXES

ACCOUNTING PRINCIPLES

CURRENT TAXES

In the 1989 financial year, Societe Generale opted to apply a tax consolidation regime. At 31st December 2015, 278 subsidiaries had signed a tax consolidation agreement with the company, under which they are required to record in their accounts the tax expense they would have paid if they had not been consolidated with Societe Generale for tax purposes.

In France, the normal corporate income tax rate is 33.3%. As from 1st January 2007, long-term capital gains on equity investments are exempted but taxed a share of expenses of 12% of gross gains on sales in the case of a long-term net gain on sale, i.e. an effective rate of 4.13%.

Additionally, a Contribution sociale (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (based on corporate income tax after a deduction of EUR 0.76 million from basic taxable income). Another exceptional contribution equal to 10.7% was introduced in 2011 and based on corporate income tax up to 30th December 2016.

Dividends from companies in which Societe Generale's interest is at least 5% are tax exempt up to 95%.

DEFERRED TAX

Societe Generale has opted to apply the option allowing it to recognise deferred taxes in its parent company accounts.

Deferred taxes are recorded when there is a timing difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. The impact of changes to tax rates is recorded in the income statement under *Deferred taxes*. Net deferred tax assets are not recorded unless it is probable that the subsidiary that owns the assets is likely to be able to apply them within a set timeframe.

In 2015 and thereafter, the normal tax rate applicable to French companies to determine their deferred tax is 34.43%.

Deferred taxes are determined separately for each taxable entity and are never discounted to present value.

1. INCOME TAX

(in millions of euros)	31st December 2015	31st December 2014
Current taxes	481	203
Deferred taxes	(267)	(302)
Total(1)	**214**	**(99)**

(1) 2015 income tax includes a gain of EUR 158.3 million (against a gain of EUR 114.4 million for 2014) as a consequence of the tax consolidation (278 subsidiaries were consolidated in 2015 against 296 in 2014).

2. PROVISIONS FOR TAX ADJUSTMENTS

ACCOUNTING PRINCIPLES

Provisions represent liabilities whose timing or amount cannot be precisely determined. Provisions may be recorded where, by virtue of a commitment to a third-party, the Group will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange.

The expected outflows are then discounted to present value to determine the amount of the provision, where this discounting has a significant impact. Allocations to and reversals of provisions for tax adjustments are booked to *Current taxes* in the income statement under *Income tax*. Information on the nature and the amount of the associated risks is not disclosed when the Group considers that such disclosure could seriously undermine its position in a dispute with other parties on the object of the provision.

(in millions of euros)	Amount at 31st December 2014	Net allowances		Used provisions	Change in scope and reclassifying	Amount at 31st December 2015
		Net cost of risk	Other income statement			
Provisions for tax adjustments	137	-	(3)	(57)	7	84

3. DEFERRED TAXES

(in millions of euros)	31st December 2015	31st December 2014
Losses of lease finance partnerships	(17)	(28)
Gain on sales of assets to companies included in the tax consolidation	(170)	(171)
Other (principally relating to other reserves)	4,902	5,083
Total	**4,715**	**4,884**

NOTE 6 - SHAREHOLDER'S EQUITY

NOTE 6.1 - CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Capital Stock	Additional paid-in-capital	Reserves, unappropriated retained earnings	Shareholders' equity
At 31st December 2013	**998**	**20,238**	**11,817**	**33,053**
Increase in capital stock(1)	8	179	(2)	185
Net income for the period	-	-	996	996
Dividends paid(2)	-	-	(788)	(788)
Other movements	-	-	-	-
At 31st December 2014(3)	**1,006**	**20,417**	**12,023**	**33,446**
Increase in capital stock(4)	2	3	(3)	2
Net income for the period	-	-	1,065	1,065
Dividends paid(5)	-	-	(955)	(955)
Other movements	-	-	-	-
At 31st December 2015(6)	**1,008**	**20,420**	**12,130**	**33,558**

(1) At December 31st, 2014, Societe Generale's fully paid-up capital amounted to EUR 1,006,509,557.50 and comprised 805,207,646 shares with a nominal value of EUR 1.25. In 2014 Societe Generale proceeded with to the following increases of capital, representing a total of EUR 8.11 million, with a issuing premium of EUR 178.6 million:
- EUR 6.39 million for the capital increase reserved for the employees, with EUR 177 million issuing premium.
- EUR 1.63 million in free and conditional Societe Generale shares to employees taken from the reserves;
- EUR 0.09 million resulting from stock options granted by the Board of Directors, that were exercised by employees with EUR 1.6 million of issuing premiums;

(2) The dividends distribution in 2014 by Societe Generale amounts to EUR 787.7 million after elimination of treasury stock dividend for EUR 11.1 million.

(3) At December 31st, 2014, the amount of the reserve of Societe Generale is EUR 3,634,943,520.21 with:
- EUR 99.84 million for legal reserve
- EUR 2,097.25 long term capital gain reserve
- EUR 1,437.85 for other reserve

(4) At December 31, 2015, Societe Generale's fully paid-up capital amounted to EUR 1,007,799,641.25 and comprised 806,239,713 shares with a nominal value of EUR 1.25. In 2015 Societe Generale proceeded with to the following increase of capital, representing a total of EUR 1.29 million, with a issuing premium of EUR 3.44 million:
- EUR 1.12 million in free and conditional Societe Generale shares to employees taken from the reserves;
- EUR 0.17 million resulting from stock options granted by the Board of Directors, that were exercised by employees with EUR 3,44 million of issuing premiums;

(5) The dividends distribution in 2015 by Societe Generale amounts to EUR 954.8 million after elimination of treasury stock dividend for EUR 11.5 million.

(6) At December 31, 2015, the amount of the reserve of Societe Generale reserve totalled EUR 3,634,639,435.71 with:
- EUR 100.65 million for legal reserve
- EUR 2,097.25 million long term capital gain reserve
- EUR 1,437.74 million for other reserve

NOTE 6.2 - SUBORDINATED DEBT

ACCOUNTING PRINCIPLES

This item includes all dated or undated borrowings, whether or not in the form of securitised debt, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Interest accrued and payable in respect of long-term subordinated debt, if any, is recorded as *Related payables* and as an expense in the income statement.

(in millions of euros)

Issuance date	Currency	Amount issued	Maturity date	31st December 2015	31st December 2014
Undated subordinated capital notes					
1st July 1985	EUR	348	Undated	62	62
24th November 1986	USD	500	Undated	228	204
30th December 1996	JPY	10,000	Undated	76	69
26th January 2005	EUR	1,000	Undated	-	728
5th April 2007	USD	1,100	Undated	742	665
5th April 2007	USD	200	Undated	58	52
19th December 2007	EUR	600	Undated	468	468
16th June 2008	GBP	700	Undated	689	649
7th July 2008	EUR	100	Undated	100	100
27th February 2009	USD	450	Undated	413	371
4th September 2009	EUR	1,000	Undated	1,000	1,000
7th October 2009	USD	1,000	Undated	-	824
6th September 2013	USD	1,250	Undated	1,148	1,030
18th December 2013	USD	1,750	Undated	1,607	1,441
7th April 2014	EUR	1,000	Undated	1,000	1,000
25th June 2014	USD	1,500	Undated	1,378	1,235
29th September 2015	USD	1,250	Undated	1,148	-
Sub-total(1)				**10,117**	**9,898**
Subordinated long-term debt and notes					
27th April 2000	EUR	500	27th April 2015	-	366
23rd June 2000	EUR	125	27th April 2015	-	125
21st July 2000	EUR	78	31st July 2030	19	22
21st December 2001	EUR	300	21st December 2016	194	194
30th January 2003	GBP	450	30th January 2018	172	162
28th April 2003	EUR	100	28th April 2015	-	94
2nd June 2003	EUR	110	21st December 2016	110	110
13rd October 2003	EUR	120	13th October 2015	-	113
29th December 2003	GBP	150	30th January 2018	204	193
4th February 2004	EUR	120	4th February 2016	114	114
6th May 2004	EUR	120	6th May 2016	113	113
29th October 2004	EUR	100	29th October 2016	94	94
3rd February 2005	EUR	120	3rd February 2017	112	112
13th May 2005	EUR	100	13th May 2017	90	90
16th August 2005	EUR	226	18th August 2025	216	216

(in millions of euros)

Issuance date	Currency	Amount issued	Maturity date	31st December 2015	31st December 2014
30th September 2005	USD	75	30th September 2015	-	62
20th April 2006	USD	1,000	20th April 2016	477	427
15th May 2006	EUR	135	15th May 2018	125	125
26th October 2006	EUR	120	26th October 2018	111	111
9th February 2007	EUR	124	11th February 2019	116	116
16th July 2007	EUR	135	16th July 2019	130	130
30th october 2007	EUR	134	30th October 2019	129	129
14th February 2008	EUR	225	14th February 2018	225	225
26th March 2008	EUR	550	26th March 2018	331	331
7th April 2008	EUR	250	6th April 2023	155	155
15th April 2008	EUR	321	15th April 2023	321	321
28th April 2008	EUR	50	6th April 2023	50	50
14th May 2008	EUR	150	6th April 2023	150	150
14th May 2008	EUR	50	6th April 2023	50	50
14th May 2008	EUR	90	6th April 2023	90	90
30th May 2008	EUR	79	15th April 2023	79	79
10th June 2008	EUR	300	12th June 2023	260	260
30th June 2008	EUR	40	30th June 2023	40	40
20th August 2008	EUR	1,000	20th August 2018	778	777
7th June 2013	EUR	1,000	7th June 2023	1,000	1,000
17th January 2014	USD	1,000	17th January 2024	919	823
16th September 2014	EUR	1,000	16th September 2026	1,000	1,000
27th February 2015	EUR	1,250	27th February 2025	1,250	-
15th April 2015	EUR	150	7th April 2025	150	-
14th April 2015	USD	1,500	14th April 2025	1,378	-
2nd June 2015	AUD	125	2nd June 2022	84	-
3rd June 2015	CNY	1,200	3rd June 2025	170	-
12th June 2015	JPY	27,800	12th June 2025	212	-
12th June 2015	JPY	13,300	12th June 2025	101	-
12th June 2015	JPY	2,500	12th June 2025	19	-
10th June 2015	AUD	50	10th June 2025	33	-
22nd July 2015	USD	50	23rd July 2035	46	-
30th September 2015	JPY	20,000	30th September 2025	152	-
21st October 2015	EUR	70	21st October 2026	70	-
24th November 2015	USD	1,000	24th November 2025	918	-
24th November 2015	USD	500	24th November 2025	459	-
Sub-total(1)				**13,016**	**8,569**
Related payables				**413**	**391**
Total(2)				**23,546**	**18,858**

(1) The Board of Directors may decide to defer payouts on undated subordinated notes (TSDI) in full or in part in case the Ordinary General Meeting called to approve the parent company financial statements has decided not to pay any dividends.

Societe Generale has issued EUR 348 million in undated subordinated notes with warrants for the acquisition of preferential investment certificates attached, all of which are eligible for dividends on income earned from 1st July 1985. These certificates shall only be redeemed in the event of the liquidation of the company and once all unsubordinated debt has been reimbursed in full.

The other securities and borrowings have an early redemption clause as of their tenth year which may only be exercised by Societe Generale.

(2) The bank's global subordinated debt expense, net of tax and of the repurchase impact, amounted to EUR 1,214 million in 2015 (compared with EUR 1,172 million in 2014).

NOTE 7 - OTHER INFORMATION

NOTE 7.1 - GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME[1]

	France		Europe		Americas	
(in millions of euros)	2015	2014	2015	2014	2015	2014
Net interest and similar income	6,141	2,704	321	326	285	211
Net fee income	2,074	2,230	362	344	159	111
Net income from financial transactions	3,101	3,245	1,170	1,031	257	124
Other net operating income	(275)	5	22	27	4	-
Net banking income	**11,041**	**8,184**	**1,875**	**1,728**	**705**	**446**

	Asia		Africa		Total	
(in millions of euros)	2015	2014	2015	2014	2015	2014
Net interest and similar income	170	203	9	-	6,926	3,444
Net fee income	51	60	4	9	2,650	2,754
Net income from financial transactions	243	138	1	2	4,772	4,540
Other net operating income	1	1	-	-	(248)	33
Net banking income	**465**	**402**	**14**	**11**	**14,100**	**10,771**

(1) Geographical regions in which companies recording income is located

NOTE 7.2 - TANGIBLE AND INTANGIBLE FIXED ASSETS

ACCOUNTING PRINCIPLES

Premises, equipment and other fixed assets are carried at their purchase price on the assets side of the balance sheet. Borrowing expenses incurred to fund a lengthy construction period for fixed assets are included in the acquisition cost, along with other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets.

Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development, which includes external expenditure on hardware and services and personnel expenses which can be attributed directly to its production and preparation for use.

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount.

Where one or several components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life, through the income statement under *Depreciation and amortisation*.

Societe Generale has applied this approach to its operating property, breaking down its assets into the following minimum components with their corresponding depreciation periods:

Infrastructure	Major structures	50 years
	Doors and windows, roofing	20 years
	Facades	30 years
Technical installations	Elevators	10-30 years
	Electrical installations	
	Electricity generators	
	Air conditioning, extractors	
	Technical wiring	
	Security and surveillance installations	
	Plumbing	
	Fire safety equipment	
Fixtures and fittings	Finishings, surroundings	10 years

Depreciation periods for fixed assets other than buildings depend on their useful life, usually estimated in the following ranges:

Plant and equipment	5 years
Transport	4 years
Furniture	10-20 years
Office equipment	5-10 years
IT equipment	3-5 years
Software, developed or acquired	3-5 years
Concessions, patents, licenses, etc.	5-20 years

1. CHANGES IN TANGIBLE AND INTANGIBLE FIXED ASSETS

(in millions of euros)	Gross book value 31st December 2014	Acquisitions	Disposals	Scope variation and other movements	Gross book value 31st December 2015	Accumulated depreciation and amortization 31st December 2015	Net book value 31st December 2015
OPERATING ASSETS							
Intangible assets	2,586	242	(17)	79	2,890	(1,840)	1,050
Tangible assets	2,966	135	(534)	93	2,660	(1,726)	934
NON-OPERATING ASSETS							
Tangible assets	12	-	(1)	-	11	(8)	3
Total	**5,564**	**377**	**(552)**	**172**	**5,561**	**(3,574)**	**1,987**

2. INCOME FROM LONG-TERM INVESTMENTS

ACCOUNTING PRINCIPLES

This item covers capital gains or losses realised on disposals, as well as the net allocation to depreciation for investments in consolidated subsidiaries and affiliates, long-term investment securities and offices and other premises. Income from real-estate holdings excluding offices is recorded under *net banking income*.

(in millions of euros)	31st December 2015	31st December 2014
Operating fixed assets		
Gains on sale	8	1
Losses on sale	-	(2)
Total	**8**	**(1)**

NOTE 7.3 - BREAKDOWN OF ASSETS AND LIABILITIES BY TERM TO MATURITY

	Outstanding at 31st December 2015					
(in millions of euros)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Intercompany eliminations: Societe Generale Paris/ branches	Total
ASSETS						
Due from banks	**227,087**	**62,110**	**53,059**	**21,282**	**(148,910)**	**214,628**
Customer loans(1)	**105,566**	**39,909**	**114,818**	**78,644**	**(4)**	**338,933**
Bonds and other debt securities						
Trading securities	19,360	59,102	629	111	(7)	79,195
Short-term investment securities	3,947	7,537	-	-	-	11,484
Long-term investment securities	809	69	1,918	15,694	-	18,490
Total	**356,769**	**168,727**	**170,424**	**115,731**	**(148,921)**	**662,730**
LIABILITIES						
Due to banks	242,829	39,078	84,718	35,749	(149,556)	252,818
Customer deposits	274,447	39,506	60,083	56,244	(1,300)	428,980
Liabilities in the form of securities issued	24,705	13,339	27,007	17,051	-	82,102
Total	**541,981**	**91,923**	**171,808**	**109,044**	**(150,856)**	**763,900**

(1) Including lease financing and similar agreements.

NOTE 7.4 - TRANSACTIONS IN FOREIGN CURRENCIES

ACCOUNTING PRINCIPLES

Gains and losses arising from ordinary activities in foreign currencies are recognised in the income statement. Outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealised gains and losses are recognised in the income statement. Premiums and discounts resulting from hedged forward foreign exchange transactions, are amortised to income on a straight-line basis over the remaining term to maturity of these transactions.

	31st December 2015				31st December 2014			
(in millions of euros)	**Assets**	**Liabilities**	**Foreign exchange bought, not yet received**	**Foreign exchange sold, not yet delivered**	**Assets**	**Liabilities**	**Foreign exchange bought, not yet received**	**Foreign exchange sold, not yet delivered**
EUR	686,049	696,091	290,545	317,973	613,465	666,794	271,302	256,743
USD	284,733	305,031	602,884	555,379	243,780	233,809	466,333	471,733
GBP	52,836	65,367	131,966	116,083	54,875	51,855	75,325	67,569
JPY	62,632	40,911	86,445	97,145	60,690	53,329	67,581	80,015
Other currencies	65,880	44,730	217,684	244,368	74,175	41,198	181,837	190,712
Total	**1,152,130**	**1,152,130**	**1,329,524**	**1,330,948**	**1,046,985**	**1,046,985**	**1,062,378**	**1,066,772**

NOTE 7.5 - OPERATIONS IN UNCOOPERATIVE STATES OR TERRITORIES

Since 2003, Societe Generale defined strict internal rules to prevent the development of operations in countries qualified as uncooperative tax havens by the OECD. Any operation, or development of new activities as part of existing operations, may only be authorised by decision of the General Management after approval by the Corporate Secretariat and the Risk Division.

Since 2010, Societe Generale decided to close and therefore took the necessary steps to close, all the Group's operations in Countries and Territories deemed non-cooperative by France, the list of which was updated by the Ministerial act of 21st December 2015 (published in December 22nd, 2015).

In 2015, Societe Generale no longer directly or indirectly held any operation in the states and territories in question. Societe Generale holds an unused license to operate in Brunei.

