STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

RatingsDirect®

Societe Generale

Primary Credit Analyst:
Sylvie Dalmaz, PhD, Paris (33) 1-4420-6682; sylvie.dalmaz@standardandpoors.com

Secondary Contact:
Francois Moneger, Paris (33) 1-4420-6688; francois.moneger@standardandpoors.com

Table Of Contents

Societe Generale

SACP	a-

Anchor	bbb+	
Business Position	Strong	+1
Capital and Earnings	Adequate	0
Risk Position	Adequate	0
Funding	Average	0
Liquidity	Adequate	

\+

Support	+1
GRE Support	0
Group Support	0
Sovereign Support	+1

\+

Additional Factors	0

Issuer Credit Rating

A/Negative/A-1

Major Rating Factors

Strengths:

- Solid foundation of main businesses in core markets.
- Increasingly focused strategy.
- Reasonably diverse revenues by business line and geography.
- High systemic importance.

Weaknesses:

- Large domestic and international balance sheet that entails significant credit risk.
- Large and complex trading book.
- Earnings below underlying capacity.

Outlook: Negative

Standard & Poor's Ratings Services' negative outlook on French bank Société Générale reflects that deteriorated economic conditions and uncertain market confidence in Europe could hamper the bank's profitability and impede progress in strengthening its balance sheet, in particular, its capital and funding and liquidity positions. If this were to occur, we would lower our ratings on Société Générale.

Conversely, we might revise the outlook to stable if, all other factors remaining equal, we saw ongoing progress in Société Générale's strategic planning and further strengthening of its financial profile.

Rationale

We base our ratings on Société Générale on the bank's 'bbb+' anchor and our view of its "strong" business position, as defined in our criteria, reflecting its well-established position in its core markets. We view the bank's capital and earnings as "adequate," which is commensurate with our assumption that the bank's risk-adjusted capital (RAC) ratio, as defined by Standard & Poor's, will stand sustainably in the 7.0%-7.5% range in the short to medium term. We assess the bank's risk position as "adequate," reflecting its well-managed and refocused balance sheet. We view the bank's funding as "average" and its liquidity as "adequate." The ratings also reflect our view of Société Générale's "high systemic" importance in the French banking system. We assess Société Générale's stand-alone credit profile at 'a-'.

Table 1

Societe Generale Key Figures

		--Year-ended Dec. 31--			
(Mil. €)	**2013***	**2012**	**2011**	**2010**	**2009**
Adjusted assets	1,126,951.0	1,129,943.0	1,073,359.0	1,025,740.0	998,780.0
Customer loans (gross)	365,176.0	371,861.0	398,220.0	403,334.0	378,903.0
Adjusted common equity	36,076.0	36,310.4	34,969.0	30,915.0	25,458.0
Operating revenues	12,559.0	24,270.0	24,487.0	26,169.0	24,087.0
Noninterest expenses	7,975.0	16,438.0	17,036.0	16,545.0	15,766.0
Core earnings	1,928.8	3,026.1	1,691.5	3,513.3	2,000.6

*Data as of June 30.

Table 2

Societe Generale Business Position

		--Year-ended Dec. 31--			
(%)	**2013***	**2012**	**2011**	**2010**	**2009**
Total revenues from business line (mil. €)	12,837.0	24,575.0	25,742.0	26,548.0	24,798.0
Commercial banking/total revenues from business line	6.8	6.4	9.0	10.3	10.1
Retail banking/total revenues from business line	62.9	67.5	64.6	61.2	62.3
Commercial & retail banking/total revenues from business line	69.7	74.0	73.6	71.6	72.4
Trading and sales income/total revenues from business line	21.1	18.7	16.1	18.9	29.6
Payments and settlements/total revenues from business line	4.0	4.3	4.1	4.1	4.3
Asset management/total revenues from business line	3.5	4.5	4.3	4.4	5.9
Other revenues/total revenues from business line	1.7	(1.5)	1.9	1.0	(12.3)
Investment banking/total revenues from business line	21.1	18.7	16.1	18.9	29.6
Return on equity	5.4	1.1	4.7	9.1	1.0

*Data as of June 30.