NOTE 7.6 - TABLE OF SUBSIDIARIES AND AFFILIATES

(In thousands of euros or local currency) Company/Head Office or Establishment	Activity/Division		2015 Registered Capital (local currency)[(1)]	2015 Shareholders' equity other than capital (local currency)[(1)]	2015 Share of capital held (%)	2015 Book value of shares held Gross (EUR)	2015 Book value of shares held Net (EUR)
I - INFORMATION ON INVESTMENTS WITH A BOOK VALUE IN EXCESS OF 1% OF SOCIETE GENERALE'S SHARE CAPITAL							
A) Subsidiaries (more than 50 % owned by Société Générale)							
SG FINANCIAL SERVICES HOLDING	**Portfolio management**						
29, boulevard Haussmann - 75009 Paris - France	Corporate Centre	EUR	2,662,976	422,984	100.00	3,157,285	3,157,285
SG AMERICAS SECURITIES HOLDINGS, LLC	**Brokerage**						
C/O The Corporation Trust Company 1209 Orange Street 19801 Wilmington - Delaware - USA	Global Banking and Investor Solutions	USD	1,430,976	2,583,020	100.00	2,923,408	2,923,408
INTER EUROPE CONSEIL	**Credit institution**						
29, boulevard Haussmann - 75009 Paris - France	Global Banking and Investor Solutions	EUR	764,983	838,081	100.00	3,852,866	1,626,592
GENEFINANCE	**Portfolio management**						
29, boulevard Haussmann - 75009 Paris - France	Corporate Centre	EUR	1,000,000	445,609	100.00	1,076,025	1,076,025
SOCIETE GENERALE SECURITIES SERVICES SPA	**Credit institution**						
Via Benigno Crespi, 19 A - 20159 Milano - Italy	Global Banking and Investor Solutions	EUR	111,309	206,413	100.00	745,062	745,062
GENEFIMMO	**Real estate and real estate financing**						
29, boulevard Haussmann - 75009 Paris - France	French retail Banking	EUR	347,264	26,456	100.00	606,656	606,656
SOCIETE GENERALE SPLITSKA BANKA	**International retail banking**						
Rudera Boskovica 16 - 21000 Split - Croatia	International retail Banking and Financial Services	HRK	991,426	2,646,304	100.00	1,054,762	602,989
SOGEMARCHE	**Real estate**						
17, cours Valmy - 92800 Puteaux - France	Corporate Centre	EUR	500,000	(23,911)	100.00	500,000	500,000
GENEVAL	**Portfolio management**						
29, boulevard Haussmann - 75009 Paris - France	Corporate Centre	EUR	400,000	40,303	100.00	1,382,932	452,448
SOCIETE GENERALE (CHINA) LIMITED	**International retail banking**						
2, Wudinghou Street, Xicheng District - 100140 Beijing - China	Global Banking and Investor Solutions	CNY	4,000,000	(87,559)	100.00	444,580	430,991
SOCIETE GENERALE SECURITIES (NORTH PACIFIC) LTD	**Brokerage of marketable securities**						
C/O M&C Corporation Services Limited Ug County of New Castle Box 309GT George Town - Cayman Islands	Global Banking and Investor Solutions	JPY	31,703,000	13,173,000	100.00	340,733	340,733
VALMINVEST	**Office space**						
29, boulevard Haussmann - 75009 Paris - France	Corporate Centre	EUR	248,877	8,531	100.00	249,427	249,427
LYXOR ASSET MANAGEMENT	**Alternative asset management**						
17, cours Valmy - 92800 Puteaux - France	Global Banking and Investor Solutions	EUR	161,106	54,531	100.00	217,348	217,348
FIDITALIA SPA	**Consumer finance**						
Via G. Ciardi, 9 - 20149 Milano - Italy	International retail Banking and Financial Services	EUR	130,000	61,320	100.00	317,207	212,776

2015	2015	2015	2015	2015	2015
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR))**	**Revenue excluding tax for the last financial year (local currency)[1][2][3]**	**Net income (loss) for the last financial year (local currency)[1][3]**	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
853,487	-	556,489	288,112	476,908	
587,857	-	1,124,479	144,379	-	1 EUR = 1.0887 USD
6,270,418	-	1,376,337	456,504	2,642,441	
2,161,711	-	78,334	231,886	412,000	
40,000	370,000	175,478	26,907	38,091	
72,693	1,888	30,142	27,448	33,345	
182,404	292,739	1,283,271	111,951	25,030	1 EUR = 7.638 HRK
65,000	2	24,019	(958)	-	
-	-	73,174	47,330	19,923	
-	-	535,383	(78,691)	-	1 EUR = 7.0608 CNY
114,443	-	34,208,000	16,560,000	104,748	1 EUR = 131.07 JPY
53,300	-	644,377	2,303	-	
-	-	89,896	27,737	26,165	
90,000	-	160,493	(6,277)	-	

(In thousands of euros or local currency)			2015	2015	2015	2015	2015
						Book value of shares held	
Company/Head Office or Establishment	Activity/Division		Registered Capital (local currency)(1)	Shareholders' equity other than capital (local currency)(1)	Share of capital held (%)	Gross (EUR)	Net (EUR)
SG AMERICAS, INC.	**Investment banking**						
C/O The Corporation Trust Company 1209 Orange Street 19801 Wilmington - Delaware - USA	Global Banking and Investor Solutions	USD	-	231,101	100.00	1,685,355	202,225
GENEGIS I	**Office space**						
29, boulevard Haussmann - 75009 Paris - France	Corporate Centre	EUR	192,900	17,933	100.00	196,061	196,061
BANCO SOCIETE GENERALE BRASIL S/A	**Investment banking**						
Avenida Paulista, 2300 - Cerqueira Cesar - Sâo Paulo - SP - CEP 01310-300 - Brazil	Global Banking and Investor Solutions	BRL	2,956,929	71,061	100.00	974,400	194,511
SG SECURITIES KOREA	**Business consulting**						
(1-ga, Shinmun-ro),14F 82, Saemunan-ro, Jongno-gu - Seoul - South Korea	Global Banking and Investor Solutions	KRW	205,500,000	17,793,630	100.00	164,607	164,607
COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	**Office space**						
29, boulevard Haussmann - 75009 Paris - France	Corporate Centre	EUR	76,627	2,148	100.00	155,837	150,488
NEWEDGE FINANCIAL HONG KONG LTD	**Brokerage**						
Level 35 - Three Pacific Place 1 Queen's Road - East Hong-Kong - Hong Kong	Global Banking and Investor Solutions	HKD	1,888,582	(668,159)	100.00	259,683	135,542
SOCIETE GENERALE ALGERIE	**International retail banking**						
Résidence EL KERMA - 16105 Gué de Constantine - Wilaya d'Alger - Algeria	International retail Banking and Financial Services	DZD	10,000,000	18,540,852	100.00	110,524	110,524
ORPAVIMOB	**Real estate and real estate financing**						
17, cours Valmy - 92800 Puteaux - France	Global Banking and Investor Solutions	EUR	100,253	12,447	100.00	100,253	100,253
SOGECAMPUS	**Real estate**						
17, cours Valmy - 92800 Puteaux - France	Corporate Centre	EUR	96,284	(6,417)	100.00	96,284	96,284
SI DU 29 BOULEVARD HAUSSMANN	**Office space**						
29, boulevard Haussmann - 75009 Paris - France	Corporate Centre	EUR	90,030	23,170	100.00	89,992	89,992
NEWEDGE JAPAN INC.	**Brokerage**						
New Pier Takeshiba North Tower - 11-1 - Kaigan 1-chome - Minato-ku - Tokyo - Japan	Global Banking and Investor Solutions	JPY	12,495	(1,080)	100.00	154,582	80,928
SOGELEASE B.V.	**Leasing and finance**						
Amstelplein 1 1096 HA Amsterdam 94066 1090 GB - Amsterdam - Netherlands	Global Banking and Investor Solutions	EUR	2,269	54,623	100.00	62,000	62,000
NEWEDGE FINANCIAL SINGAPORE PTE LTD	**Brokerage**						
8 Marina Boulevard - #12-01 - Marina Bay financial Centre Tower 1 - 018981 - Singapore - Singapore	Global Banking and Investor Solutions	SGD	99,156	(11,434)	100.00	93,970	50,804
SG FACTORING SPA	**Factoring**						
Via Trivulzio, 7 - 20146 Milano - Italy	Global Banking and Investor Solutions	EUR	11,801	29,963	100.00	46,100	46,100
SG ASIA (HONG-KONG) LTD	**Merchant bank**						
Level 38 - Three Pacific Place 1 Queen's Road - East Hong-Kong - Hong Kong	Global Banking and Investor Solutions	HKD	400,000	(41,233)	100.00	45,516	45,516
SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD	**Brokerage on equity markets**						
Level 23 - 400 George Street - Sydney - NSW 2000 - Australia	Global Banking and Investor Solutions	AUD	100,000	(22,881)	100.00	62,745	44,549
ELEAPARTS	**Office space**						
29, boulevard Haussmann - 75009 Paris - France	French retail Banking	EUR	37,967	6,996	100.00	37,978	37,978

2015 Unreimbursed loans and advances made by the Company (in EUR)	2015 Guarantees given by the Company (in EUR))	2015 Revenue excluding tax for the last financial year (local currency)(1)(2)(3)	2015 Net income (loss) for the last financial year (local currency)(1)(3)	2015 Dividends received by the Company during the year (in EUR)	2015 Remarks Revaluation differences
					capital = 1 USD
-	-	43,228	12,376	-	1 EUR = 1.0887 USD
15,300	-	222,068	1,598	-	
-	-	219,702	(110,458)	-	1 EUR = 4.3117 BRL
-	-	104,137,371	48,242,072	-	1 EUR = 1280.78 KRW
-	-	737	1,732	2,729	
82,962	-	144,178	(66,606)	-	
4,285	310,430	15,434,816	6,207,114	-	1 EUR = 116.7761 DZD
-	-	17,691	3,115	-	
295,000	-	-	(64)	-	
-	-	7,365	3,169	2,926	
203,708	-	943	(1,140)	-	
-	-	(54)	(151)	-	
38,371	780,748	18,074	5,353	-	
415,669	346,000	10,864	3,485	4,349	
-	-	93,152	38,843	-	1 EUR = 8.4376 HKD
73,840	-	17,991	(6,794)	-	
-	-	1,581	125	867	

(In thousands of euros or local currency)			2015	2015	2015	2015	2015
						Book value of shares held	
Company/Head Office or Establishment	**Activity/Division**		**Registered Capital (local currency)(1)**	**Shareholders' equity other than capital (local currency)(1)**	**Share of capital held (%)**	**Gross (EUR)**	**Net (EUR)**
SG HOLDING DE VALORES Y PARTICIPATIONES S.N.	**Portfolio management**						
1 Plaza Pablo Ruiz Picasso (Tore Picasso) - 28020 Madrid - Spain	Global Banking and Investor Solutions	EUR	3,000	27,084	100.00	28,984	28,984
INORA LIFE LTD	**Life insurance**						
IFSC House International Financial Services Center - Dublin 1 - Ireland	Global Banking and Investor Solutions	EUR	36,500	(15,471)	100.00	36,500	22,355
GENINFO	**Portfolio management**						
17, cours Valmy - 92800 Puteaux - France	Corporate Centre	EUR	18,524	23	100.00	20,477	20,477
SOCIETE GENERALE CAPITAL CANADA Inc	**Brokerage**						
1501 Avenue McGill College - Suite 1800 H3A 3M8 - Montréal -Canada	Global Banking and Investor Solutions	CAD	30,000	50,753	100.00	18,927	18,927
SG AUSTRALIA HOLDINGS LTD	**Portfolio management**						
Level 25, 1-7 bligh street - Sydney, NSW 2000 - Australia	Global Banking and Investor Solutions	AUD	19,500	2,317	100.00	12,845	12,845
SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD (HONG-KONG)	**Investment banking**						
Level 38 - Three Pacific Place 1 Queen's Road - East Hong-Kong - Hong Kong	Global Banking and Investor Solutions	USD	154,991	445,931	100.00	146,513	146,513
SOCIETE GENERALE IMMOBEL	**Real estate**						
11 Rue des Colonies - 1000 Bruxelles - Belgium	Global Banking and Investor Solutions	EUR	1,000,062	42,366	100.00	1,000,061	1,000,061
SG HAMBROS LIMITED (HOLDING)	**Asset management**						
31 Norfolk House - St Jame's Square, SW1Y 4JR - London - United Kingdom	Global Banking and Investor Solutions	GBP	282,185	129,370	100.00	407,938	407,938
NEWEDGE BROKER INDIA PTE LTD	**Brokerage**						
Peninsula Business Park - Unit 1802 - Tower A - Ganpatrao Kadam Marg - Lower Parel - Mumbai 400 013 - India	Global Banking and Investor Solutions	INR	2,162,536	(548,028)	100.00	31,411	31,411
DESCARTES TRADING	**Proprietary trading**						
17, cours Valmy - 92800 Puteaux - France	Global Banking and Investor Solutions	EUR	377,000	(20)	100.00	376,987	376,987
SOCIETE GENERALE SFH	**Credit institution**						
17, cours Valmy - 92800 Puteaux - France	Global Banking and Investor Solutions	EUR	375,000	100,841	100.00	375,000	375,000
BOURSORAMA SA	**Online brokerage**						
18, Quai du Point du Jour - 92100 Boulogne-Billancourt - France	French retail Banking	EUR	35,548	501,596	100.00	783,843	783,843
SOCIETE GENERALE SCF	**Mortgages**						
17, cours Valmy - 92800 Puteaux - France	Global Banking and Investor Solutions	EUR	150,000	64,159	100.00	150,000	150,000
SOCIETE GENERALE NEWEDGE UK LTD	**Brokerage and clearing**						
10 Bishops square - London E1 6EG - United Kingdom	Global Banking and Investor Solutions	GBP	1,000,000	(23,309)	100.00	1,393,098	1,393,098
ALD INTERNATIONAL SA	**Automobile leasing and financing**						
15, allée de l'Europe - 92110 Clichy sur Seine - France	International retail Banking and Financial Services	EUR	606,155	531,720	100.00	1,335,250	1,335,250
CREDIT DU NORD	**French retail banking**						
28, place Rihour - 59800 Lille - France	French retail Banking	EUR	890,263	1,356,016	100.00	1,410,255	1,410,255

2015	2015	2015	2015	2015	2015
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR))**	**Revenue excluding tax for the last financial year (local currency)(1)(2)(3)**	**Net income (loss) for the last financial year (local currency)(1)(3)**	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
18,909	-	3,293	993	-	
-	-	3,337	(140)	-	
-	-	-	61,295	3,473	
7,826	413,935	38,820	2,905	-	
-	-	249	239	-	1 EUR = 1.4897 AUD
64,297	-	615,370	289,635	-	1 EUR = 1.0887 USD
-	-	20,880	24,451	47,961	
51	1,362	115,030	21,571	-	1 EUR = 0.73395 GBP
-	-	337,139	689,228	9,284	
62,000	-	1,075,167	(21,426)	-	
1,733,884	-	867,138	5,975	-	
381,361	460,000	176,273	22,521	-	
-	-	511,929	8,462	-	
431,910	-	172,695	36,834	-	
1,841,000	13	62,605	148,162	100,107	
5,388,458	204,980	1,123,844	362,623	244,822	

(In thousands of euros or local currency)			2015	2015	2015	2015	2015
						Book value of shares held	
Company/Head Office or Establishment	**Activity/Division**		**Registered Capital (local currency)(1)**	**Shareholders' equity other than capital (local currency)(1)**	**Share of capital held (%)**	**Gross (EUR)**	**Net (EUR)**
SOCIETE GENERALE BANKA SRBIJA	**International retail banking**						
Bulevar Zorana Djindjica 50 a/b, 11070 Novi Beograd - Serbia	International retail Banking and Financial Services	RSD	23,724,274	12,706,118	100.00	254,220	254,220
SOCIETE GENERALE SECURITIES SERVICES HOLDING	**Portfolio management**						
17, cours Valmy - 92800 Puteaux - France	Global Banking and Investor Solutions	EUR	237,555	(214,068)	100.00	237,555	29,011
SOCIETE DE LA RUE EDOUARD VII	**Office space**						
29, boulevard Haussmann - 75009 Paris - France	Corporate Centre	EUR	11,396	12,284	99.91	59,612	21,387
SG EXPRESS BANK	**International retail banking**						
92, Bld VI Varnentchik - 9000 Varna - Bulgaria	International retail Banking and Financial Services	BGN	33,674	504,824	99.74	62,354	62,354
ROSBANK	**International retail banking**						
34, Masha Poryvaeva Street 107078 - Moscow - Russia	International retail Banking and Financial Services	RUB	17,586,914	101,112,035	99.49	3,619,331	1,506,071
SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED	**Investment banking**						
SG House, 41 Tower Hill, EC3N 4SG - London - United Kingdom	Global Banking and Investor Solutions	GBP	157,820	110,754	98.96	228,729	228,729
SKB BANKA	**International retail banking**						
Adjovscina,4 - 1513 Ljubljana - Slovenia	International retail Banking and Financial Services	EUR	52,784	271,813	97.58	220,220	220,220
BANK REPUBLIC	**International retail banking**						
2 Gr, Abashidze St-Tbilisi - Georgia	International retail Banking and Financial Services	GEL	76,031	120,203	93.64	110,275	68,367
SOGINFO - SOCIETE DE GESTION ET D'INVESTISSEMENTS FONCIERS	**Office space**						
29, boulevard Haussmann - 75009 Paris - France	French retail Banking	EUR	133,292	195,242	92.59	148,720	148,720
SOCIETE GENERALE MAURITANIE	**International retail banking**						
Ilot A, n°652 Nouakchott - Mauritania	International retail Banking and Financial Services	MRO	6,000,000	212,811	91.00	18,455	18,455
SOCIETE GENERALE BANKA MONTENEGRO A.D.	**International retail banking**						
Bulevar Revolucije 17 - 81000 Podgorica - Montenegro	International retail Banking and Financial Services	EUR	24,731	27,790	90.56	28,819	28,819
BANKA SOCIETE GENERALE ALBANIA SH.A	**International retail banking**						
BLV Deshmoret e Kombit Blu Towers - Tower1, 9th floor -Tirana - Albania	International retail Banking and Financial Services	ALL	6,740,900	1,762,855	88.64	70,024	58,727
BANQUE DE POLYNESIE	**Retail banking**						
355 Bd Pomaré, BP 530, 98713 Papeete - Tahiti - French Polynesia	International retail Banking and Financial Services	XPF	1,380,000	7,971,914	72.10	12,397	12,397
OHRIDSKA BANKA	**International retail banking**						
Orce Nikolov Str. No.54, Skopje-Centar - Centar - Macedonia	International retail Banking and Financial Services	MKD	1,162,252	1,243,714	71.93	30,371	26,489
SG DE BANQUES EN COTE D'IVOIRE	**International retail banking**						
5 & 7, avenue J. Anoma, 01 BP 1355 - Abidjan 01 - Ivory Coast	International retail Banking and Financial Services	XAF	15,555,555	77,996,585	71.84	30,504	30,504
MOBIASBANCA GROUPE SOCIETE GENERALE	**International retail banking**						
Bd. Stefan cel Mare 81A, MD-2012 mun.-Chisinau - Republic of Moldavia	International retail Banking and Financial Services	MDL	99,944	859,816	67.85	24,960	24,960

2015	2015	2015	2015	2015	2015
Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR))	Revenue excluding tax for the last financial year (local currency)(1)(2)(3)	Net income (loss) for the last financial year (local currency)(1)(3)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
77,373	11,894	11,808,534	2,949,486	-	1 EUR = 121.5556 RSD
6,800	-	-	(51,481)	-	
-	-	70	(13)	35	
-	-	218,352	73,799	8,375	1 EUR = 1.9558 BGN
709,935	152,628	35,115,494	(5,789,316)	-	1 EUR = 80.6736 RUB
2,544,838	-	19,822	(13,290)	53,981	1 EUR = 0.73395 GBP
123,598	-	103,987	45,889	16,910	
12,081	199,459	123,253	48,269	-	1 EUR = 2.61785 GEL
-	2,000	31,962	7,728	10,018	
-	-	6,264,373	1,133,580	-	1 EUR = 331.93205 MRO
9,000	1,396	25,281	6,584	1,639	
-	-	3,292,902	111,739	-	1 EUR = 137.23 ALL
42,849	123,786	5,539,305	37,460	-	1 EUR = 119.33174 XPF
18,000	1,742	1,433,252	455,918	-	1 EUR = 61.5947 MKD
28,548	114,378	81,752,102	23,258,739	18,410	1 EUR = 655.957 XAF
-	5,124	606,684	200,408	941	1 EUR = 21.42375 MDL

(In thousands of euros or local currency)			2015	2015	2015	2015	2015
						Book value of shares held	
Company/Head Office or Establishment	**Activity/Division**		**Registered Capital (local currency)[1]**	**Shareholders' equity other than capital (local currency)[1]**	**Share of capital held (%)**	**Gross (EUR)**	**Net (EUR)**
BANCO SOCIETE GENERALE MOÇAMBIQUE SA	**International retail banking**						
Av. Friedrich Engels no. 400 - Maputo - Mozambique	International retail Banking and Financial Services	MZN	357,714	1,168,286	65.00	16,137	16,137
KOMERCNI BANKA A.S	**International retail banking**						
Na Prikope 33 - Building Register number 969 - 114 07 Praha 1 - Czech Republic	International retail Banking and Financial Services	CZK	19,004,926	56,420,515	60.35	1,286,412	1,286,412
BRD - GROUPE SOCIETE GENERALE	**International retail banking**						
B-dul Ion Mihalache nr. 1-7 Sector 1 - Bucarest - Romania	International retail Banking and Financial Services	RON	696,902	4,911,587	60.17	227,788	227,788
SOCIETE GENERALE CAMEROUN	**International retail banking**						
78 Avenue Joss, BP 4042 - Douala - Cameroon	International retail Banking and Financial Services	XAF	12,500,000	38,323,049	58.08	16,940	16,940
GENEFIM	**Real estate lease finance**						
29, boulevard Haussmann - 75009 Paris - France	French retail Banking	EUR	72,779	36,403	57.62	89,846	89,846
SG MAROCAINE DE BANQUES	**International retail banking**						
55, boulevard Abdelmoumen - Casablanca - Morocco	International retail Banking and Financial Services	MAD	2,050,000	7,114,845	57.01	136,899	136,899
UNION INTERNATIONALE DE BANQUES	**International retail banking**						
65, avenue Habib Bourguiba - 1000A Tunis - Tunisia	International retail Banking and Financial Services	TND	172,800	82,572	52.34	153,211	151,893
B) Affiliates (10% to 50 % owned by Société Générale)							
NAVIERA LIVING STONE	**Ships acquisition and leasing**						
C/ Villalva Hervas 9 - Santa Cruz de Tenerife - Spain	Global Banking and Investor Solutions	EUR	24,520	249	49.75	10,220	10,220
SG CONSUMER FINANCE	**Portfolio management**						
59, Avenue de Chatou - 92853 Rueil Malmaison - France	International retail Banking and Financial Services	EUR	66,288	342,904	25.37	527,166	314,129
SOGEPARTICIPATIONS	**Portfolio management**						
29, boulevard Haussmann - 75009 Paris - France	Corporate Centre	EUR	411,267	345,361	24.58	234,000	234,000
SG CALEDONIENNE DE BANQUE	**Retail banking**						
44, rue de l'Alma BP G2 98848 Nouméa cedex - New Caledonia	International retail Banking and Financial Services	XPF	1,068,375	13,856,651	20.60	16,266	16,266
CAISSE DE REFINANCEMENT DE L'HABITAT	**Refinancing loans in the accommodation**						
35, rue de la Boetie - 75008 Paris - France	Corporate Centre	EUR	539,995	24,990	14.20	72,657	72,657
CREDIT LOGEMENT	**Credit institution**						
50, boulevard Sébastopol - 75003 Paris - France	Corporate Centre	EUR	1,259,850	1,049,795	13.50	171,037	171,037

(1) For foreign subsidiaries and affiliates, shareholders' equity is booked in the Group consolidated financial statements in their consolidated reporting currency.
(2) For banking and finance subsidiaries, revenue refers to net banking income.
(3) Financial statements not yet audited for French companies.

2015	2015	2015	2015	2015	2015
Unreimbursed loans and advances made by the Company (in EUR)	Guarantees given by the Company (in EUR))	Revenue excluding tax for the last financial year (local currency)(1)(2)(3)	Net income (loss) for the last financial year (local currency)(1)(3)	Dividends received by the Company during the year (in EUR)	Remarks Revaluation differences
-	-	183,477	(206,446)	-	1 EUR = 52.25275 MZN
661,577	156,962	29,837,361	13,147,222	259,808	1 EUR = 27.023 CZK
166,310	160,918	2,527,860	516,143	-	1 EUR = 4.524 RON
-	-	53,446,972	12,995,775	3,607	1 EUR = 655.957 XAF
-	299,004	32,942	18,427	8,519	
-	-	3,734,764	437,290	11,743	1 EUR = 10.79645 MAD
36,182	-	221,243	56,541	4,135	1 EUR = 2.21105 TND
-	-	-	(3,593)	-	
665,371	-	1,605	(18,842)	-	
815,219	-	-	608,138	80,864	
22,221	148,905	9,331,458	2,886,561	5,213	1 EUR = 119.33174 XPF
-	-	1,788,039	339	-	
307,193	-	496,574	235,871	-	

TABLE OF SUBSIDIARIES AND AFFILIATES (CONTINUED)

(In thousands of euros)	Book value of shares held Gross	Book value of shares held Net	Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Dividends received during the year	Remarks
II - INFORMATION CONCERNING OTHER SUBSIDIARIES AND AFFILIATES						
A) Subsidiaries not included in paragraph 1:						
1°) French subsidiaries	83,194	54,529	8,570,403	2,201,775	95,208	Revaluation difference: 389
2°) Foreign subsidiaries	373,182	86,800	17,510,638	4,693,231	15,594	Revaluation Difference: 1,447
B) Affiliates not included in paragraph 1:						
1°) French companies	6,548	4,922	200,000	-	617	Revaluation difference: -
2°) Foreign companies	9,794	9,794	48,511	48,859	2,897	Revaluation difference: -
	472,718	156,045	26,329,552	6,943,865	114,316	

NOTE 7.7 - PROVISIONS

ACCOUNTING PRINCIPLES

Under balance sheet liabilities, *Provisions* are comprised of provisions for financial instruments, disputes, employee benefits and tax adjustments.

(in millions of euros)	31st December 2015	31st December 2014
Provisions on financial instruments (See Note 2.8)	17,520	20,178
Provisions on financial instruments (See Note 4.2)	1,084	1,013
Provisions for tax adjustments (See Note 5)	84	137
Other provisions	43	18
Total	**18,731**	**21,346**

7. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

DELOITTE & ASSOCIÉS

185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex
S.A. au capital de € 1.723.040

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

ERNST & YOUNG et Autres

1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

SOCIÉTÉ GÉNÉRALE
YEAR ENDED DECEMBER 31, 2015

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying financial statements of Société Générale;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- For the purpose of preparing the financial statements, your company records depreciation and provisions to cover the credit risks inherent to its activities and performs significant accounting estimates related in particular to the valuation of investments in subsidiaries and of its securities portfolio, to the assessment of the deferred tax assets as well as the assessment of provisions for disputes as described in the following notes to the financial statements : note 1 "Significant accounting principles – Use of estimates and judgment", note 2.1 "Securities portfolio", note 5 "Taxes" and note 2.8 "Depreciations and provisions – 4. Cost of risk". We have reviewed and tested the processes implemented by management, the underlying assumptions and the valuation parameters, and we have assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies described in the aforesaid notes to the financial statements.
- As detailed in notes 1 "Significant accounting principles" and 2.2 "Operations on forward financial instruments" to the financial statements, your company uses internal models to measure financial instruments that are not listed on active markets. Our procedures consisted in reviewing the control procedures for the models used, assessing the underlying data and assumptions as well as their observability, and verifying that the risks generally expected from the markets were taken into account in the valuations.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the board of directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests, the identity of the shareholders or holders of the voting rights and mutual shareholders has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 7, 2016
The statutory auditors

French original signed by

DELOITTE & ASSOCIES
José-Luis Garcia

ERNST & YOUNG et Autres
Isabelle Santenac

7

SHARE, SHARE CAPITAL AND LEGAL INFORMATION

1. THE SOCIETE GENERALE SHARE

STOCK MARKET PERFORMANCE

Societe Generale's share price increased by 21.7% in 2015, closing at EUR 42.57 at 31st December. This performance can be compared over the same period to a decrease of 4.9% for the euro zone bank index (DJ EURO STOXX BANK) and to an increase of 8.5% for the CAC 40.

At 31st December 2015, the Societe Generale Group's market capitalisation stood at EUR 34.3 billion, ranking it 13th among CAC 40 stocks (14th at 31st December 2014), 11th in terms of free float (13th at 31st December 2014) and 6th among euro zone banks (7th at 31st December 2014).

The market for the Group's shares remained highly liquid in 2015, with an average daily trading volume of EUR 183 million, representing a daily capital rotation ratio of 0.54% (versus 0.60 % in 2014). In value terms, Societe Generale's shares were the 5th most actively traded on the CAC 40 index.

STOCK EXCHANGE LISTING

Societe Generale's shares are listed on the Paris Stock Exchange (deferred settlement market, continuous trading group A, ISIN code FR0000130809) and are also traded in the United States under an American Depository Receipt (ADR) programme.

STOCK MARKET INDICES

The Societe Generale share is a component stock of the CAC 40, STOXX All Europe 100, EURO STOXX 50, Euronext 100, MSCI PAN EURO, FTSE4Good Global and ASPI Eurozone indices.

TOTAL RETURN* FOR SHAREHOLDERS

The following table shows the cumulative and annualised average total return on investment for Societe Generale shareholders over different time periods ending 31st December 2015.

Duration of shareholding	Date	Cumulative total return*	Annualised average total return*
Since privatisation	8th July 1987	+726.0%	+7.7%
15 years	31st December 2000	+16.6%	+1.0%
10 years	31st December 2005	-41.5%	-5.2%
5 years	31st December 2010	+17.8%	+3.3%
4 years	31st December 2011	+164.1%	+27.5%
3 years	31st December 2012	+60.3%	+17.0%
2 years	31st December 2013	+6.1%	+3.0%
1 year	31st December 2014	+25.0%	+25.0%

Source: Datastream.

* Total return = capital gain + net dividend reinvested in shares.

DIVIDEND HISTORY

	2015*	2014	2013	2012	2011
Net dividend *(in euros)*	2.00	1.20	1.00	0.45(1)	0
Payout ratio (%)(2)	44.5	41.2	41.7	70.0	0
Net yield (%)(3)	4.7	3.4	2.4	1.6	0

* Dividend proposed by the Board of Directors to the General Meeting to be held on 18th May 2016.

(1) Dividend with option of payment in new shares.

(2) Net dividend/diluted earnings per ordinary share (see Chapter 6, p. 360, note 7.2 to the consolidated financial statements). In 2015, the dividend payout ratio was 50.8% of net income excluding revaluation of own financial liabilities and DVA (Debit Value Adjustment).

(3) Net dividend/closing price at end-December.

Stock market data	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Share capital (number of outstanding shares)	806,239,713	805,207,646	798,716,162	780,273,227	776,079,991
Market capitalisation *(in billions of euros)*	34.3	28.2	33.7	22.1	13.3
Earnings per share *(in euros)*	4.49	2.90(3)	2.23(2)	0.66(1)	3.20
Book value per share at year-end *(in euros)*	61.6	58.0(3)	56.5(2)	56.2(1)	54.6
Share price *(in euros)* high	48.3	48.4	42.5	29.8	52.0
low	32.8	33.9	24.3	15.0	15.1
closing	42.6	35.0	42.2	28.3	17.2

(1) Amount for the 2012 financial year has been restated due to the implementation of the revised IAS 19, resulting in the publication of adjusted data for the previous financial year.

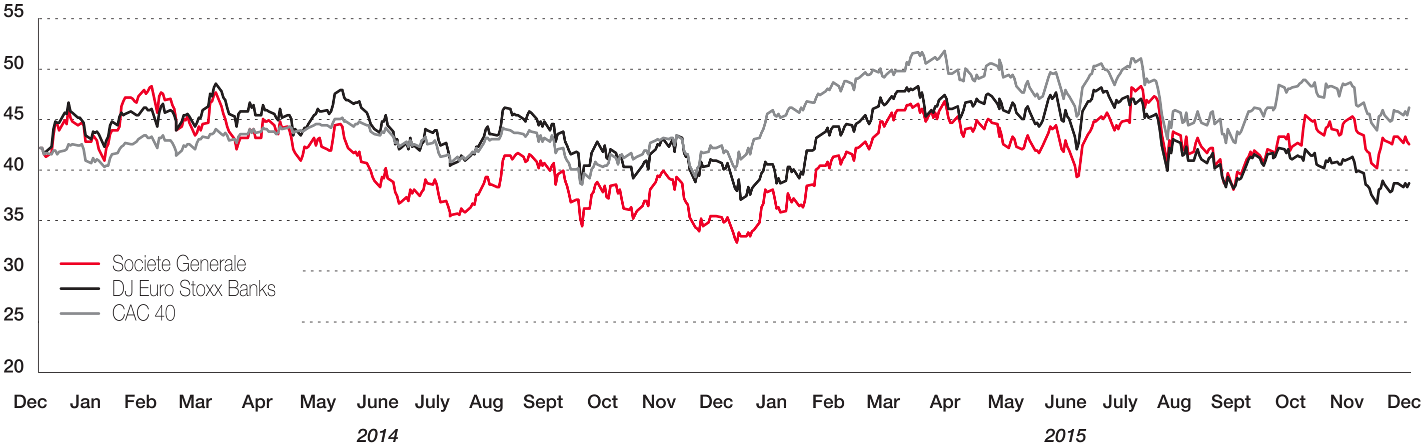
(2) Amount for the 2013 financial year has been restated due to the implementation of IFRS 11, resulting in the publication of adjusted data for the previous financial year.

(3) Amount for the 2014 financial year has been restated due to the implementation of the IFRIC21, resulting in the publication of adjusted data for the previous financial year.

2015 DIVIDEND

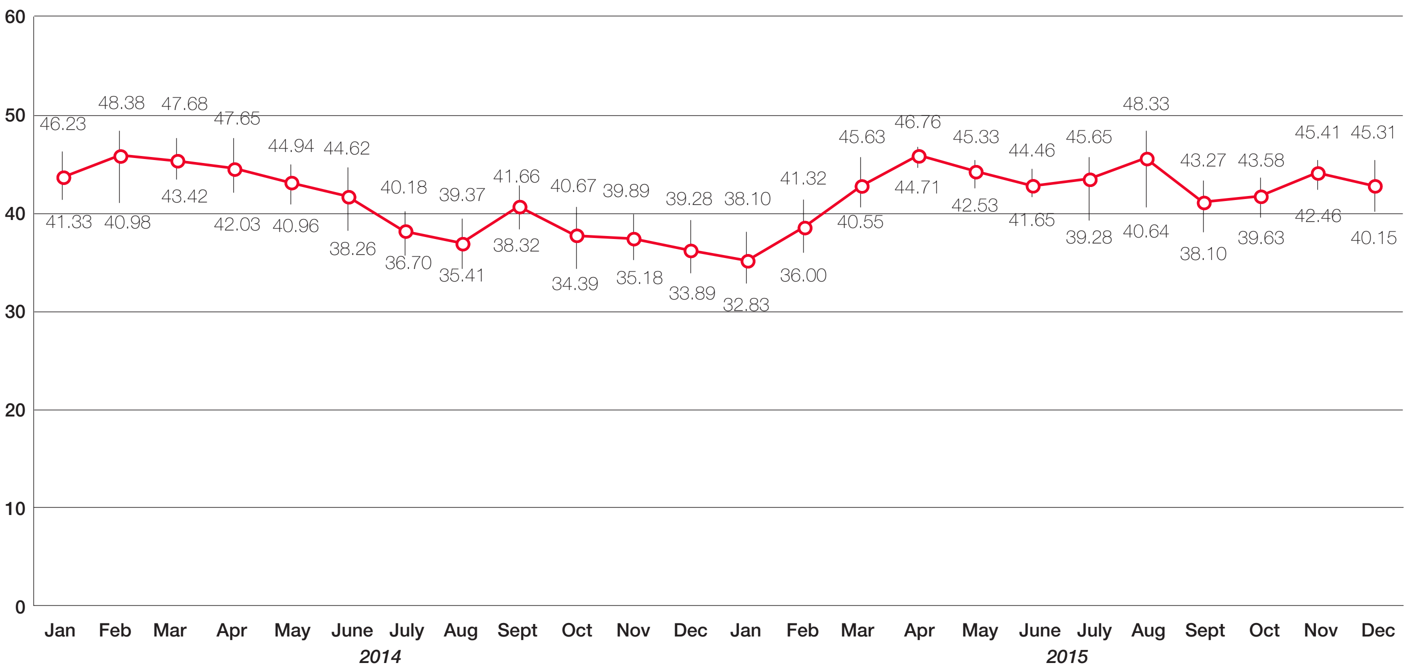
- The Board of Directors of Societe Generale, which met on 10th February 2016, decided to propose the distribution of a dividend of EUR 2.00 per share to the General Meeting of 18th May 2016 :
  - dividend detachment will take place on 25th May 2016,
  - the dividend will be paid as from 27th May 2016.

SHARE PERFORMANCE (BASE: SOCIETE GENERALE SHARE PRICE AS AT 31ST DECEMBER 2013)



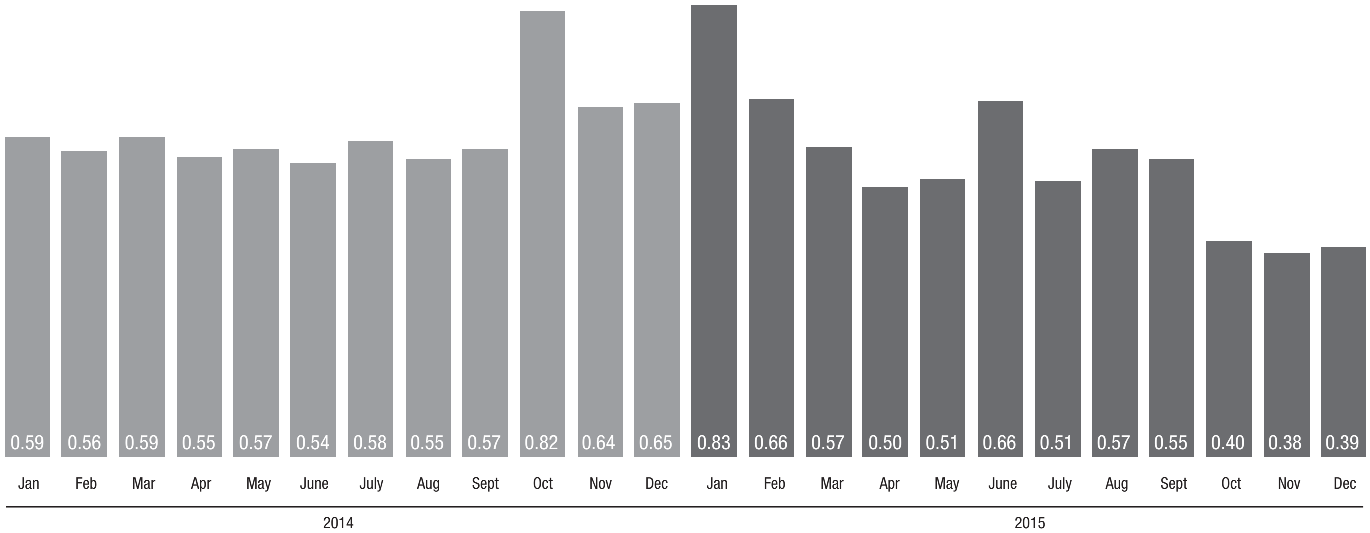
Source: Datastream.