Table 3

Societe Generale Capital And Earnings

		--Year-ended Dec. 31--			
(%)	**2013***	**2012**	**2011**	**2010**	**2009**
Tier 1 capital ratio	12.7	12.5	10.7	10.6	10.7
Adjusted common equity/total adjusted capital	95.6	91.0	93.4	82.7	79.1
Net interest income/operating revenues	41.7	46.6	49.9	45.7	48.3
Fee income/operating revenues	26.2	28.7	29.3	28.6	32.4
Market-sensitive income/operating revenues	17.5	13.2	18.1	20.5	3.9
Noninterest expenses/operating revenues	63.5	67.7	69.6	63.2	65.5

Table 3

Societe Generale Capital And Earnings (cont.)					
Preprovision operating income/average assets	0.7	0.6	0.6	0.9	0.8
Core earnings/average managed assets	0.3	0.2	0.1	0.3	0.2

*Data as of June 30.

Table 4

Societe Generale RACF [Risk-Adjusted Capital Framework] Data

(Mil. €)	Exposure*	Basel II RWA	Average Basel II RW (%)	Standard & Poor's RWA	Average Standard & Poor's RW (%)
Credit risk					
Government and central banks	162,705	9,382	6	15,083	9
Institutions	52,048	11,088	21	14,356	28
Corporate	255,195	138,635	54	225,100	88
Retail	176,824	52,950	30	102,926	58
Of which mortgage	93,262	12,743	14	28,140	30
Securitization§	16,699	4,166	25	29,288	175
Other assets	19,682	33,208	169	26,209	133
Total credit risk	683,152	249,429	37	412,962	60
Market risk					
Equity in the banking book†	3,066	4,700	274	25,418	829
Trading book market risk	--	28,642	--	40,621	--
Total market risk	--	33,342	--	66,039	--
Insurance risk					
Total insurance risk	--	--	--	60,050	--
Operational risk					
Total operational risk	--	41,325	--	60,002	--
(Mil. €)		**Basel II RWA**		**Standard & Poor's RWA**	**% of Standard & Poor's RWA**
Diversification adjustments					
RWA before diversification		324,096		599,053	100
Total Diversification/Concentration Adjustments		--		(149,384)	(25)
RWA after diversification		324,096		449,670	75
(Mil. €)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**Standard & Poor's RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		40,499	12.5	39,921	6.7
Capital ratio after adjustments‡		40,499	10.7	39,921	8.9

*Exposure at default. §Securitisation Exposure includes the securitisation tranches deducted from capital in the regulatory framework. †Exposure and Standard & Poor's risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2012, Standard & Poor's.

Table 5

Societe Generale Risk Position

		--Year-ended Dec. 31--			
(%)	2013*	2012	2011	2010	2009
Growth in customer loans	(3.6)	(6.6)	(1.3)	6.4	(2.4)
Total managed assets/adjusted common equity (x)	34.8	34.4	33.8	36.6	40.2
New loan loss provisions/average customer loans	1.0	0.9	1.1	1.1	1.5
Gross nonperforming assets/customer loans + other real estate owned	7.0	7.2	7.0	6.5	6.3
Loan loss reserves/gross nonperforming assets	63.4	58.8	60.5	57.9	53.0

*Data as of June 30.

Table 6

Societe Generale Funding And Liquidity

		--Year-ended Dec. 31--			
(%)	2013*	2012	2011	2010	2009
Core deposits/funding base	36.6	36.5	37.4	39.8	39.4
Customer loans (net)/customer deposits	114.9	123.1	141.1	133.7	139.5
Long term funding ratio	58.1	58.1	59.7	57.5	57.0
Stable funding ratio	95.2	90.0	80.4	78.9	N/A
Short-term wholesale funding/funding base	44.0	44.2	42.4	44.9	45.0
Broad liquid assets/short-term wholesale funding (x)	1.1	1.0	0.9	0.8	N/A
Net broad liquid assets/short-term customer deposits	14.0	4.6	(14.4)	(17.0)	N/A
Short-term wholesale funding/total wholesale funding	69.2	69.2	67.4	73.4	73.1
Narrow liquid assets/3-month wholesale funding (x)	N/A	1.5	1.1	N/A	N/A

*Data as of June 30. N/A--Not applicable.