MONTHLY CHANGE IN SHARE PRICE (AVERAGE MONTHLY PRICE IN EUROS)



Source: Datastream

TRADING VOLUMES (AVERAGE DAILY TRADING VOLUMES AS PERCENTAGE OF CAPITAL)



Source: Datastream.

2. INFORMATION ON SHARE CAPITAL

CHANGES IN SHARE CAPITAL

Opérations	Date (de réalisation ou de constatation)	Variation	Nombre d'actions	Capital social *(en EUR)*	Variation du capital liée à l'opération *(en %)*
Issue of preference shares (B shares)	recorded on 28th May 2009	+45,045,045 B shares	625,772,289 divided into 580,727,244 A shares and 45,045,045 B shares	782,215,361.25	+7.76
Increase through the exercise of the option for the payment of dividends in shares	recorded on 17th June 2009	+13,810,504 A shares	639,582,793 divided into 594,537,748 A shares and 45,045,045 B shares	799,478,491.25	+2.21
Increase through 2009 Company Savings Plan	recorded on 10th July 2009	+10,757,876 A shares	650,340,669 divided into 605,295,624 A shares and 45,045,045 B shares	812,925,836.25	+1.68
Exercise of stock options in 2009	recorded on 15th Oct. 2009	+ 411 A shares	650,341,080 divided into 605,296,035 A shares and 45,045,045 B shares	812,926,350.00	
Capital increase with pre-emptive subscription rights decided on 5th October 2009	recorded on 2nd Nov. 2009	+134,510,230 A shares	784,851,310 divided into 739,806,265 A shares and 45,045,045 B shares	981,064,137.50	+20.68
Cancellation of preference shares (B shares) decided on 3rd November 2009	recorded on 23rd Dec. 2009	-45,045,045 B shares	739,806,265 A shares	924,757,831.25	-5.74
Increase through the exercise of the option for the payment of dividends in shares	recorded on 21st June 2010	+2,323,887	742,130,152	927,662,690.00	+0.31
Increase through 2010 Company Savings Plan	recorded on 16th July 2010	+4,291,479	746,421,631	933,027,038.75	+0.58
Increase through the exercise of the option for the payment of dividends in shares	recorded on 21st June 2011	+23,901,432	770,323,063	962,903,828.75	+3.2
Increase through 2011 Company Savings Plan	recorded on 13th July 2011	+5,756,928	776,079,991	970,099,988.75	+0.75
Increase through 2012 Company Savings Plan	recorded on 26th June 2012	+4,191,357	780,271,348	975,339,185.00	+0.54
Exercise of stock options in 2012	recorded on 8th January 2013	+1,879	780,273,227	975,341,533.75	
Free grant of shares for employees	recorded on 2nd April 2013	+884,912	781,158,139	976,447,673.75	+0.11
Increase through the exercise of the option for the payment of dividends in shares	recorded on 19th June 2013	+8,835,256	789,993,395	987,491,743.75	+1.13
Increase through 2013 Company Savings Plan and exercise of stock options until 10th July 2013	recorded on 12th July 2013	+8,662,904(1)	798,656,299	998,320,373.75	+1.10
Exercise of stock options from 11th July 2013 to 31st December 2013	recorded on 8th January 2014	+59,863	798,716,162	998,395,202.50	
Free grant of shares for employees	recorded on 31st March 2014	+1,303,272	800,019,434	1,000,024,292.50	+0.16
Increase through 2014 Company Savings Plan and exercise of stock options until 30th June 2014	recorded on 11th July 2014	+ 5,172,260(2)	805,191,694	1,006,489,617.50	+0.65
Exercise of stock options from 1st July 2014 to 31st December 2014	recorded on 8th January 2015	+15,952	805,207,646	1,006,509,557.50	
Free grant of shares for employees	recorded on 31st March 2015	+892,416	806,100,062	1,007,625,077.50	+0,11
Exercise of stock options from 1st January 2015 to 31 December 2015	recorded on 8th January 2016	+139,651	806,239,713	1,007,799,641.25	+0,01

(1) Including 15,137 shares from exercise of stock options in 2013.

(2) Including 55,292 shares from exercise of stock options in 2014.

SHARE CAPITAL

At 31st December 2015, Societe Generale's paid-up share capital amounted to EUR 1,007,799,641.25 and comprised 806,239,713 shares with a nominal value of EUR 1.25 per share, all eligible for dividends paid out of income earned from 1st January 2015.

As part of the Group's capital market activities, transactions may be carried out involving indices or underlying assets with a Societe Generale share component. These transactions do not have an impact on the Group's future capital.

The increase by 1,032,067 shares in 2015 included:

- the issue of 892,416 shares following the vesting, in March 2015, of the first section of the "Free Share Plan" for employees;
- the creation of 118,853 new shares further to the exercise between 1st January and 31st December 2015 of stock options granted in March 2009;
- the creation of 20,798 new shares further to the exercise between 1st January and 31st December 2015 of stock options granted in March 2010.

SHARE BUYBACKS AND TREASURY SHARES

At 31st December 2015, the Societe Generale Group held 9,513,568 shares under its share buyback program, representing 1.18% of its capital. The Group disposed of all its treasury shares during the first half of the year 2015.

SHARE BUYBACKS

The Joint General Meeting of 19th May 2015 authorised the Company to buy or sell its own shares with a view to cancelling bought-back shares, granting, honouring or covering stock options, otherwise allocating shares or making any other form of allocation to employees and Chief Executive Officers of the Group, granting shares when rights attached to convertible securities are exercised, holding and subsequently using shares in exchange or as payment for acquisitions and executing a liquidity contract.

Societe Generale did not buy back any of its own shares in 2015, excluding the liquidity contract. Under the liquidity contract implemented on 22nd August 2011, in 2015 Societe Generale acquired 8,430,991 shares with a value of EUR 349,662,864 and sold 8,830,991 shares with a value of EUR 364,763,399.

At 31st December 2015, the liquidity contract held no shares.

From 1st January 2016 to 10th February 2016, excluding the liquidity contract, Societe Generale did not buy back any of its own shares on the market. On 10th February 2016, 750,000 shares were recorded in the liquidity contract account.

From 1st January 2015 to 31st December 2015

	Purchases			Transfers/Disposals				
	Number		**Purchase price**	**Number**		**Purchase price**		**Disposal/ transfer price**
Cancellation	0	-	0.00					
Acquisitions	0	-	0.00					
Allocation to employees	0	-	0.00	1,541,338	23.89	36,818,144	0.00	0.00
Liquidity contract	8,430,991	41.47	349,662,864	8,830,991	41.28	364,532,601	41.30	364,763,399
Total	**8,430,991**	**41.47**	**349,662,864**	**10,372,329**	**38.69**	**401,350,745**	**35.17**	**364,763,399**

VALUE OF TREASURY SHARES AND BUYBACKS AT 31ST DECEMBER 2015

Percentage of capital held directly or indirectly	**1.18%**
Number of shares cancelled over the last 24 months	0
Number of shares held directly	9,513,568
Book value of shares held directly	EUR 323,856,607
Market value of shares held directly(1)	EUR 407,022,151

(1) The current value is equal to the average share price of the last month for available-for-sale listed securities.

At 31st December 2015	**Number of shares**	**Nominal value** ***(in euros)***	**Book value** ***(in euros)***
Societe Generale*	9,513,568	11,891,960	323,856,607
Total	**9,513,568**	**11,891,960**	**323,856,607**

* Of which liquidity contract (0 share).

BREAKDOWN OF CAPITAL AND VOTING RIGHTS(1) OVER 3 YEARS

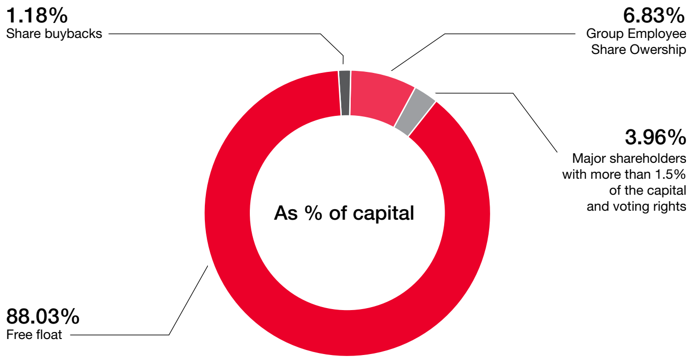
	At 31st December 2015(1)				**At 31st December 2014(2)**			**At 31st December 2013(3)**		
	Number of shares	**% of capital**	**% of voting rights(5)**	**% of voting rights exercisable at AG(4)**	**Number of shares**	**% of capital**	**% of voting rights(5)**	**Number of shares**	**% of capital**	**% of voting rights(5)**
Group Employee Share Ownership Plan	55,092,330	6.83%	11.52%	11.64%	59,714,957	7.42%	12.07%	59,517,813	7.45%	12.64%
Major shareholders with more than 1.5% of the capital or voting rights(6)	31,914,497	3.96%	5.52%	5.58%	31,914,497	3.96%	5.55%	31,180,702	3.90%	5.48%
CDC	*20,845,185*	*2.59%*	*3.01%*	*3.04%*	*20,845,185*	*2.59%*	*3.03%*	*20,111,390*	*2.52%*	*2.95%*
Meiji Yasuda Life Insurance Cy	*11,069,312*	*1.37%*	*2.51%*	*2.54%*	*11,069,312*	*1.37%*	*2.52%*	*11,069,312*	*1.39%*	*2.53%*
Free float	709,719,318	88.03%	81.88%	82.77%	693,136,270	86.08%	80.05%	685,507,943	85.83%	79.30%
Share buybacks	9,513,568	1.18%	1.08%	0.00%	11,454,906	1.42%	1.31%	13,522,688	1.69%	1.55%
Treasury stock	0	0.00%	0.00%	0.00%	8,987,016	1.12%	1.02%	8,987,016	1.13%	1.03%
Total		**100.00%**	**100.00%**	**100.00%**		**100.00%**	**100.00%**		**100.00%**	**100.00%**
Number of outstanding shares		806,239,713	881,251,888	871,738,320		805,207,646	877,054,745		798,716,162	873,578,419

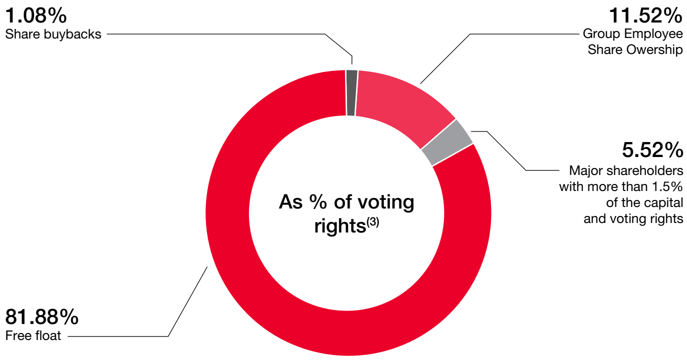
(1) At 31st December 2015, the share of Institutional European shareholders in the capital is estimated at 44%.

(2) At 31st December 2014, the share of Institutional European shareholders in the capital is estimated at 43%.

(3) At 31st December 2013, the share of Institutional European shareholders in the capital is estimated at 47%.

(4) In accordance with article 223-11 of the AMF's General Regulations, the calculation of the total voting rights includes voting rights associated with share buybacks and treasury shares, these shares do not give the right to vote at annual General Meetings.





(3) As of 2006 and in accordance with article 223-11 of the AMF's General Regulations, the calculation of the total voting rights includes voting rights associated with share buybacks and treasury shares; however, these shares do not give the right to vote at General Meetings.

NB: the Group's By-laws stipulate that shareholders are obliged to notify the company whenever their holding of capital or voting rights exceeds an additional 0.5%, and as soon as the threshold of holding 1.5% of capital or voting rights is exceeded. At end-December 2015, no other shareholder claimed to have over 1.5% of the capital or voting rights, with the exception of mutual funds and trading activities at financial institutions.

EXISTING AGREEMENTS BETWEEN SOCIETE GENERALE AND ITS SHAREHOLDERS

On 24th July 2000, Societe Generale entered into an agreement with Santander Central Hispano (which became "Banco Santander") relating to the management of their cross-holdings. Under this agreement, Societe Generale and Santander Central Hispano each grant the other party a pre-emptive right to the shares held, directly or through a subsidiary, by each of the parties in the share capital of the other, although this right does not apply in the event of a public tender offer initiated by a third-party for the shares of one or other of the parties.

The agreement was concluded for an initial period of three years from the date of its signature and is subsequently renewable for two-year periods.

This pre-emptive clause was published by the French Financial Markets Council (CMF) in Decision No. 201C1417 dated 30th November 2001. This agreement was still in force on 31st December 2015. However, as at 31st December 2015, Banco Santander no longer held any share in Societe Generale and Societe Generale no longer held any share in Banco Santander.

INFORMATION REQUIRED BY ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE

Under Article L. 225-100-3 of the French Commercial Code, Societe Generale must disclose and, where applicable, explain the following items when they are likely to have an impact in case of a public offer.

To the best of its knowledge, Societe Generale does not have any specific measures likely to have an impact in case of a public tender offer. However, the information required by Article L. 225-100-3 of the French Commercial Code is listed below as it has been included in the Registration Document to meet other obligations.

1. Capital structure: this information appears in this chapter 7, section 2 "Information on share capital", under the heading "Breakdown of capital and voting rights over 3 years".
2. Statutory restrictions on the exercise of voting rights: this information appears in this chapter 7, section 4 "By-laws", more specifically in Articles 6 and 14.
3. Direct or indirect holdings in Societe Generale's share capital of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code: this information appears in this chapter 7, section 2 "Information on share capital", under the heading "Breakdown of capital and voting rights over 3 years".
4. The list of holders of any securities bearing special control rights: not applicable since the cancellation of the preference shares on 23rd December 2009.
5. Control mechanisms provided for under a potential employee share ownership plan, when the control rights are not exercised by the latter: this information appears in chapter 5 "Corporate Social Responsibility", section 4 "A responsible employer", under the heading "Mandatory employer contributions, voluntary profit-sharing and company savings plan".
6. Shareholders agreements of which Societe Generale is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights: not applicable.
7. Rules applicable to the appointment and replacement of members of the Board of Directors and the amendment of the Company's By-laws. This information appears in this chapter 7, section 4 "By-laws", more specifically in Articles 7 and 14.
8. Powers of the Board of Directors to issue or buy back shares: the delegations of authority granted by the General Meeting to the Board of Directors in this respect appear in this chapter 7, section 2 "Information on share capital", under the heading "List of outstanding delegations and their use in 2015 and early 2016 (up to 10th February 2016)" and the information about share buybacks in this chapter 7, section 2 "Information on share capital", under the heading "Share buybacks".
9. Agreements concluded by Societe Generale that are amended or terminated in case of a change of control of Societe Generale, unless this disclosure would, except in cases where disclosure is a legal obligation, seriously undermine its interests: not applicable.
10. Agreements providing for compensation for members of the Board of Directors or employees if they resign or are dismissed without actual and serious basis, or if their employment is terminated due to a public tender offer: this information appears in chapter 3 "Corporate Governance", section 3 "Remuneration of Group Senior Management" for the Directors.

LIST OF OUTSTANDING DELEGATIONS AND THEIR USE IN 2015 AND EARLY

Type of authorisation	Purpose of the authorisation granted to the Board of Directors	Validity of the delegation
Share buybacks	To buy Societe Generale shares	**Granted by:** AGM of 20th May 2014, 11th resolution **For a period of:** 18 months **Start date:** 21st May 2014 **Early termination:** 19th May 2015
		Granted by: AGM of 19th May 2015, 13th resolution **For a period of:** 18 months **Start date:** 20th May 2015 **Expiry date:** 19th November 2016
Capital increase	To increase the share capital with pre-emptive subscription rights through the issuance of ordinary shares or securities giving access to the share capital	**Granted by:** AGM of 20th May 2014, 12th resolution **For a period of:** 26 months **Expiry date:** 20th July 2016
	To increase the share capital through the incorporation of reserves, profits, premiums or others	**Granted by:** AGM of 20th May 2014, 12th resolution **For a period of:** 26 months **Expiry date:** 20th July 2016
	To increase the share capital without pre-emptive subscription rights through the issuance of ordinary shares or securities giving access to the share capital	**Granted by:** AGM of 20th May 2014, 13th resolution **For a period of:** 26 months **Expiry date:** 20th July 2016
	Over-allotment option in the event of oversubscription during capital increase operations with or without pre-emptive subscription rights decided by the Board	**Granted by:** AGM of 20th May 2014, 14th resolution **For a period of:** 26 months **Expiry date:** 20th July 2016
	To increase the share capital in order to remunerate contributions in kind consisting in securities	**Granted by:** AGM of 20th May 2014, 15th resolution **For a period of:** 26 months **Expiry date:** 20th July 2016
Issuance of subordinated bonds	Issuance of contingent convertible bonds without pre-emptive subscription rights	**Granted by:** AGM of 20th May 2014, 16th resolution **For a period of:** 26 months **Expiry date:** 20th July 2016
Transactions in favour of employees	To increase the share capital through the issuance of ordinary shares or securities giving access to the share capital reserved to members of a Societe Generale's Company or Group Savings Plan	**Granted by:** AGM of 20th May 2014, 17th resolution **For a period of:** 26 months **Expiry date:** 20th July 2016
	To grant free shares, existing or to be issued, to employees and Directors	**Granted by:** AGM of 20th May 2014, 18th resolution **For a period of:** 26 months **Expiry date:** 20th July 2016
Cancellation of shares	To cancel shares as part of share buyback programmes	**Granted by:** AGM of 20th May 2014, 19th resolution **For a period of:** 26 months **Expiry date:** 20th July 2016

2016 (UP TO 10TH FEBRUARY 2016)

Limit	Use in 2015	Use in 2016 (up to 10th February)
5% of the share capital at the completion date of the purchases	Excluding the liquidity agreement: none. On 19th May 2015, no share was recorded in the liquidity agreement's account.	NA
5% of the share capital at the completion date of the purchases	Excluding the liquidity agreement: none. On 31st December 2015, no share was recorded in the liquidity agreement's account.	Excluding the liquidity agreement: none On 10th February 2016, 750,000 shares were recorded in the liquidity agreement's account.
Nominal EUR 399 million for shares, i.e. 39.97% of the share capital on the date on which the authorisation was granted Nominal EUR 6 billion for debt securities giving access to the share capital *Note: these limits count towards those set forth in resolutions 13 to 18 of the AGM of 20th May 2014*	None	None
Nominal EUR 550 million	None	None
Nominal EUR 99.839 million for shares, i.e. 10% of the share capital on the date on which the authorisation was granted Nominal EUR 6 billion for debt securities giving access to the share capital *Note: these limits count towards those set forth in resolution 12, and include those set forth in resolutions 14 to 16 of the AGM of 20th May 2014*	None	None
15% of the initial issuance *Note: such operation would be carried out at the same price as the initial issuance and within the limits of those set forth in resolutions 12 and 13 of the AGM of 20th May 2014*	None	None
10% of the share capital *Note: this limit counts towards those set forth in resolutions 12 and 13 of the AGM of 20th May 2014*	None	None
10% of the share capital *Note: this limit counts towards those set forth in resolutions 12 and 13 of the AGM of 20th May 2014*	None	None
2% of the share capital on the date on which the authorisation was granted *Note: this limit counts towards the limit set forth in resolution 12 of the AGM of 20th May 2014*	None	None
2% of the share capital on the date on which the authorisation was granted *Note: this limit counts towards the limit set forth in resolution 12 of the AGM of 20th May 2014* 0.50% of the share capital for regulated persons *Note: this limit counts towards the 2% limit set forth in resolution 18 of the AGM of 20th May 2014*	1,250,000 shares allocated, i.e. 0.16% of the share capital on the date of allocation	None
5% of the total number of shares per 24-month period	None	None

3. ADDITIONAL INFORMATION

GENERAL INFORMATION

Name

Societe Generale

Registered office

29, boulevard Haussmann, 75009 Paris (France)

Administrative office

17, Cours Valmy, 92972 Paris-La Defense (France)

Mailing address:
Société Générale, Tours Société Générale, 75886 Paris cedex 18 (France)

Telephone number: +33 (0)1 42 14 20 00

Website: www.societegenerale.com

Legal form

Societe Generale is a public limited company (*société anonyme*) established under French law and having the status of a bank.

Governing law

Subject to the legislative and regulatory provisions relating to credit institutions, in particular the Articles of the French Monetary and Financial Code that apply to them, Societe Generale is governed by the commercial laws of France, in particular by Articles L. 210-1 et seq. of the French Commercial Code, as well as by its By-laws.

Societe Generale is a credit institution licensed as a bank. As such, it may carry out all banking transactions. It may also notably perform all investment-related services or related services, as listed by Articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code, except for operating a multilateral trading facility. As an investment services provider, Societe Generale is subject to the regulations applicable to the same. It must notably comply with a number of prudential rules and is subject to the controls carried out by the European Central Bank (Banque Centrale Européenne) and the French Prudential Supervision and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution). Its management and all its employees are bound by professional secrecy, the breach of which is punishable by criminal law. Societe Generale also acts as an insurance broker.

Date of incorporation and duration

Societe Generale was incorporated following a deed approved by decree dated 4th May 1864. The duration of Societe Generale will expire on 31st December 2047, unless its duration is extended or the Company is wound up before that date.

Corporate purpose

Article 3 of the Company's By-laws describes the corporate purpose. The purpose of Societe Generale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals or legal entities, in France and abroad:

- all banking transactions;
- all transactions related to banking operations, including in particular investment services or related services referred to in Articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code;
- all acquisitions of interests in other companies.

Societe Generale may also, on a regular basis, as defined in the conditions set by the French Financial and Banking Regulation Committee *(Comité de la réglementation bancaire et financière)*, engage in all transactions other than those mentioned above, in particular insurance brokerage.

Generally, Societe Generale may carry out, on its own behalf, on behalf of a third-party or jointly, all financial, commercial, industrial or agricultural, security or property transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate their accomplishment.

Identification

552 120 222 RCS PARIS
ISIN code (International Securities Identification Number): FR 0000130809
NAF (trade sector) code: 6419Z

Corporate documents

Documents relating to the Company and in particular its By-laws, its accounts, the reports submitted to its General Meetings by the Board of Directors or the Statutory auditors, are available at Tours Société Générale, 17, cours Valmy, 92972 Paris-La Défense cedex (France).

The By-laws of Societe Generale are deposited with the notary office "Thibierge, Pône, Fremeaux, Palud, Sarazin, Sagaut et Chaput" in Paris (France).

Financial year

From January 1st to December 31st of each year.

Categories of shares and attached rights

Under Article 4 of the Company's By-laws, the share capital is divided into 806,239,713 fully paid-up shares with a nominal value of EUR 1.25.

Double voting rights

In accordance with Article 14 of the Company's By-laws, double voting rights, in relation to the amount of share capital they represent, are allocated to all those shares which are fully paid-up and which have been registered in the name of the same shareholder for at least two years as from 1st January 1993 as well as to new registered shares that may be freely allocated to a shareholder, in the event of a capital increase by incorporation of reserves, profits or premiums at the rate of shares benefiting from this right.

According to the law, double voting rights cease for shares which have been converted into bearer form or if ownership of the shares is transferred. Nevertheless, transfer through inheritance, liquidation of marital assets, donation inter vivos to a spouse or a direct relative entitled to inherit, does not result in the loss of rights and does not affect the minimum two-year vesting period. The same applies, unless otherwise stated in the Company's By-laws, in case of transfer following a merger or a spin-off of a shareholder company.

Restriction on voting rights

In accordance with Article 14 of the Company's By-laws, the number of votes at General Meetings to be used by one shareholder, either personally or through a proxy, may not exceed 15% of the total voting rights existing at the date of the Meeting. This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided that each proxy complies with the 15% rule. For the purposes of applying this 15% limit, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L. 233-7 et seq. of the French Commercial Code. This limit ceases to apply when a shareholder comes to hold, following a public tender offer, either directly or indirectly or jointly with another shareholder, more than 50.01% of the Company's voting rights.

Disclosure of statutory thresholds crossings

In accordance with the provisions of Article 6.2 of the Company's By-laws, any shareholder acting alone or jointly, who comes to hold directly or indirectly at least 1.5% of the share capital or of the voting rights in the Company, must inform the latter within 15 days following the crossing of this threshold, and must also indicate in this statement the number of securities giving access to the share capital it holds. Mutual fund management companies must provide this information for all shares in the Company held by the funds they manage. Beyond 1.5%, each crossing of an additional 0.5% threshold of the share capital or of the voting rights must be notified to the Company, as provided by Article 6.2 of the Company's By-laws.

Failure to comply with this requirement will be punished in accordance with legal provisions, at the request, duly recorded in the minutes of the General Meeting, of one or more shareholders holding at least a 5% of the share capital or of the voting rights in the Company.

Any shareholder, acting alone or jointly, is also required to inform the Company within 15 days when the percentage of share capital or voting rights it holds falls below each of the thresholds mentioned in Article 6.2 of the Company's By-laws.

Convening and rules for attending General Meetings of Shareholders

Under Article 14 of the Company's By-laws, General Meetings are convened and deliberate in accordance with the conditions set forth by the laws and regulations in force. They meet at the registered office or in any other place in metropolitan France indicated in the convening notice. Such meetings are chaired by the Chairman of the Board of Directors or, failing this, by a Director appointed for this purpose by the Chairman of the Board of Directors.

Regardless of the number of shares held, any shareholder whose shares are registered under the terms and at a date set by decree has the right, upon proof of its identity and status as a shareholder, to participate in the General Meetings. A shareholder may, in accordance with the laws and regulations in force, personally attend the General Meetings, vote remotely or appoint a proxy. The intermediary registered on behalf of shareholders may participate in the General Meetings, under the conditions set forth by the provisions of the laws and regulations in force.

In order for the ballots to be counted, they must be received by the Company at least two days before the General Meeting is held, unless a shorter period is specified in the convening notice or required by the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, when provided for in the convening notice and subject to the conditions defined therein.

The General Meeting may be publicly broadcast by means of electronic communication subject to the approval and under the terms set by the Board of Directors. Notice will be given in the notice of meeting and/or the convening notice.

In all General Meetings, the voting right attached to shares with a right of usufruct is exercised by the usufructuary.

Identifiable bearer securities

Article 6.3 of the Company's By-laws provides that Societe Generale may at any time, in accordance with the provisions of the laws and regulations in force, request the organisation responsible for securities clearing to provide information relating to the securities granting the right to vote in its General Meetings, either immediately or in the future, as well as information about the holders of these securities.

Documents

The Company's By-laws are included in this Registration Document. All reports, letters and other documents, historical financial data, assessments and statements prepared by any expert at the request of the issuer and included in part or referred to in the present document, as well as all financial information including on subsidiaries, for each of the two financial years preceding the publication of this document, are available either on the Societe Generale Group website or at its administrative office.

4. BY-LAWS

(Updated on 8th January 2016)

TYPE OF COMPANY – NAME – REGISTERED OFFICE – PURPOSE

Article 1

The Company, named Societe Generale, is a public limited company incorporated by deed approved by the Decree of 4 May 1864, and is approved as a bank.

The duration of Societe Generale, previously fixed at 50 years with effect from 1st January 1899, was then extended by 99 years with effect from 1st January 1949.

Under the legislative and regulatory provisions relating to credit institutions, notably the articles of the French Monetary and Financial Code that apply to them, the Company is subject to commercial laws, in particular articles L. 210-1 et seq. of the French Commercial Code, as well as these By-laws.

Article 2

Societe Generale's registered office is at 29, boulevard Haussmann, Paris (9th arrondissement).

In accordance with current legislative and regulatory provisions it may be transferred to any other location.

Article 3

The purpose of Societe Generale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals and corporate entities, in France or abroad:

- all banking transactions;
- all transactions related to banking operations, including in particular investment services or allied services as listed by articles L. 321-1 and L. 321-2 of the Monetary and Financial Code;
- all acquisitions of interests in other companies.

Societe Generale may also, on a regular basis, as defined in the conditions set by the French Financial and Banking Regulation Committee, engage in all transactions other than those mentioned above, including in particular insurance brokerage.

Generally, Societe Generale may carry out, on its own behalf, on behalf of a third party or jointly, all financial, commercial, industrial, agricultural, security or property transactions, directly or indirectly related to the abovementioned activities or likely to facilitate the accomplishment of such activities.

CAPITAL – SHARES

Article 4

4.1. SHARE CAPITAL

The share capital amounts to EUR 1,007,799,641.25. This is divided into 806,239,713 fully paid-up shares, each with a nominal value of EUR 1.25.

4.2. CAPITAL INCREASE AND REDUCTION

The capital may be increased or reduced on the decision of the competent General Meeting or Meetings.

Any capital reduction motivated by losses shall be divided between shareholders in proportion to their share of the capital.

Article 5

Unless otherwise provided by legislative and regulatory provisions, all shares have the same rights.

All shares which make up or which will make up the share capital will be given equal rank as regards taxes. Consequently, all taxes which, for whatever reason, may become payable on certain shares following capital reimbursement, either during the life of the Company or during its liquidation, shall be divided between all the shares making up the capital on such reimbursement(s) so that, while allowing for the nominal and non-amortised value of the shares and for their respective rights, all present or future shares shall entitle their owners to the same effective advantages and to the right to receive the same net sum.

Whenever it is necessary to possess a certain number of shares in order to exercise a right, it is incumbent on shareholders who own fewer shares than the total number required to assemble the necessary number of shares.

Article 6

6.1. FORM AND TRANSFER OF SHARES

The shares may, in accordance with the holder's wishes, be registered or bearer shares and shall be freely negotiable, unless otherwise stipulated by law.

6.2. STATUTORY THRESHOLDS

Any shareholder acting on his own or jointly, who comes to hold directly or indirectly at least 1.5% of the capital or voting rights, must inform the Company within fifteen days of the time at which he exceeds this threshold, and must also indicate in his declaration the number of shares he holds in the share capital. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage. Beyond the initial 1.5%, shareholders are obliged to notify the Company, under the aforementioned conditions, whenever their holding of capital or voting rights exceeds an additional 0.50%.

Failure to comply with this requirement will be penalised in accordance with legal provisions on this matter, at the request of one or more shareholders with at least a 5% holding in the Company's capital or voting rights. Said request will be duly recorded in the minutes of the General Meeting.

Any shareholder acting on his own or jointly, is also required to inform the Company within fifteen days if the percentage of his capital or voting rights falls below each of the thresholds described in this article.

6.3. IDENTIFICATION OF SHAREHOLDERS

The Company can at any time, in accordance with current legislative and regulatory provisions, request that the organisation responsible for securities clearing provide information relating to the shares granting the right to vote in its General Meetings, either immediately or in the long term, as well as information about the holders of these shares.

6.4. SHAREHOLDERS' RIGHTS

The rights of shareholders shall comply with applicable legislative and regulatory provisions, subject to the specific provisions of the current by-laws.

BOARD OF DIRECTORS

Article 7

I – DIRECTORS

The Company is managed by a Board of Directors made up of two categories of Directors:

1. DIRECTORS APPOINTED BY THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

There are at least nine of these Directors, and thirteen at the most. The term of office of Directors appointed by the Ordinary General Meeting shall expire four years after the approval of the current article. This provision does not apply to Directors in office at the time of this approval.

When, in application of current legislative and regulatory provisions, a Director is appointed to replace another, then his term of office shall not exceed the term of office remaining to be served by his predecessor.

Each Director must hold at least six hundred shares.

2. DIRECTORS ELECTED BY EMPLOYEES

The status and methods of electing these Directors are laid down by Articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as by these By-laws.

There are two Directors, one to represent the executives and one to represent all other Company employees.

In any event, their number may not exceed one-third of the Directors appointed by the General Meeting.

Their term of office is three years.

Regardless of the appointment procedure, the duties of a Director cease at the end of the Ordinary General Meeting called to approve the financial statements of the previous fiscal year and held during the year in which his term of office expires.

Directors may be re-elected, as long as they meet the legal provisions, particularly with regard to age.

II – METHODS OF ELECTING DIRECTORS ELECTED BY EMPLOYEES

For each seat to be filled, the voting procedure is that set forth by law. The first Directors elected by employees will begin their term of office during the Board of Directors' Meeting held after publication of the full results of the first elections.

Subsequent Directors shall take up office upon expiry of the outgoing Directors' terms of office.

If, under any circumstances and for any reason whatsoever, there shall remain in office less than the statutory number of Directors before the normal end of the term of office of such Directors, vacant seats shall remain vacant until the end of the term of office and the Board shall continue to meet and take decisions validly until that date. Elections shall be organised every three years so that a second vote may take place at the latest fifteen days before the normal end of the term of office of outgoing Directors.

For both the first and second ballot, the following deadlines should be adhered to:

- posting of the date of the election at least eight weeks before the polling date;
- posting of the lists of the electors at least six weeks before the polling date;
- registration of candidates at least five weeks before the polling date;
- posting of lists of candidates at least four weeks before the polling date;
- sending of documents required for postal voting at least three weeks before the polling date.

The candidatures or lists of candidates other than those entered by a representative trade union should be accompanied by a document including the names and signatures of the one hundred employees presenting the candidates.

Polling takes place the same day, at the work place, and during working hours. Nevertheless, the following may vote by post:

- employees not present on the day of polling;
- employees working abroad;
- employees of a department or office, or seconded to a subsidiary in France, not having a polling station, or who cannot vote in another office.

Each polling station consists of three elective members, the Chairman being the oldest one among them. The Chairman is responsible for seeing that voting operations proceed correctly.

Votes are counted in each polling station, and immediately after the closing of the polls; the report is drawn up as soon as the counting has been completed.

Results are immediately sent to the Head Office of Societe Generale, where a centralised results station will be set up with a view to drafting the summary report and announcing the results.

Methods of polling not specified by Articles L. 225-27 to L. 225-34 of the French Commercial Code or these By-laws are decreed by the General Management after consulting with the representative trade unions.

These methods may include electronic voting, whose organisation may deviate from the practical organisation of the election described herein.

III – NON-VOTING DIRECTORS

On the proposal of the Chairman, the Board of Directors may appoint one or two Non-Voting Directors.

Non-Voting Directors are convened and attend Board of Directors' meetings in a consultative capacity.

They are appointed for a period not exceeding four years and the Board can renew their terms of office or terminate them at any time. They may be selected from among shareholders or non-shareholders, and receive an annual remuneration determined by the Board of Directors.

Article 8

The Board of Directors determines the Company's strategy and ensures its implementation. Subject to the powers expressly attributed to the General Meeting and within the scope provided for in the corporate purpose, it considers all matters that affect the Company's operations and settles by its decisions matters that concern it.

It carries out all the controls and verifications it deems appropriate. The Chairman or Chief Executive Officer is required to furnish each director with all documents required to carry out their function.

Article 9

The Board of Directors elects a Chairman from among its natural person members, determines his remuneration and sets the duration of his term of office, which may not exceed that of his term of office as Director.

No member of 70 years of age or more shall be appointed Chairman.

If the Chairman in office reaches the age of 70, his duties shall cease after the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

The Chairman organises and manages the work of the Board of Directors and reports on its activities to the General Meeting. He ensures that the Company's bodies operate correctly and in particular ensures that the Directors are able to fulfil their functions.

Article 10

The Board of Directors meets as often as is required by the interests of the Company, upon convocation by the Chairman, either at the registered office or in any other place indicated in the Notice of Meeting. The Board examines the items placed on the agenda.

It shall meet when at least one-third of Board members or the Chief Executive Officer submits a request for a meeting with a specific agenda to the Chairman.

If the Chairman is unable to attend, the Board of Directors can be convened either by one-third of its members, or by the Chief Executive Officer or a Deputy Chief Executive Officer, provided they are members of the Board.

Unless specifically provided for, Directors are called to meetings by letter or by any other means. In any event, the Board may always deliberate validly if all its members are present or represented.

Article 11

Board meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Director designated for this purpose at the beginning of the meeting.

Every Director may give his proxy to another Director, but a Director may act as proxy for only one other Director and a proxy can only be given for one specific meeting of the Board.

In all cases, deliberations of the Board are valid only if at least half the members are present.

The Chief Executive Officer attends meetings of the Board.

One or several delegates of the Central Works Council attend Board meetings, under the conditions laid down by the legislation in force.

At the request of the Chairman of the Board of Directors, members of the General Management, the Statutory Auditors or other persons outside the Company with specific expertise relating to the items on the agenda may attend all or part of a Board meeting.

Resolutions are adopted by a majority vote of the Directors present or represented. In the event of a tie, the Chairman holds a casting vote.

A member of the Management appointed by the Chairman serves as Secretary of the Board.

Minutes are prepared and copies or extracts certified and delivered in accordance with the law.

Article 12

Members of the Board may receive Director's fees in the form of a global sum set by the General Meeting distributed by the Board among its members as it sees fit.