Related Criteria And Research

Related Criteria

- Group Rating Methodology, Nov. 19, 2013
- Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Bank Hybrid Capital Methodology And Assumptions, Nov. 1, 2011
- Bank Capital Methodology And Assumptions, Dec. 6, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Ratings On Systemically Important French Banks Unchanged After Lowering Of French Sovereign Rating, Nov. 8, 2013
- France Long-Term Ratings Lowered To 'AA' On Weak Economic Growth Prospects And Fiscal Policy Constraints; Outlook Stable, Nov. 8, 2013
- Societe Generale, July, 9, 2013

- Banking Industry Country Risk Assessment: France, July 29, 2013
- Various Rating Actions Taken On French Banks Due To Rising Industry Risks, June 20, 2013
- French Bank Societe Generale 'A/A-1' Ratings Affirmed Despite Higher Industry Risks; Outlook Remains Negative, June 20, 2013

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of December 17, 2013)

Societe Generale	
Counterparty Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Commercial Paper	
Foreign Currency	A/A-1
Local Currency	A-1
Canada National Scale Commercial Paper	A-1(HIGH)
Junior Subordinated	BB+
Junior Subordinated	BBB
Junior Subordinated	BBB-
Senior Unsecured	A
Senior Unsecured	A-1
Senior Unsecured	A/A-1
Short-Term Debt	A-1
Subordinated	BBB
Subordinated	BBB+
Counterparty Credit Ratings History	
25-Oct-2012	A/Negative/A-1
23-Jan-2012	A/Stable/A-1
07-Dec-2011	A+/Watch Neg/A-1
07-May-2009	A+/Stable/A-1
Sovereign Rating	
France (Republic of) (Unsolicited Ratings)	AA/Stable/A-1+

Ratings Detail (As Of December 17, 2013) (cont.)	
Related Entities	
ALD Automotive S.A.	
Issuer Credit Rating	
Brazil National Scale	brA/Stable/--
ALD International S.A.	
Issuer Credit Rating	BBB/Stable/A-2
Senior Unsecured	BBB
Short-Term Debt	A-2
Banque Kolb S.A.	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Senior Unsecured	A
Banque Rhone Alpes S.A.	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Senior Unsecured	A
Banque Tarneaud S.A.	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Senior Unsecured	A
Credit du Nord S.A.	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB+
Franfinance	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Senior Unsecured	A
Komercni Banka A.S.	
Issuer Credit Rating	A/Negative/A-1
SG Americas Securities LLC	
Issuer Credit Rating	A/Negative/A-1
SG Capital Trust III	
Preference Stock	BBB
Societe Generale Bank & Trust	
Issuer Credit Rating	A/Negative/A-1
Societe Generale LDG	
Senior Secured	AA+
Senior Secured	AA+/Stable
Short-Term Secured Debt	A-1+
Societe Generale (New York Branch) (Unsolicited Ratings)	
Senior Unsecured	A

Ratings Detail (As Of December 17, 2013) (cont.)	
Senior Unsecured	A-1
Short-Term Debt	A-1
Societe Generale SCF	
Senior Secured	AA+
Senior Secured	AA+/Stable
Short-Term Secured Debt	A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Additional Contact:
Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

STANDARD
& POOR'S
RATINGS SERVICES

RatingsDirect®

Societe Generale

Primary Credit Analyst:
Sylvie Dalmaz, PhD, Paris (33) 1-4420-6682; sylvie.dalmaz@standardandpoors.com

Secondary Contact:
Elisabeth Grandin, Paris (33) 1-4420-6685; elisabeth.grandin@standardandpoors.com

Table Of Contents

Societe Generale

SACP	a-
Anchor	bbb+	
Business Position	Strong	+1
Capital and Earnings	Adequate	0
Risk Position	Adequate	0
Funding	Average	0
Liquidity	Adequate	

+

Support	+1
GRE Support	0
Group Support	0
Sovereign Support	+1

+

Additional Factors	0

Issuer Credit Rating
A/Negative/A-1

Major Rating Factors

Strengths	Weaknesses
• Solid foundation of main businesses in core markets. • Consistent and increasingly focused strategy. • Reasonably diverse revenues by business line and geography. • High systemic importance.	• Large domestic and international balance sheet that entails significant credit risk. • Large and complex trading book. • Earnings below underlying capacity.