GENERAL MANAGEMENT

Article 13

The General Management of the Company is the responsibility of either the Chairman of the Board of Directors, or any other individual appointed by the Board of Directors to act as Chief Executive Officer. The Board of Directors may choose between the two general management structures, and its decision is only valid if:

- the agenda with respect to this choice is sent to members at least 15 days before the date of the Board Meeting;
- at least two-thirds of Directors are present or represented.

Shareholders and third parties shall be informed of this decision in accordance with the regulations in force.

When the Chairman of the Board of Directors assumes responsibility for the general management of the Company, the following provisions relating to the Chief Executive Officer shall be applicable to him.

The Chief Executive Officer shall be granted exhaustive powers to act on behalf of the Company in all matters. He shall exercise these powers within the scope of the Company's purpose and subject to those powers expressly assigned by law to meetings of shareholders and the Board of Directors. He shall represent the company vis-à-vis third parties.

The Board of Directors sets the remuneration and the duration of the Chief Executive Officer's term, which may not exceed that of the dissociation of the functions of Chairman and Chief Executive Officer nor, where applicable, the term of his Directorship.

No person aged 70 or more may be appointed Chief Executive Officer. If the Chief Executive Officer in office reaches 70 years of age, his functions shall end at the end of the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

On recommendation by the Chief Executive Officer, the Board of Directors can appoint up to five persons to assist the Chief Executive Officer, who shall have the title Deputy Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to Deputy Chief Executive Officers. The Board of Directors sets their remuneration. With respect to third parties, Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

SHAREHOLDERS' MEETING

Article 14

General Meetings are comprised of all shareholders.

The General Meeting is called and deliberates as provided for by the legal and regulatory provisions in force.

It meets at the Company's head office or in any other place in mainland France indicated in the Notice to attend the General Meeting.

Such meetings are chaired by the Chairman of the Board or, in his absence, by a Director appointed for this purpose by the Chairman of the Board.

Regardless of the number of shares held, all shareholders whose shares are registered under the terms and at a date set forth by decree have the right, upon proof of their identity and status as a shareholder, to participate in the General Meetings. They may, as provided for by the legal and regulatory provisions in force, personally attend the General Meetings, vote remotely or appoint a proxy.

The intermediary registered on behalf of shareholders may participate in the General Meetings, as provided for by the legal and regulatory provisions in force.

In order for the ballots to be counted, they must be received by the Company at least two days before the General Meeting is held, unless otherwise specified in the Notice of Meeting or required by the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, when stipulated in the Notice of Meeting and subject to the conditions provided therein.

The General Meeting may be publicly broadcast by means of electronic communication subject to the approval and under the terms set by the Board of Directors. Notice will be given in the preliminary Notice of Meeting and/or Notice to attend the Meeting.

Double voting rights, in relation to the share of capital stock they represent, are allocated to all those shares which are fully paid up and which have been registered in the name of the same shareholder for at least two years as from 1st January 1993. Double voting rights are also allocated to new registered shares that may be allocated free of charge to a shareholder in respect of the shares with double voting rights already held by him, in the case of a capital increase by incorporation of reserves, earnings, or additional paid-in capital.

The number of votes at General Meetings to be used by one shareholder, either personally or by a proxy, may not exceed 15% of total voting rights at the date of the Meeting.

This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for whom they act as proxy complies with the rule stipulated in the previous paragraph.

For the purposes of applying this limit, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L. 233-7 et seq. of the French Commercial Code.

This limit ceases to apply when a shareholder acquires – either directly or indirectly or jointly with another shareholder – more than 50.01% of the Company's voting rights following a public offering.

In all General Meetings, the voting right attached to shares that include a usufructuary right, is exercised by the usufructuary.

SPECIAL MEETINGS

Article 15

When different categories of shares exist, the Special Meetings of the Shareholders of such categories of shares deliberate as provided by applicable legislative and regulatory provisions and Article 14 herein.

AUDITORS

Article 16

The Statutory Auditors are appointed and carry out their duties according to the applicable statutory and regulatory provisions.

ANNUAL FINANCIAL STATEMENTS

Article 17

The financial year starts on 1st January and ends on 31st December. The Board of Directors prepares the financial statements for the year under the conditions set by the applicable laws and regulations. All other documents prescribed by the applicable laws and regulations are also drawn up.

Article 18

The results for the year are determined in accordance with the applicable legal and regulatory provisions.

At least 5% of the profits for the year, less any previous losses, must be set aside by law to form a reserve fund until said fund reaches 10% of the capital.

The net income available after this deduction, increased by any net income brought forward, constitutes the profits available for distribution, to be successively allocated to ordinary, extraordinary or special reserves or to be carried forward in those amounts which the General Meeting may deem useful, upon the recommendation of the Board of Directors.

The balance is then allocated to the Shareholders in proportion to their stake in the share capital.

The General Meeting may also resolve to distribute amounts from available reserves.

The General Meeting approving the annual financial statements may, with regard to the whole or part of the dividend or interim dividend, grant each shareholder the option to choose between payment of the dividend or interim dividend in cash or in shares in accordance with the conditions set by the laws in force. A shareholder who exercises this option must do so for all of the dividends or interim dividends attached to their shares.

Except in cases of a reduction in capital, no distribution may be made to shareholders if the Shareholders' equity of the Company is or may subsequently become less than the minimum capital and reserves that may not be distributed by law or under the Company's By-laws.

FORUM SELECTION CLAUSE

Article 19

Any dispute arising during the life of the Company or during its liquidation, between the Company and its shareholders or among the shareholders themselves, related to Company matters, shall be brought before the courts under the proper jurisdiction effective at the Company's registered office.

DISSOLUTION

Article 20

In the event that Societe Generale is wound up and unless otherwise provided for by law, the General Meeting determines the method of liquidation, appoints the liquidators on the proposal of the Board of Directors and continues to exercise its assigned powers during said liquidation until completion thereof.

The net assets remaining after repayment of the nominal value of the shares are distributed among the shareholders, in proportion to their share of the capital.

5. INTERNAL RULES OF THE BOARD OF DIRECTORS*

(Updated on 20 May 2015)

Preambule

The Board of Directors represents all shareholders collectively and acts in the Company's interest. Each Director, regardless of the manner in which he was appointed, should act in all circumstances in the Company's corporate interests.

Societe Generale applies the AFEP-MEDEF Corporate Governance Code for listed companies. As a credit institution, Societe Generale is subject to the provisions of the French Commercial Code, the French Monetary and Financial Code and more generally the implementing regulations applicable to the banking sector.

The purpose of these Internal Rules is to define the Board's organisation and operating procedures and to set out the rights and obligations of its members.

The Board of Directors ensures that Societe Generale has a solid governance system including, in particular, a clearly defined organisation that ensures well-defined, transparent and coherent responsibilities are shared, there are efficient detection, management, monitoring and declaration procedures for the risks the Company is or could be exposed to, the internal control system is adequate, the administrative and accounting procedures are sound and the compensation policies and practices allow and encourage responsible and efficient risk management.

Article 1: Powers of the Board of Directors

1.1 - The Board of Directors shall deliberate on any issue that falls within the scope of the powers ascribed to it by law or by regulations and shall devote sufficient time to fulfil its missions.

1.2 - The Board of Directors:

a) approves the Group's strategy, ensures it is implemented and reviews it at least once a year;

b) ensures the accuracy and truthfulness of the parent company and consolidated financial statements and the quality of the information communicated to shareholders and the market;

c) approves and regularly reviews the strategies and policies governing the taking, management, monitoring and reduction of the risks the Company is or could be exposed to, including the risks generated by the economic environment; makes sure in particular that the Group's risk management systems are adequate and effective, controls the exposure to risk from its activities and approves the overall risk limits; and ensures that the corrective measures taken in case of a weakness are effective;

d) reviews the governance system, periodically assesses its effectiveness and ensures that corrective measures to remedy potential weaknesses have been taken; and in particular ensures that the banking regulations with respect to internal control are complied with;

e) determines the Effective Senior Managers'[1] orientations and controls their implementation of the oversight systems to ensure the institution is managed efficiently and prudently and especially to prevent conflicts of interest;

f) approves all strategic investments and transactions, notably acquisitions or disposals, liable to have a material impact on the Group's earnings, its balance sheet structure or its risk profile.

   This prior approval process concerns:

   - organic growth operations where these represent a unit amount in excess of EUR 250 million and have not already been approved within the framework of the annual budget or the strategic plan;
   - acquisitions for a unit amount exceeding 3% of the Group's consolidated shareholders' equity or 1.50% of consolidated shareholders' equity where acquisitions do not comply with the development priorities approved in the strategic plan;
   - disposals for a unit amount exceeding 1.50% of the Group's consolidated shareholders' equity;
   - partnerships involving a cash payment exceeding 1.50% of the Group's consolidated shareholders' equity;
   - transactions that would result in a substantial deterioration of the Group's risk profile.

   If, for reasons of urgency, it is impossible to convene a meeting of the Board of Directors to deliberate on a transaction that falls within the aforementioned categories, the Chairman shall do his utmost to obtain the opinion of all the Directors before taking a decision. The Chairman shall assess on a case-by-case basis the appropriateness of convening the Board of Directors to deliberate on a transaction that does not fall within the aforementioned categories.

   During each Board of Directors meeting, the Chairman shall report on the transactions concluded since the previous meeting, as well as on the main projects in progress that are liable to be concluded before the next Board of Directors meeting.

g) controls the publication and communication process and the quality and reliability of the information to be published and transmitted;

* This document does not form part of Societe Generale's By-laws. It is not enforceable against third-parties. It may not be cited by third-parties or shareholders as evidence against Societe Generale.

(1) Persons designated as such with the regulator (ACPR). For Societe Generale, these are the Executive Officers.

h) deliberates on modifications to the Group's management structures prior to their implementation and is informed of the principal changes to its organisation;

i) deliberates at least once a year on its operation and that of its Committees, and on the conclusions of their periodic evaluation;

j) establishes the compensation policy rules applicable in the Group, especially those regarding categories of employees whose activities have a significant impact on the Group's risk profile and ensures that the internal control systems effectively verify that the rules comply with the regulations and professional standards and are suitable for meeting the risk management objectives;

k) sets the compensation of the Chairman and the Executive Officers, particularly their base fixed salaries, performance-linked pay and benefits in kind, stock option or performance share allocations, any compensation instruments and post-employment benefits;

l) discusses every year the Group's human resources, information systems and organisation policy as well as its policy with respect to social and environmental responsibilities;

m) deliberates once a year on the Company's policy regarding professional and wage equality between male and female employees;

n) establishes the preventive recovery plan that is sent to the European Central Bank and deliberates on any similar plan requested by foreign supervision authorities;

o) distributes attendance fees pursuant to Article 15 of these Internal Rules;

p) approves the "Corporate Governance" chapter of the Registration Document, which notably includes the Report of the Chairman on Corporate Governance and Internal Control and Risk Management Procedures, the description of the compensation policy for the Chairman and the Executive Officers and the principles applicable to the compensation of other regulated persons; and

q) makes the decision to dismiss the Chief Risk Officer who cannot be dismissed from his functions without the prior consent of the Board of Directors.

Article 2: Skills/Aptitudes of the members of the Board of Directors

2.1 - The members of the Board of Directors shall at all times be of sufficiently good repute, possess sufficient knowledge, skills and experience to perform their duties and collectively the necessary knowledge, skills and experience to understand the Company's activities, including the main risks it is exposed to.

2.2 - Each Director undertakes to continuously improve his knowledge of the Company and its sector of activity.

Article 3: Availability of the members of the Board of Directors

3.1 - The members of the Board of Directors shall commit sufficient time to perform their functions.

Pursuant to the conditions defined by the laws in force, they can only hold, within any legal entity, one executive directorship with two non-executive directorships or only four non-executive directorships. Nevertheless, the European Central Bank may authorise a member of the Board of Directors to hold an additional non-executive directorship and the directorships held within the same group shall count as a single directorship.

3.2 - Any Director who holds an executive directorship in the Group must take note of the Board of Directors' opinion before accepting a mandate in a listed company; the Director must comply with the procedure set out in Article 14 «conflicts of interest.»

3.3 - Each Director shall inform the Chairman promptly of any change in the number of mandates held, including his participation in a Board committee, as well as any change in professional responsibility.

In the event of a significant change in his professional duties or positions held, he undertakes to let the Board of Directors decide whether he should continue to serve as a Director of Societe Generale.

He undertakes to resign from his Directorship when he deems he is no longer able to perform his functions within the Board of Directors and the Committees he is a member of.

3.4 - The Registration Document reports on Directors' regular attendance at meetings of the Board of Directors and the Committees.

3.5 - Each Director shall attend Shareholders' general meetings.

Article 4: Code of ethics of members of the Board of Directors

4.1 - Each Director remains independent in his or her views, judgements, decisions and actions under all circumstances.

Each Director undertakes not to seek, nor to accept, any benefits liable to compromise said independence.

4.2 - Each Director must comply with the provisions set out by the French monetary and financial code and the General Regulations of the French Financial Markets Authority (AMF) relating to the communication and the use of insider information, with regard to the securities of Societe Generale, the securities of its subsidiaries and listed securities. He must also comply with these same regulations for the securities of companies in which he would hold insider information received through his participation in the Board of Directors of Societe Generale.

4.3 - Directors shall abstain from carrying out any operations on Societe Generale shares or assimilated securities[2] during the 30 calendar days prior the publication of Societe Generale's quarterly, half-yearly and annual results as well as on the date of their publication.

(2) Here the term "assimilated securities" is taken to mean, on the one hand, securities giving the buyer the right, however this right may be exercised, to buy or sell Societe Generale shares or to receive a sum calculated based on the current share price upon exercising this right; and on the other hand, assets composed primarily of Societe Generale shares or related securities (e.g., units in the E-Fund).

Directors shall refrain from carrying out speculative or leveraged transactions in the securities and, to this end:

- shall conserve the acquired securities for at least two months from their date of purchase;
- shall refrain from using financial instruments likely to allow them to carry out speculative transactions. This specifically applies to transactions in derivative instruments.

The same rules apply to transactions in the securities of French or foreign listed companies that are controlled directly or indirectly by Societe Generale as defined in Article L. 233-3 of the French commercial code.

Directors shall bring any difficulty they may encounter in enforcing this provision to the attention of the Secretary of the Board of Directors.

4.4 - Pursuant to the regulations in force, Directors and anyone closely related to them must report to the AMF each transaction involving the acquisition, disposal, subscription or exchange of Societe Generale shares or any other type of financial instruments linked to Societe Generale shares.

A copy of this declaration is sent to the Secretary of the Board of Directors. These declarations are kept on record by the Corporate Secretary.

4.5 - Directors must register in their name all Societe Generale securities they hold in compliance with Article 16.

Article 5: The Chairman of the Board of Directors

5.1 - The Chairman calls and chairs the Board of Directors meetings. He sets the timetable and the agenda. He organizes and manages the work of the Board of Directors and reports on its activities to the General Meeting. He chairs the Shareholders' General Meetings.

5.2 - The Chairman ensures that the Company's bodies, including the Board committees in which he may attend, operate correctly and consistently with the best principles of corporate governance. He may submit questions to the committees for review. He produces the report on the corporate governance, internal control and risks management.

5.3 - He receives any useful information required for its duties. He is regularly informed by the Chief Executive Officer and the other members of the General Management of significant events in the life of the Group. He may ask for the disclosure of any information or document in order to provide clarity to the Board of Directors. For the same purpose, he may interview the Statutory Auditors and, after having informed the Chief Executive Officer, any Group's executive manager.

5.4 - He ensures that the Directors are in position to fulfil their duties and that they are provided with the appropriate information.

5.5 - He is the only person authorised to speak in the name and on behalf of the Board of Directors, unless exceptional circumstances or specific assignment entrusted to another Director.

5.6 - He dedicates his best efforts to promote in all circumstances the image and values of the Company. In agreement with the General Management, he may represent the Group in high-level dealings, notably with major clients, regulators, major shareholders and government authorities, both domestically and internationally.

5.7 - He is provided with the material resources required to fulfil his assignments.

5.8 - The Chairman has no executive responsibilities, these responsibilities being exercised by the General Management, who proposes and implements the Company's strategy, within the limits defined by French Law and in compliance with the corporate governance rules and directions set by the Board of Directors.

Article 6: Meetings of the Board of Directors

6.1 - The Board shall meet at least six times a year.

6.2 - The Directors participating in a Board of Directors' meeting *via* videoconference or any other means of telecommunications that allows their identification and active participation shall be considered present for purposes of calculating the quorum and the majority. To this end, the means chosen must transmit at least the voice of the participating members and comply with specifications that permit continuous and simultaneous transmission of the discussions.

This provision is not valid when the Board of Directors has been convened to establish and approve the parent company and consolidated financial statements and the Management Report.

6.3 - Notices to attend Board of Directors meetings issued by the Secretary of the Board of Directors or the Corporate Secretary may be sent by letter, fax or electronic mail, or by any other means, including verbally.

6.4 - On the decision of the Chairman, the Deputy Executive Officers or other Group management executives or, where relevant, people who are not members of the Board of Directors who are able to make useful contributions to the discussions, may attend all or part of meetings of the Board of Directors.

Article 7: Information provided to the Board of Directors

7.1 - The Chairman or the Chief Executive Officer shall provide each Director with all necessary information and documents for him to accomplish his assignment.

7.2 - Effective Senior Managers shall inform the Board of Directors of all significant risks, risk management policies and modifications to such policies.

7.3 - If necessary, in the event of changes in the risks that affect or may affect the Company, the Chief Risk Officer may report directly to the Board of Directors.

7.4 - Prior to Board of Directors and Committee meetings, a file containing agenda items requiring special analysis and prior reflection will be made available or posted online in a timely manner whenever confidentiality rules allow.

Moreover, between meetings, Directors shall receive all relevant information, including any critical reviews, about significant events or transactions concerning the Company. In particular, they shall receive copies of press releases issued by the Company.

Article 8: Training of Directors

8.1 - The Company devotes the necessary human and financial resources to train the Directors.

8.2 - Training on the specific characteristics of the banking business are organised every year.

Each Director may take, either at the time of his appointment or throughout his mandate, any training that he deems necessary to perform his mandate.

8.3 - This training shall be organised by the Company which shall bear its cost.

Article 9: Board of Directors' Committees

9.1 - In certain areas, the Board of Directors' deliberations are prepared by specialised Committees composed of Directors appointed by the Board of Directors, which examine the issues within their prerogative and submit their opinions and proposals to the Board of Directors.

9.2 - These Committees are composed of members of the Board of Directors who do not hold any management functions in the Company and who have suitable knowledge to perform their committee's assignments.

9.3 - They shall possess the necessary means to perform their assignments and act under the responsibility of the Board of Directors.

9.4 - They may, in the course of their respective functions, ask to be provided with any relevant information, hear reports from the Group's Chairman, Executive Officers and senior managers and, after informing the Chairman, request that external technical studies be conducted at the Company's expense. They shall report on the information obtained and the opinions collected.

9.5 - There are four permanent Committees:

- the Audit and Internal Control Committee;
- the Risk Committee;
- the Compensation Committee; and
- the Nomination and Corporate Governance Committee.

9.6 - The Board may create one or more "*ad hoc*" Committees.

9.7 - The Risk Committee, the Compensation Committee and the Nomination and Corporate Governance Committee may perform their assignments for Group companies on a consolidated or sub-consolidated basis.

9.8 - Each Committee shall be chaired by a Chairman appointed by the Board of Directors based on a proposal made by the Nomination and Corporate Governance Committee.

The Secretarial functions for each Committee is performed by a person appointed by the Chairman of the Committee.

9.9 - The Chairman of each Committee shall report to the Board of Directors on the Committee's work. A written report of the Committee's activities shall be sent regularly to the Board of Directors.

Each Committee shall present the Board of Directors with its annual work program.

9.10 - Each Committee shall give the Board of Directors an opinion on the part of the Registration Document dealing with the issues that fall within its scope of activity and prepare an annual report on its activities, subject to the Board of Directors' approval, for insertion in the Registration Document.

Article 10: The Audit and Internal Control Committee

10.1 - The Audit and Internal Control Committee's mission is to monitor issues concerning the production and control of accounting and financial information, and to monitor the efficiency of the internal control and the risk assessment, monitoring and control systems.

10.2 - In particular, it is responsible for:

a) ensuring monitoring of the process for drawing up financial information, particularly examining the quality and reliability of the systems in place, making suggestions for their improvement and verifying that corrective actions have been implemented if faults are found in the procedure;

b) analysing the draft financial statements to be submitted to the Board of Directors in order to verify, in particular, the clarity of the information provided and to offer an assessment of the relevance and consistency of the accounting methods used to draw up parent company and consolidated financial statements;

c) ensuring the independence of the Statutory Auditors, in particular by reviewing the breakdown of the fees paid by the Group to them as well as to the network to which they may belong to, and through prior approval of all assignments that do not fall within the strict framework of a statutory audit of accounts, but which may be the consequence of, or a supplement to, the same, all other assignments being prohibited; implementing the procedure for selecting the Statutory Auditors and submitting an opinion to the Board of Directors concerning their appointment or renewal as well as their remuneration;

d) examining the work program of the Statutory Auditors and more generally ensuring the supervision of account monitoring by the Statutory Auditors;

e) offering an assessment of the quality of internal control, in particular the consistency of risk assessment, monitoring and management systems, and proposing additional actions where appropriate. To this end, the Committee is responsible in particular for:

   - regularly reviewing the internal control and risk control of the business segments, divisions and main subsidiaries;
   - reviewing the Group's internal audit program and the Annual Report on Internal Control drawn up in accordance with banking regulations, as well as formulating an opinion on the organisation and operation of the internal control departments;
   - reviewing the follow-up letters sent by the French Banking Commission (Commission bancaire) and issuing an opinion on draft responses to these letters.

10.3 - It may interview, under the conditions it determines, in addition to the people listed in Article 9, the Statutory Auditors and the managers in charge of drawing up financial statements, internal control, risk management, compliance control and internal audits. The Statutory Auditors shall be invited to the meetings of the Audit and Internal Control Committee, unless the Committee decides otherwise.

10.4 - The Audit and Internal Control Committee is composed of at least three Directors appointed by the Board of Directors, who have the appropriate financial, accounting, audit or internal control qualifications. At least two thirds of the Committee members are independent as defined in the AFEP-MEDEF Corporate Governance Code.

Article 11: Risk Committee

11.1 - The Risk Committee advises the Board of Directors on the overall strategy and the appetite to all kinds of risks, both current and future, and helps the Board when it verifies that this strategy is implemented.

11.2 - In particular, it is responsible for:

a) reviewing the risk control procedures and is consulted about setting overall risk limits;

b) reviewing on a regular basis the strategies, policies, procedures and systems used to detect, manage and monitor the liquidity risk and submitting its conclusions to the Board of Directors;

c) formulating an opinion on the Group's global provisioning policy, as well as on specific provisions relating to large sums;

d) reviewing the policies in place and the reports prepared to comply with the banking regulations on internal control;

e) reviewing the policy concerning risk management and the monitoring of off-balance sheet commitments, especially in light of the memoranda drafted to this end by the Finance Division, the Risk Division and the Statutory Auditors;

f) reviewing, as part of its mission, whether the prices for the products and services mentioned in books II and III of the French Monetary and Financial Code and offered to clients are compatible with the Company's risk strategy. When these prices do not correctly reflect the risks, it informs the Board of Directors accordingly and gives its opinion on the action plan to remedy the situation;

g) without prejudice to the Compensation Committee's missions, reviewing whether the incentives provided by the compensation policy and practices are compatible with the Company's situation with regard to the risks it is exposed to, its share capital, its liquidity and the probability and timing of expected benefits.

11.3 - It is provided with all information on the Company's risk situation. It may use the services of the Chief Risk Officer or outside experts.

11.4 - It may interview, under the conditions it determines, in addition to the people listed in Article 9, the Statutory Auditors and the managers in charge of drawing up financial statements, internal control, risk management, compliance control and periodic internal audits.

11.5 - The Risk Committee is composed of at least three Directors appointed by the Board of Directors who have knowledge, skills and expertise concerning risks. At least two thirds of the Committee members are independent as defined in the AFEP-MEDEF Corporate Governance Code.

Article 12: The Compensation Committee

12.1 - The Compensation Committee prepares the decisions that the Board of Directors decides concerning compensation, especially those related to the Chairman and the Executive Officers and those that have an impact on risk and the management of risks in the Company.

12.2 - It conducts an annual review of:

a) the principles of the Company's compensation policy;

b) the compensation, allowances and benefits of any kind granted to the Company's Chairman and the Executive Officers as well as the Effective Senior managers, if they are different;

c) the compensation policy for regulated employees as defined in the banking regulations.

12.3 - It controls the compensation of the Chief Risk Officer and the Chief Compliance Officer.

12.4 - It is provided all necessary information to perform its mission and in particular the annual report sent to the European Central Bank.

12.5 - It may be assisted by the internal control services or by outside experts.

12.6 - In particular, the Committee:

a) proposes to the Board, consistent with the regulations applicable to lending institutions, the guidelines given by the AFEP-MEDEF Corporate Governance Code and with professional standards, the policy governing the remuneration of the Chairman and the Executive Officers, and especially the criteria for determining the structure and amount of this remuneration, including allowances and benefits in kind, personal protection insurance or pension benefits, as well as any compensation of any kind received from Group companies, and ensures that the policy is properly applied;

b) prepares the annual performance appraisal of the Chairman and the Executive Officers;

c) submits a proposal to the Board of Directors for the performance share and stock option allocation policy and formulates an opinion on the list of beneficiaries;

d) prepares the decisions of the Board of Directors concerning the employee savings plan.

12.7 - It is composed of at least three Directors and includes a Director elected by the employees. At least two thirds of the Committee members are independent as defined in the AFEP-MEDEF Code[3]. Its composition enables it to exercise competent and independent judgement on the compensation policies and practices with regard to the management of risks, shareholders' equity and the Company's liquidities.

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(3) The AFEP-MEDEF Code does not take employees into account in the calculation of the proportion of independents on the committees.

Article 13: The Nomination and Corporate Governance Committee

13.1 - The Nomination and Corporate Governance Committee:

a) identifies and recommends to the Board of Directors the applicants qualified to perform Director functions;

b) without prejudice to the other provisions applicable in this area, proposes to the Board of Directors a target objective concerning the balanced representation of women and men on the Board of Directors. It develops a policy designed to achieve this objective(4);

c) periodically assesses, and at least once a year, the structure, size, composition and effectiveness of the Board of Directors' work regarding the missions entrusted to it and submits any useful recommendations to the Board of Directors;

d) periodically reviews the Board of Directors' policies concerning the selection and nomination of Effective Senior managers, Deputy Executive Officers and the Chief Risk Officer, and formulates recommendations in this area;

13.2 - In particular, the Committee:

a) is responsible for submitting proposals to the Board of Directors on the nomination of Directors as well as on the succession of the Chairman and the Executive Officers, especially where a position becomes vacant unexpectedly, after carrying out any necessary inquiries;

b) provides the Board of Directors with proposals for appointments to the Board's Committees;

c) carries out preparatory work for the Board of Directors' review of corporate governance issues. It assesses the Board of Directors' performance every year;

d) submits a proposal to the Board of Directors concerning its presentation in the Registration Document and notably the list of independent Directors;

e) is informed prior to the appointment of any member of the Group's Executive Committee and any corporate department heads who do not sit on this Committee. It is informed of the list of replacements for these Senior officers.

13.3 - It is comprised of at least three Directors. At least two thirds of the Committee members are independent as defined in the AFEP-MEDEF Corporate Governance Code.

Article 14: Conflicts of Interest

14.1 - The Chairman is in charge of managing conflict of interest situations of the Executive Officers and other members of the Board of Directors. Where appropriate, he should submit the matter to the Nomination and Corporate Governance Committee.

14.2 - Each Director shall inform the Board of Directors of any existing or potential conflict of interest to which he may be directly or indirectly exposed. He shall refrain from participating in any discussion and voting on such matters. The Chairman may request that he does not participate in the deliberating process.

14.3 - Each Director shall inform the Chairman and the Chairman of the Nomination and Corporate Governance Committee of his intention to accept a new mandate, including his participation in a committee, in a listed company that does not belong to a group in which he is an Executive Officer, so the Board of Directors can decide, if necessary, based on the Committee's proposal, that such an appointment would be incompatible with the mandate of Director of Societe Generale.

14.4 - Each Director shall inform the Chairman of the Board of Directors of any conviction for involvement in fraud, of any criminal charges and/or public sanction, and of any ban from managing or administering pronounced against him, as well as any bankruptcy, sequestration or liquidation proceeding in which he would have been associated.

14.5 - Each Director shall sign a sworn statement declaring whether or not he has been involved in any of the situations set out in 14.2 and 14.3: i) upon taking up his functions, ii) every year in response to the request of the Secretary of the Board of Directors when preparing the Registration Document, iii) at any time if the Secretary of the Board of Directors requests it and iv) within 10 working days following any event rendering his previous statement partially or totally inaccurate.

Article 15: Directors' fees

15.1 - The overall amount of attendance fees is set at the General Meeting. The Board of Directors may decide to use only part of this amount.

15.2 - Where the Chairman and Chief Executive Officer is also a Director, he does not receive any attendance fees.

15.3 - As of the 2015 General Meeting, the overall amount of attendance fees is first allocated to the Chairman of the Risk Committee and the Chairman of the Audit and Internal Control Committee, in the amount of EUR 50,000 each, and the balance is divided up into a fixed portion of 40% and a variable portion of 60%, as opposed to one-third and two-thirds previously.

15.4 - The fixed portion is allocated as follows:

15.4.1 - From the 2014 General Meeting to the 2015 General Meeting, the First Vice-Chairman receives pro-rated attendance fees equal to 35% of the fixed portion of the annual overall amount of attendance fees set by the General Meeting.

The balance is pro-rated as follows:

- 1 portion for each Director,
- 1 additional portion for the Chairman of the Nomination Committee and the Chairman of the Compensation Committee,
- 1 additional portion for the members of the Risk Committee and the members of the Audit and Internal Control Committee (from 01/01/2015 to the 2015 General Meeting),
- 1 additional portion for the Chairman of the Audit and Internal Control Committee and the Chairman of the Risk Committee (from 01/01/2015 to the 2015 General Meeting),

(4) The objective and policy of credit institutions, as well as the terms of implementation, are made public pursuant to paragraph 2 (c) of article 435 of EU regulation No. 575/2013 of the European Parliament and Council of 26 June 2013.

- 2 additional portions for the members of the Audit, Internal Control and Risk Committee (before 01/01/2015),
- 3 additional portions for the Chairman of the Audit, Internal Control and Risk Committee (before 01/01/2015).

15.4.2 - As of the 2015 General Meeting, the fixed portion of attendance fees is pro rated as follows:

- 1 portion for each Director,
- 0.5 additional portion for the members of the Nomination Committee and the members of the Compensation Committee,
- 1 additional portion for the Chairman of the Nomination Committee and the Chairman of the Compensation Committee,
- 1 additional portion for the members of the Risk Committee and the members of the Audit and Internal Control Committee,
- 2 additional portions for the Chairman of the Audit and Internal Control Committee and the Chairman of the Risk Committee.

15.5 - The variable portion of attendance fees is divided up at the end of the year, in proportion to the number of Board and Committee meetings attended by each Director. However, meetings of the Compensation Committee and the Nomination and Corporate Governance Committee held on the same day are counted as a single meeting for members sitting on both Committees. The same applies to meetings of the Audit and Internal Control Committee and the Risk Committee.

Article 16: Shares held in a personal capacity

16.1 - Each Director, appointed by the General Meeting (in his own name or as a permanent representative of a legal entity) must hold at least 1,000 shares or the equivalent. Each Director has six months time-frame to hold the 600 shares provided for by the By-laws and an additional six months time-frame to increase his stake to 1,000 shares.

16.2 - Each Director shall refrain from hedging his or her shares.

Article 17: Reimbursement of expenses

17.1 - Directors' travel, accommodation, meals and assignment-related expenses linked to Board of Directors or Committee meetings, the General Meeting or any other meetings associated to the duties of the Board of Directors or Committees, are paid for or reimbursed by Societe Generale, upon submission of receipts.

17.2 - The Company pays for the Chairman expenses required to perform his duties.

17.3 - The Secretary of the Board of Directors receives and checks these receipts and ensures that the Company pays or reimburses the amounts due.

Article 18: Confidentiality

18.1 - Each Director is bound by absolute professional secrecy in his capacity as Director with regard to the confidential information he receives, the discussions he participates in and the decisions taken as long as they have not been made public, and with regard to the opinions expressed by each Director.

18.2 - Each Director assumes an obligation of vigilance and circumspection.

6. LIST OF REGULATED INFORMATION PUBLISHED IN THE LAST 12 MONTHS*

PRESS RELEASES PUBLISHED UNDER REGULATED INFORMATION

- 15/4/2015 – Remuneration Policies and Practices Report 2014
- 19/5/2015 – Annual General Meeting and Board Of Directors, 19th May 2015
- 17/6/2015 – Initial public offering of Amundi
- 18/6/2015 – Societe Generale announces the acquisition of CaixaBank's entire shareholding in Boursorama and the signing of the acquisition of CaixaBank's entire shareholding in SelfTrade Bank by Boursorama
- 2/11/2015 – Amundi launches its initial public offering on the regulated market of Euronext Paris
- 11/11/2015 – Disposal of Societe Generale's entire stake in Amundi
- 22/12/2015 – Societe Generale discloses prudential capital requirements

REGISTRATIONS DOCUMENTS AND UPDATES - ANNUAL FINANCIAL REPORT

- 4/3/2015 - The annual financial report is now available for consultation
- 11/3/2015 - 2015 Registration Document
- 11/3/2015 – 2015 Registration Document – updated on 13th March 2015
- 11/5/2015 - Availability of an update of the 2015 Registration Document
- 11/5/2015 – First update to the Registration document (financial year 2014), filed on 11th May 2015
- 6/8/2015 – Second update to the Registration document (financial year 2014), filed on 6th August 2015
- 6/8/2015 - Availability of the Second update to the Registration document (financial year 2014), filed on 6th August 2015
- 6/11/2015 – Third update to the Registration document (financial year 2014), filed on 6th November 2015
- 6/11/2015 - Availability of the Third update to the Registration document (financial year 2014), filed on 6th November 2015

HALF-YEARLY FINANCIAL REPORT

- 06/8/2015 - Half-Yearly Financial report
- 06/8/2015 - Press release on the availability of the Half-Yearly Financial Report

QUARTERLY FINANCIAL INFORMATION

- 6/5/2015 – 1st quarter 2015 Results
- 5/8/2015 – 2nd quarter 2015 Results
- 5/11/2015 – 3rd quarter 2015 Results
- 11/2/2015 – 4th quarter and full-year 2015 Results

MONTHLY DECLARATIONS ON THE TOTAL NUMBER OF VOTING RIGHTS AND SHARES

- 14 declaration forms

DESCRIPTION OF THE BUYBACK PROGRAMMES AND STATEMENT ON THE LIQUIDITY AGREEMENT

- 11/5/2015 – Description of share buyback program
- 21/5/2015 – Amendment to the liquidity contract
- 2/7/2015 – Half-year statement on the liquidity agreement
- 5/1/2016 – Half-year statement on the liquidity agreement

REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

- 4/3/2015 - Publication of the Report on corporate governance, internal control and risk management procedures

STATUTORY AUDITORS' FEES

- 4/3/2015 – Statutory Auditor's fees

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

- 17/4/2015 – Release and consultation process of the information relating to The Ordinary General Meeting to be held on 19th May 2015

INFORMATION RELATIVE TO THE CHOICE OF COMPETENT AUTHORITY

- 3/2/2016 - Disclosure of competent authority for the supervision of ongoing and regulated information

* Full information available at www.societegenerale.com under "Regulated information".

8

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr Frédéric Oudéa

Chief Executive Officer of Societe Generale.

2. STATEMENT OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

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

I certify that, to the best of my knowledge, the accounts have been prepared in accordance with applicable accounting standards and are a fair reflection of the assets, liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation scope, and that the Management Report (the cross-reference table of the annual financial report in Chapter 9 indicates the contents of said report) presents a fair view of the business, performance and financial position of the Company and of all the undertakings included in the consolidation scope, as well as a description of the main risks and uncertainties to which they are exposed.

I have received a completion letter from the Statutory Auditors stating that they have audited the information contained in this Registration Document about the financial position and accounts contained herewithin, and that they have read this document in its entirety.