Outlook: Negative

Standard & Poor's outlook on French bank Société Générale is negative, reflecting our view that deteriorating economic conditions and uncertain market confidence in Europe could hamper the bank's profitability and impede progress in strengthening its balance-sheet. Together with a potential lowering of our long-term sovereign rating on France, this could lead us to downgrade Société Générale.

All other things being equal, we would not downgrade Société Générale if we were to lower the long-term rating on France. In accordance with our methodology, we would continue to factor one notch of uplift into the ratings from our assessment of Société Générale's stand-alone credit profile to reflect government support.

We might revise the outlook to stable if, all other factors remaining equal, we believed ongoing progress in Société Générale's strategic planning and further strengthening of its financial profile would be confirmed.

Rationale

We base our ratings on Société Générale on the bank's 'bbb+' anchor and our view of its "strong" business position, as defined by our criteria, reflecting its well-established position in its core markets. We view the bank's capital and earnings as "adequate," which is commensurate with our assumption that the bank's risk-adjusted capital (RAC) ratio as defined by Standard & Poor's will remain in the 7.0%-7.5% range in the coming 18-24 months. We assess the bank's risk position as "adequate," reflecting its well-managed and refocused balanced-sheet. We view the bank's funding as "average" and its liquidity as "adequate." The ratings reflect our view of Société Générale's "high" systemic importance in the French banking system. We assess Société Générale's SACP at 'a-'. Its anchor is 'bbb+'.

Anchor: Reflects geographically diverse assets and industry risk in the French banking system

Our bank criteria use our Banking Industry Country Risk Assessment methodology and our economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Société Générale's 'bbb+' anchor reflects its geographically diverse assets and the French banking system's industry risk (see "Various Rating Actions Taken On French Banks Due To Rising Industry Risks," published June 20, 2013 on RatingsDirect).

We assess the economic risk for Société Générale based on our calculation of the weighted average of its credit exposures in the countries and regions in which it operates: 50% in France, 25% in the rest of the EU, 10% in the Americas, 5% in Eastern Europe (outside the EU), 5% in North Africa and the Middle East, and 5% elsewhere.

Table 1

Societe Generale Key Figures

	--Year-ended Dec. 31--				
(Mil. €)	**2012**	**2011**	**2010**	**2009**	**2008**
Adjusted assets	1,129,943	1,073,359	1,025,740	998,780	1,106,192
Customer loans (gross)	371,861	398,220	403,334	378,903	388,148
Adjusted common equity	36,310	34,969	30,915	25,458	24,553
Operating revenues	24,270	24,487	26,169	24,087	19,117
Noninterest expenses	16,438	17,036	16,545	15,766	15,528
Core earnings	3,026	1,692	3,513	2,001	430

Business position: Reflects solid foundations in core markets and diverse activities

Société Générale's business position is "strong," in our opinion. Its main businesses operate longstanding and solid foundations in the bank's core markets. Société Générale focuses on three core businesses. The bank combines a stable and successful retail banking operation in France, with a sustainable and profitable franchise in corporate and investment banking (CIB) and a growing international retail banking business. It has leading European positions in equipment financing and in operational car leasing, while investment management services are a more marginal contributor to the bank's franchise. Specialized financial services and global investment management services were respectively grouped under international retail banking and CIB early in 2013.

Société Générale's business activities are varied and result in good diversity of earnings streams by business type (see Société Générale By Division) and geography. Its core earnings generation capacity is resilient in our view. Investment banking revenues traditionally account for 15%-20% of Société Générale's total revenues. The inherent volatility in investment banking is reflected in its uneven contribution to total earnings, in our view. However, the more predictable earnings from other business lines have traditionally helped the bank generate adequate risk-adjusted profitability.

Société Générale's strategy is consistent and increasingly focused, in our opinion. We expect the bank to continue to proactively manage its portfolio of businesses. In the past 18 months, it has accelerated the disposal of legacy assets and scaled down or exited activities with low cross-selling potential or where access to funding has been scarce. These measures, in our view, have helped reduce the group's liquidity and funding needs, while steadily reinforcing capitalization. We are of the view that Société Générale's adjustments are well implemented. The bank has been repositioning and downsizing its balance sheet, while reinforcing its financial position. We understand that cost control will be at the center of the bank's strategy in the next three years. According to the bank, it is expecting to cut costs by an additional €900 million over 2013-2015. The reorganization of the group's business lines around three pillars, the resulting simplification, and the streamlining of processes and operational platforms should help fulfill this goal.

Table 2

Societe Generale Business Position

	--Year-ended Dec. 31--				
(%)	2012	2011	2010	2009	2008
Total revenues from business line (currency in millions)	24,575	25,742	26,548	24,798	22,491
Commercial banking/total revenues from business line	6.4	9.0	10.3	10.1	8.1
Retail banking/total revenues from business line	67.5	64.6	61.2	62.3	69.1
Commercial & retail banking/total revenues from business line	74.0	73.6	71.6	72.4	77.2
Trading and sales income/total revenues from business line	18.7	16.1	18.9	29.6	12.9
Payments and settlements/total revenues from business line	4.3	4.1	4.1	4.3	6.1
Asset management/total revenues from business line	4.5	4.3	4.4	5.9	6.5
Other revenues/total revenues from business line	(1.5)	1.9	1.0	(12.3)	(2.7)
Investment banking/total revenues from business line	18.7	16.1	18.9	29.6	12.9
Return on equity	1.1	4.7	9.1	1.0	6.7

French retail banking: Stable and successful (27% of allocated capital and 35% of revenues as of year-end 2012). The bank is well-anchored as France's fourth-largest domestic retail banking player. Its share of credits and deposits stood at an estimated 10% and 8% as of year-end 2012. Historically, Société Générale has been one of the most consistently best-performing French banks in domestic retail banking. The bank's networks are primarily concentrated in the country's urban areas, where they have an above-average franchise of affluent customers. Its franchise with corporate customers is long lasting and solid in our view. The division relies on an innovative, multi-brand, multi-channel strategy. Business is conducted through complementary networks: the bank's own network, the outlets of fully-owned core subsidiary Crédit du Nord S.A. (and its eight regional banks), and Boursorama Banque, the leading domestic player in online banking. Although Société Générale is currently facing challenges in preserving its revenue base in the face of low interest rates and competitive condition, we believe it has laid the grounds to continue to improve its efficiency.

CIB: A sustainable and profitable franchise (41% of allocated capital and 35% of revenues as of year-end 2012 [pro forma estimate]) Société Générale's CIB business line enjoys leading and profitable positions in targeted markets. It is client oriented and increasingly run according to an originate-to-distribute model. Its set-up is efficient in our view. Société Générale's investment banking business traditionally accounts for the lion's share of income within CIB.

Historically, the bank's platform has been geared toward a higher contribution from equity capital market activities than its peers. In our opinion, this is based on Société Générale's unsurpassed and longstanding worldwide franchise in equity derivatives. In addition, the bank has successfully expanded its position in the euro-denominated fixed-income capital markets. It ranks among the top three banks in terms of euro-denominated bond issuance. Outside France, Société Générale's position in corporate finance remains limited, in our view. Financing and advisory activities traditionally account for one-third of CIB revenues. The bank's enjoys leadership positions in structured and trade finance. The CIB division supervises management of a legacy asset portfolio (worth €8.3 billion on a net basis, as of March 31, 2013). This portfolio is a legacy from the 2008-2009 financial crisis. Its size has been regularly declining since then. Global investment management services (6% of allocated capital and 9% of revenues as of year-end 2012) were grouped under the CIB division early in 2013. We expect this restructuring to improve synergies within the enlarged business line, in particular in securities related services. Société Générale owns 25% of Amundi, one of the top two asset managers in continental Europe, with €727 billion of managed assets as of year-end 2012. With €86 billion of managed assets as of year-end 2012, Société Générale's position in private banking is rather modest, in our view.