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

Paris, 7th March 2016

Chief Executive Officer
Frédéric Oudéa

3. PERSON RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

STATUTORY AUDITORS

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

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

Date of appointment: 22nd May 2012

Term of office: six financial years

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

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

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

Date of first appointment: 18th April 2003

Date of renewal: 22nd May 2012

Term of office: six financial years

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

SUBSTITUTE STATUTORY AUDITORS

Name: Société Picarle et Associés

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

Date of appointment: 22nd May 2012

Term of office: six financial years

Name: Société BEAS

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

Date of appointment: 22nd May 2012

Term of office: six financial years

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

9
CROSS REFERENCE TABLES

REGISTRATION DOCUMENT CROSS REFERENCE TABLE

Subject		Page numbers in the Registration Document
16.	BOARD PRACTICES	
16.1.	Date of expiration of the current term of office	65-71
16.2.	Members of the administrative bodies' service contracts with the issuer	NA
16.3.	Information about the issuer's Audit Committee and Remuneration Committee	83-86
16.4.	Statement as to whether or not the issuer complies with the corporate governance regime	76
17.	EMPLOYEES	
17.1.	Number of employees	232-247
17.2.	Shareholdings and stock options awarded to directors	65-71; 90-112
17.3.	Arrangements for involving employees in the capital of the issuer	242-243
18.	MAJOR SHAREHOLDERS	
18.1.	Shareholders owning more than 5% of capital or voting rights	460-461
18.2.	Different voting rights held by the major shareholders	460-461; 465
18.3.	Control of the issuer	460-461
18.4.	Arrangements known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	NA
19.	RELATED PARTY TRANSACTIONS	113-114; 344; 438-448
20.	FINANCIAL INFORMATION CONCERNING THE ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES OF THE ISSUER	
20.1.	Historical financial information	138-139; 148; 156; 158-164; 169-176; 178-179; 188-194; 268-385; 390-449; 485
20.2.	Pro forma financial information	NA
20.3.	Financial statements	138-139; 148; 156; 158-164; 169-176; 178-179; 188-194; 268-385; 390-449
20.4.	Auditing of historical annual financial information	132-133; 386-387; 450-451
20.5.	Age of latest financial information	268; 390
20.6.	Interim financial information	NA
20.7.	Dividend policy	454-457
20.8.	Legal and arbitration proceedings	202-205
20.9.	Significant changes in the issuer's financial or trading position	57
21.	ADDITIONAL INFORMATION	
21.1.	Share capital	458-465
21.2.	Memorandum and by-laws	466-470
22.	MATERIAL CONTRACTS	58
23.	THIRD-PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST	NA
24.	DOCUMENTS ON DISPLAY	465
25.	INFORMATION ON HOLDINGS	22-23; 367-383; 438-448

In accordance with Article 28 of EC regulation No. 809/2004 dated 29th April 2004, the following elements are included by reference in this Registration Document:

- the parent company and consolidated accounts for the year ended 31st December 2014, the related Statutory auditors' reports and the Group Management Report presented respectively on pages 464 to 517 and 346 to 459, pages 518 to 519 and 460 to 461 and pages 22 to 56 of the Registration Document D. 15-0104 filed with the AMF on 4th March 2015;
- the parent company and consolidated accounts for the year ended 31st December 2013, the related Statutory auditors' reports and the Group Management Report presented respectively on pages 380 to 433 and 266 to 375, pages 434 to 435 and 376 to 377 and pages 21 to 58 of the Registration Document D. 14-0115 filed with the AMF on 4th March 2014;

The chapters of the Registration Documents D. 15-0104 and D. 14-0115 not mentioned above do not apply to investors or are covered in another part of this Registration Document.

ANNUAL FINANCIAL REPORT REFERENCE TABLE

Pursuant to Article 222-3 of the French Financial Markets Authority's General Regulation, the annual financial report referred to in I of Article L. 451-1-2 of the French Monetary and Financial Code includes the items described on the following pages:

GLOSSARY OF MAIN TECHNICAL TERMS

ACRONYM TABLE

Acronym	Definition	Glossary
ABS	Asset-backed-securities	See: Securitisation
CDS	Credit Default Swap	See: Securitisation
CDO	Collaterallised Debt Obligation	See: Securitisation
CLO	Collateralised Loan Obligation	See: Securitisation
CMBS	Commercial Mortgage Backed Securities	See: Securitisation
CRD	Capital Requirement Directive	CRD
CVaR	Credit Value at Risk	Credit Value at Risk (CVaR)
EAD	Exposure at default	Exposure at default (EAD)
EL	Expected Loss	Expected Loss (EL)
GSIB	Global Systemically Important Banks (see: SIFI)	SIFI
LCR	Liquidity Coverage Ratio	Liquidity Coverage Ratio (LCR)
LGD	Loss Given Defalut	Loss Given Defalut (LGD)
NSFR	Net Stable Funding Ratio	Net Stable Funding Ratio (NSFR)
PD	Probability of default	Probability of default (PD)
RMBS	Residential Mortgage backed securities	RMBS
RWA	Risk Weighted Assets	Risk Weighted Assets (RWA)
SVaR	Stressed Value at Risk	Stressed Value at Risk (SVaR)
VaR	Value at Risk	Value at Risk (VaR)

Asset Backed Securities (ABS): see securitisation.

Basel 1 (Accords): prudential framework established in 1988 by the Basel Committee to ensure solvency and stability in the international banking system by setting an international minimum and standardised limit on banks' capital bases. It notably establishes a minimum capital ratio—a proportion of the total risks taken on by banks—which must be greater than 8%. (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Basel 2 (Accords): prudential framework used to better assess and limit banks' risks. It is focused on banks' credit, market and operational risks. (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Basel 3 (Accords): further changes to prudential standards which included lessons from the 2007-2008 financial crisis. They supplement the Basel 2 accords by improving the quality and quantity of banks' required capital. They also implement minimum requirements in terms of liquidity risk management (quantitative ratios), define measures to limit the financial system's procyclicality (capital buffers that vary according to the economic cycle) and even strengthen requirements related to systemically significant banks. (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012). The Basel 3 accords are defined in Europe in Directive 2013/36/EU ("CRD4") and Regulation 575/2013 ("CRR") that have been in force since 1st January 2014.

Bond: a bond is a fraction of a loan, issued in the form of a security, which is tradable and—in a given issue—grants rights to the issuer according to the issue's nominal value (the issuer being a company, public sector entity or government).

Cash Generating Unit (CGU): the smallest identifiable set of assets which generates incoming cash flow which is generally independent from incoming cash flow generated by other assets or sets of assets in accordance with the IAS 36 accounting standard. "In accordance with IFRS standards, a company must determine the largest number of cash generation units (CGU) which make it up; these CGU should be generally independent in terms of operations and the company must allocated assets to each of these CGU. Impairment testing must be conducted at the CGU level periodically (if there are reasons to believe that their value has dropped) or annually (if they include goodwill)." (source: Les Echos.fr, citing Vernimmen).

Collateral: transferable asset or guarantee used as a pledge for the repayment of a loan in the event that the borrower cannot meet its payment obligations. (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Collateralised Debt Obligation (CDO): see securitisation. Collateralised Loan Obligation (CLO): see securitisation.

Commercial Mortgage Backed Securities: see securitisation.

Common Equity Tier 1 capital: includes principally share capital, associated share premiums and reserves, less prudential deductions.

Common Equity Tier 1 ratio: ratio between Common Equity Tier 1 capital and risk-weighted assets, according to CRD4/CRR rules. Common Equity Tier 1 capital has a more restrictive definition than in the earlier CRD3 Directive (Basel 2).

Comprehensive Risk Measurement (CRM): capital charge in addition to Incremental Risk Charge (IRC) for the credit activities correlation portfolio which accounts for specific price risks (spread, correlation, collection, etc.) The CRM is a 99.9% risk factor, meaning the highest risk obtained after eliminating the 0.1% most unfavourable incidents.

Core Tier 1 ratio: ratio between Core Tier 1 capital and risk-weighted assets, according to Basel 2 rules and their changes known as Basel 2.5.

Cost/income ratio: ratio indicating the share of Net Banking Income (NBI) used to cover the company's operating costs. It is determined by dividing management fees by the NBI.

Cost of commercial risk in basis points: the cost of risk in basis points is calculated comparing the net cost of commercial risk to loan outstandings at the start of the period. Net commercial risk load equals the cost of risk calculated for credit commitments (balance sheet and off-balance sheet), i.e., allocations – recaptures (whether used or not used) + Losses on non-collectable receivables – collections on amortised loans and receivables. Allocations and recaptures of dispute provisions are excluded from this calculation.

Credit and counterparty risk: risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk also includes the counterparty risk linked to market transactions, as well as that stemming from securitisation activities.

Credit Default Swaps (CDS): insurance mechanism against credit risk in the form of a bilateral financial contract, in which the protection buyer periodically pays the seller in return for a guarantee to compensate the buyer for losses on reference assets (government, bank or corporate bond) if a credit event occurs (bankruptcy, payment default, moratorium, restructuring). (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Credit Value at Risk (CVaR): the largest loss that would be incurred after eliminating the top 1% of the most adverse occurrences, used to set the risk limits for individual counterparties.

CRD3: European Directive on capital requirements, incorporating the provisions known as Basel 2 and 2.5, notably in respect of market risk: improvement in the incorporation of the risk of default or rating migration for assets in the trading book (tranched and untranched assets), and reduction in the procyclicality of Value at Risk (see definition).

CRD4/CRR (Capital Requirement Regulation): The Directive 2013/36/ EU ("CRD4") and the Regulation (EU) No. 575/2013 ("CRR") constitute the corpus of the texts transposing Basel 3 in Europe. They therefore define the European regulations relating to the solvency ratio, large exposures, leverage and liquidity ratios, and are supplemented by the European Banking Authority's ("EBA") technical standards.

Derivative: a financial asset or financial contract, the value of which changes based on the value of an underlying asset, which may be financial (equities, bonds, currencies, etc.) or non-financial (commodities, agricultural commodities, etc.). Depending on the circumstances, this change may be accompanied by a leverage effect. Derivatives can take the form of securities (warrants, certificates, structured EMTNs, etc.) or in the form of contracts (forwards, options, swaps, etc.).

Doubtful loan coverage rate: ratio between portfolio provision and depreciation and doubtful outstandings (customer loans and receivables, loans and receivables with credit institutions, finance leases and basic leases).

Expected Loss (EL): losses that may occur given the quality of a transaction's structuring and all measures taken to reduce risk, such as collateral.

Exposure at default (EAD): Group exposure to default by a counterparty. The EAD includes both balance sheet and off-balance sheet exposures. Off-balance sheet exposures are converted to their balance sheet equivalent using internal or regulatory conversion

Fair value: the amount for which an asset could be exchanged or a liability settled, between informed and consenting parties under normal market conditions.

Gross rate of doubtful outstandings: ratio between doubtful outstandings and gross book loan outstandings (customer loans and receivables, loans and receivables with credit institutions, finance leases and basic leases).

Haircut: percentage by which the market value of securities is reduced to reflect their value in the context of stress (counterparty or market stress risk). The extent of the reduction reflects the perceived risk.

Impairment: recording of probable loss on an asset. (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Incremental Risk Charge (IRC): capital cost incurred due to rating migration risk and risk of issuers' default within a one-year horizon for trading book debt instruments (bonds and CDS). The IRC is a 99.9% risk factor, meaning the highest risk obtained after eliminating the 0.1% most unfavourable incidents.

Insurance risk: beyond asset/liability risk management (interest-rate, valuation, counterparty and currency risk), these include underwriting risk, mortality risk and structural risk of life and non-life insurance activities, including pandemics, accidents and catastrophic events (such as earthquakes, hurricanes, industrial disasters, or acts of terrorism or war).

Internal Capital Adequacy Assessment Process (ICAAP): process outlined in Pillar 2 of the Basel Accord, by which the Group verifies its capital adequacy with regard to all risks incurred.

Investment grade: long-term rating provided by an external ratings agency, ranging from AAA/Aaa to BBB-/Baa3 for a counterparty or underlying issue. A rating of BB+/Ba1 or lower indicates a Non-Investment Grade instrument.

Leverage ratio: The leverage ratio intends to be a simple ratio that aims to limit the size of banks' balance sheets. The leverage ratio compares the Tier One prudential capital with the accounting balance sheet/off-balance sheet, after restatements of certain items. A new definition of the leverage ratio has been implemented in accordance with the application of the CRR regulation.

Liquidity: for a bank, the capacity to cover its short-term maturities. For an asset, this term indicates the potential to purchase or sell it quickly on the market, with a limited discount. (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Liquidity Coverage Ratio (LCR): this ratio is intended to promote short-term resilience of a bank's liquidity risk profile. The LCR requires banks to hold risk-free assets that may be easily liquidated on markets in order to meet required payments for outflows net of inflows during a thirty-day crisis period without central bank support (source: December 2010 Basel document).

Loss Given Default (LGD): ratio between the loss incurred from exposure to default by a counterparty and the amount of the exposure at the time of default.

Market risk: risk of impairment of financial instruments arising from changing market parameters, as well as their volatility and the correlations between them. In particular, these parameters are foreign exchange rates, interest rates, as well as the prices of securities (equities and bonds), commodities, derivatives and all other assets, such as real estate assets.

Market stress tests: to assess market risks, alongside the internal VaR and SVaR model, the Group monitors its exposure using market stress test simulations to take into account exceptional market occurrences, based on 26 historical scenarii and eight hypothetical scenarios.

Mezzanine: form of financing between equity and debt. In terms of ranking, mezzanine debt is subordinate to senior debt, but it is still above equity.

Monoline insurer: insurance company participating in a credit enhancement transaction and which guarantees bond issues (for example, a securitisation transaction), in order to improve the issue's credit rating.

Net earnings per share: net earnings of the company (adjusted for hybrid securities recorded under equity instruments) divided by the weighted average number of shares outstanding.

Net Stable Funding Ratio (NSFR): this ratio aims to promote resilience over a longer time horizon by creating additional incentives for banks to fund their activities with more stable sources of funding. This structural ratio has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities (source: December 2010 Basel document).

Netting agreement: a contract in which two parties to a forward financial instrument, securities lending or resale contract agree to offset reciprocal claims arising from these contracts, with the settlement of these claims based only on the net balance, especially in the event of default or termination. A master netting agreement enables this mechanism to be extended to different kinds of transactions, subject to various framework agreements under a master agreement.

Operational risks (including accounting and environmental risks): risk of losses or sanctions, notably due to failures in procedures and internal systems, human error or external events, etc.

Own shares: shares held by the company, especially as part of the Share Buyback programme. Own shares are excluded from voting rights and are not included in the calculation of earnings per share, with the exception of shares held as part of a liquidity contract.

Personal commitment: represented by a deposit, autonomous guarantee or letter of intent. Whoever makes themselves guarantor for an obligation binds themselves to the creditor to honour that obligation, if the debtor does not honour it themselves. An independent guarantee is an undertaking by which the guarantor binds themself, in consideration of a debt subscribed by a third party, to pay a sum either on first demand or subject to terms agreed upon. A letter of intent is an undertaking to do or not to do, the purpose of which is the support provided to a debtor in honouring their obligation

Physical collateral : guarantees consisting of assets including tangible and intangible property and securities, including commodities, precious metals, cash, financial instruments and insurance contracts.

Prime Brokerage: all specific services designed for hedge funds to allow them to better conduct their business. In addition to standard intermediation transactions on financial markets (purchase and sale on behalf of clients), prime brokers offer securities borrowing and lending services and financial services specifically tailored for hedge funds.

Probability of Default (PD): likelihood that a counterparty of the bank will default within one year.

Rating: assessment by a ratings agency (Moody's, Fitch Ratings, Standard & Poor's, etc.) of an issuer's financial solvency risk (company, government or other public institution) or of a given transaction (bond loan, securitisation, covered bond). The rating has a direct impact on the cost of raising capital. (Source: Bank of France Glossary - Documents et Débats - No. 4 - May 2012).

Resecuritisation: securitisation of an already securitised exposure where the risk associated with underlyings is divided into tranches and, therefore, at least one of the underlying exposures is a securitised exposure.

Residential mortgage backed securities (RMBS): see securitisation.

Return On Equity (ROE): ratio between the net income restated for interest on hybrid securities recorded under equity instruments and restated book equity (especially hybrid securities), which enables return on capital to be measured.

Risk appetite: level of risk by type and by business line, which the Group is prepared to take on with regard to its strategic objectives. Risk appetite is derived using both quantitative and qualitative criteria. Exercising risk appetite is one of the strategic steering tools available to the Group's decision-making bodies.

Risk weight: percentage of weighting of exposures which are applied to a particular exposure in order to determine the related risk-weighted asset.

RWA – Risk-Weighted Assets: risk-weighted outstanding balances or risk-weighted assets; exposure multiplied by its risk weighting.

Securitisation: transaction that transfers a credit risk (loan outstandings) to an organisation that issues, for this purpose, tradable securities to which investors subscribe. This transaction may involve a transfer of outstandings (physical securitisation) or a transfer of risk only (credit derivatives). Securitisation transactions may, if applicable, enable securities subordination (tranches).

The following products are considered securitisations:

ABS: Asset Backed Securities

CDO: Collateralised Debt Obligation, a debt security backed by an asset portfolio (bank loans (residential) or corporate bonds). Interest and principal payment may be subordinated (tranche creation);

CLO: Collateralised Loan Obligation, a CDO backed by an asset portfolio of bank loans;

CMBS: Commercial Mortgage Backed Securities, a debt security backed by an asset portfolio of corporate real estate loans leading to a mortgage;

Share: equity stake issued by a company in the form of shares, representing a share of ownership and granting its holder (shareholder) the right to a proportional share in any distribution of profits or net assets as well as a right to vote in a General Meeting of Shareholders.

RMBS: Residential Mortgage Backed Securities, a debt security backed by an asset portfolio of residential mortgage loans.

SIFI (Systemically Important Financial Institution): the Financial Stability Board (FSB) coordinates all of the measures to reduce moral hazard and risks to the global financial system posed by systematically important institutions Globally Systemically Important Financial Institutions (G-SIFI). These banks meet criteria defined in the Basel Committee rules included in the document titled "Global systemically important banks: Assessment methodology and the additional loss absorbency requirement" and published as a list in November 2011.

This list is updated by the FSB each November (29 banks to date).

Stressed Value at Risk (SVaR): Identical to the VaR approach, the calculation method consists of a “historical simulation” with “one-day” shocks and a 99% confidence interval. Unlike the VaR, which uses 260 scenarios of daily variation year-on-year, the stressed VaR uses a fixed one-year window that corresponds to a historical period of significant financial tensions.

Structural interest rate and currency risk: risk of loss or of write-downs in the Group’s assets arising from variations in interest or exchange rates. Structural interest rate and exchange rate risks are incurred in commercial activities and proprietary transactions.

Structured issue or structured product: a financial instrument combining a bond product and an instrument (an option for example) providing exposure to all types of asset (equities, currencies, interest rates, commodities). Instruments can include a total or partial guarantee in respect of the invested capital. The term “structured product” or “structured issue” also refers to securities resulting from securitisation transactions, where holders are subject to a ranking hierarchy.

Tier 1 capital: comprises Common Equity Tier 1 capital and Additional Tier 1 capital. The latter corresponds to perpetual debt instruments, with no incentive to redeem, less prudential deductions.

Tier 1 ratio: ratio between Tier 1 capital and risk-weighted assets.

Tier 2 capital: supplementary capital consisting mainly of subordinated notes less prudential deductions.

Total capital ratio: ratio between total (Tier 1 and Tier 2) capital and risk-weighted assets.

Transformation risk: appears as soon as assets are financed through resources with a different maturity. Due to their traditional activity of transforming resources with a short maturity into longer-term maturities, banks are naturally faced with transformation risk which itself leads to liquidity and interest-rate risk. Transformation occurs when assets have a longer maturity than liabilities; anti-transformation occurs when assets are financed through longer-maturity resources.

Treasury shares: shares held by a company in its own equity through one or several intermediary companies in which it holds a controlling share either directly or indirectly. Treasury shares are excluded from voting rights and are not included in the calculation of earnings per share.

Value at Risk (VaR): composite indicator used to monitor the Group’s daily market risk exposure, notably for its trading activities (99% VaR in accordance with the internal regulatory model). It corresponds to the greatest risk calculated after eliminating the top 1% of most unfavourable occurrences observed over a one-year period. Within the framework described above, it corresponds to the average of the second and third largest losses computed.

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LABEL TRANSPARENCE

This label recognizes the most transparent Registration Documents according to the criteria of the Annual Transparency Ranking.