International retail banking: Growing but heterogeneous performance (32% of allocated capital and 36% of revenues as of year-end 2012 [pro forma estimate]) Société Générale is present in Central and Eastern Europe (CEE), Russia, the Mediterranean basin, Sub-Saharan Africa, and France's overseas territories through its international retail banking division. The business line is growing and its performance is mixed. It holds well-established and profitable positions in the Czech Republic and Africa. Société Générale's largest subsidiaries by total assets are: the Czech Republic's third-largest retail bank, Komercni Banka A.S., Russia's third-largest private retail bank, Rosbank, and the first private Romanian bank, BRD. In our view, it is too early to say if a recent upturn in the profitability of the Russian operation will prove lasting. Russia is a large and fast growing banking market, but also has one of the world's riskiest banking systems in our view. Société Générale sold Greek subsidiary Geniki in the fourth quarter of 2012. Specialized Financial Services (16% of allocated capital and 15% of revenues as of year-end 2012) was grouped under the bank's international retail banking division early in 2013. Société Générale has leading European positions in equipment financing and in operational car leasing, where the group respectively ranked No.1 and No.2 as of year-end 2012. We understand that the bank could withdraw from countries where it has a limited presence or no access to funding.

Capital and earnings: Rising capitalization due to reduced leverage and retained earnings

We assess Société Générale's capital and earnings as "adequate." In our base-case scenario, we project that Société Générale's pro forma RAC ratio, before diversification adjustments, will stand at 7%-7.5% over the next 18-24 months compared with 6.7% as of Dec. 31, 2012. Ongoing tightened management of the balance-sheet and adequate internal capital generation capacity are the main reasons for this projection. Although we expect dividends to rise in 2013-2014, capital generation should be supported by adequate risk-adjusted profitability. The bank's quality of capital is good in our view.

Société Générale's capitalization has been rising quarter after quarter. The bank has implemented a deleveraging policy according to plan and internal earnings generation has been resilient despite challenging operating conditions. Sales of legacy assets and targeted loan portfolios by the CIB division have been complemented by business asset disposals. The sale of U.S. asset manager TCW Asset Management, in 2012 and the disposal of Geniki reinforced the credibility of the bank's rightsizing policy.

Société Générale's current Basel 3 Common Equity Tier 1 ratio target is close to 9.5% for year-end 2013. With a fully loaded Basel 3 Common Equity Tier1 ratio of 8.7% as of March 30, 2013, we believe the bank is on track to meet this target. The opportunistic sale of Egyptian bank NSGB early in 2013 has given the bank additional financial flexibility to meet this Basel 3 target. We understand the bank's capital policy calls for a further increase in its regulatory capital ratios beyond 2013.

The group's reported earnings as of Dec. 31, 2012 showed resilience, in our opinion. Revenues held up well, while the bank successfully reined in costs, in particular in the CIB division. We believe that Société Générale's profitability will remain subdued in 2013 in relation to the bank's earnings generation capability. In our base-case scenario, underlying revenue growth in 2013 will likely be minimal at group level, but credit losses should remain moderate. We are of the view that the bank will continue to reap the benefits of a reinforced cost control strategy. The management of Société Générale's large portfolio of legacy structured assets will likely continue to push the bank's bottom line lower in 2013 by an estimated €200 million, as per the bank's own estimates.

In the longer term, as the economy gradually recovers throughout Europe, we expect Société Générale's earnings generation to build on the bank's diverse sources of income and tightened cost control strategy. Return on equity could improve from current levels but will remain well below the levels of the last decade.

Table 3

Societe Generale Capital And Earnings

	--Year-ended Dec. 31--				
(%)	**2012**	**2011**	**2010**	**2009**	**2008**
Tier 1 capital ratio	12.5	10.7	10.6	10.7	8.8
S&P RAC ratio before diversification	6.7	5.9	5.9	5.4	N.M.
S&P RAC ratio after diversification	8.9	7.9	7.9	7.2	N.M.
Adjusted common equity/total adjusted capital	91.0	93.4	82.7	79.1	75.2
Net interest income/operating revenues	46.6	49.9	45.7	48.3	41.6
Fee income/operating revenues	28.7	29.3	28.6	32.4	38.8
Market-sensitive income/operating revenues	13.2	18.1	20.5	3.9	12.5
Noninterest expenses/operating revenues	67.7	69.6	63.2	65.5	81.2
Preprovision operating income/average assets	0.6	0.6	0.9	0.8	0.3
Core earnings/average managed assets	0.2	0.1	0.3	0.2	0.0

N.M.--Not meaningful.

Table 4

Societe Generale Risk-Adjusted Capital Framework Data

(Mil. €)	**Exposure***	**Basel II RWA**	**Average Basel II RW (%)**	**Standard & Poor's RWA**	**Average Standard & Poor's RW (%)**
Credit risk					
Government and central banks	162,705	9,382	6	15,083	9
Institutions	52,048	11,088	21	14,356	28
Corporate	255,195	138,635	54	225,100	88
Retail	176,824	52,950	30	102,926	58
Of which mortgage	93,262	12,743	14	28,140	30
Securitization§	16,699	4,166	25	29,288	175
Other assets	19,682	33,208	169	26,209	133
Total credit risk	683,152	249,429	37	412,962	60

Table 4

Societe Generale Risk-Adjusted Capital Framework Data (cont.)

Market risk					
Equity in the banking book†	3,066	4,700	274	25,418	829
Trading book market risk	--	28,642	--	40,621	--
Total market risk	--	33,342	--	66,039	--
Insurance risk					
Total insurance risk	--	--	--	60,050	--
Operational risk					
Total operational risk	--	41,325	--	60,002	--
(Mil. €)		**Basel II RWA**		**Standard & Poor's RWA**	**% of Standard & Poor's RWA**
Diversification adjustments					
RWA before diversification		324,096		599,053	100
Total Diversification/Concentration Adjustments		--		(149,384)	(25)
RWA after diversification		324,096		449,670	75
(Mil. €)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**Standard & Poor's RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		40,499	12.5	39,921	6.7
Capital ratio after adjustments‡		40,499	10.7	39,921	8.9

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and Standard & Poor's risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2012, Standard & Poor's.

Risk position: Underpinned by tighter balance sheet management

We view Société Générale's risk position as "adequate." Our assessment takes into account a reasonable appetite for growth that is focused on Société Générale's core areas of expertise and clientele, as well as an average track record compared with those of the bank's peers. We factor in our view of Société Générale's adequate risk management of its large balance sheet, which entails significant credit risk and large and complex trading books that can conceal valuation and illiquidity risk.

Over the past few years, Société Générale has reduced its risk appetite, in our opinion. Derisking measures have been well implemented, in our view, and include scaling down of the bank's most illiquid assets and trading positions. Société Générale's legacy assets have, quarter after quarter, decreased in size. Although this portfolio is still capital consuming, we consider it to have reached a more manageable size.

At 60 basis points-70 basis points (bps), Société Générale's through-the-cycle ratio of loan loss provisions to average loans reflects its presence in relatively high-risk emerging markets, such as Russia and Romania, and in specialized financial services. Loan loss provisions peaked in 2009 and stood at a moderate 75bps on March 30, 2013 (see table 5). We understand that Société Générale has manageable exposures to European countries that are most exposed to recession when compared with its peers. Group gross net non-performing loans to net customer loans stood at 3.11%

as of year-end 2012. We are of the view that, overall, collateral valuations and provisions adequately cover gross nonperforming assets.

Table 5

Société Générale - Loan Loss Provisions To Average Loans

	Year ended Dec. 31					
(Basis points)	**2008**	**2009**	**2010**	**2011**	**2012**	**First quarter 2013**
French retail	36	72	50	41	50	65
International retail	73	191	196	177	183	154
Specialized Financial Services	123	250	221	149	125	113
Corporate & Investment Banking	92	88	5	11	31	20
Group	66	117	83	67	75	75

Source: Société Générale

After declining over 2010-2011, Société Générale's cost of credit risk has been moderately rising since 2012. This is in line with our expectations. Taking into account the effect of weak economic performance throughout Europe, we are of the opinion that new loan loss provisions could moderately increase in 2013 from 2012 levels, in particular in France. So could gross non-performing loans, which typically lag trends in the wider economy.

Société Générale manages a portfolio of legacy assets, which had a net worth of €8.3 billion on March 30, 2013. This portfolio encompasses assets inherited from discontinued activities, primarily linked to negative-basis trades, asset management, and warehousing and structuring of collateralized debt obligations (CDOs) and U.S. residential mortgage-backed securities (RMBS). This portfolio, in our view, carries exposures with disparate underlying risk. We see the books of CDOs of U.S. RMBS as the most risky by nature, although we expect additional write downs to be manageable in our base-case scenario.

We believe Société Générale's market risk lies fundamentally in the complexity of its large trading books and the high pace of innovation of the products it manages. In the past few years, some model-based trading led to an unexpectedly high concentration of counterparty risk (in the bank's legacy asset portfolio). The bank's risk monitoring tools are adequate, in our view. It uses daily historical value-at-risk (VAR; one-day holding period, 99%) and runs various group-wide stress tests that are compared daily with limits. We think the articulation of these stress tests with the bank's overall risk appetite is good. Société Générale also uses complementary limits (notably in terms of notional exposures and sensitivity), particularly for activities in which risk is poorly captured by the VAR approach. On March 31, 2013, Société Générale reported an average VAR of €23 million. We note that the bank's use of stress tests declined by more than 50% over the 2007-2012 period.

We believe Société Générale's interest rate risk stems from domestic retail banking activities, which are sensitive to falling interest rates. We think that the bank monitors its exposure well, through gap and sensitivity analysis. We understand demand deposits back fixed-rate, medium- to long-term mortgage loans under reasonable assumptions. Residual exposure is macro-hedged using interest rate swaps.

Société Générale's diversified business profile and wide geographic coverage leaves it exposed to potential operational risk, in our view. We believe most of this risk lies in the bank's CIB and asset gathering operations.

Table 6

Societe Generale Risk Position

	--Year-ended Dec. 31--				
(%)	**2012**	**2011**	**2010**	**2009**	**2008**
Growth in customer loans	(6.6)	(1.3)	6.4	(2.4)	19.1
Total managed assets/adjusted common equity (x)	34.4	33.8	36.6	40.2	46.0
New loan loss provisions/average customer loans	0.9	1.1	1.1	1.5	0.7
Gross nonperforming assets/customer loans + other real estate owned	7.2	7.0	6.5	6.3	3.8
Loan loss reserves/gross nonperforming assets	58.8	60.5	57.9	53.0	62.8

Funding and Liquidity: Rebalancing funding profile and building liquidity reserves

Société Générale's funding is "average" and its liquidity position is "adequate" in our view. The bank remains reliant on wholesale funding markets and is an active borrower in confidence-sensitive wholesale markets. It is therefore by nature sensitive to any long disruption in the funding markets. Over the past two years, the bank's funding and liquidity profile has been improving.

In our view, Société Générale's funding structure has a number of strengths. They notably reside in its loyal retail deposit base. The sale of structured products and private placements also represents a major competitive advantage. Funding diversity has been regularly enhanced and is now complemented by the issuance of secured bonds and securitization deals. Société Générale revised down its 2012 medium- to long-term funding plan by about half from over €25 billion in 2011. As of March 31, 2013, the bank had completed 65% of its medium and long-term funding program for the year.

Société Générale's funding profile has been improving over the past few years. We are of the opinion that the bank's transition towards a rebalanced funding profile has been accelerating since mid-2011. This improvement is a result of ongoing deleveraging, a selective approach to medium- and long-term credit, issuance of liabilities with longer-term maturities, despite challenging financial market conditions. The bank notably exited some U.S. dollar-denominated activities and speeded up the sale of legacy assets in the CIB division. Société Générale's long-term funding ratio stood at an estimated 58% at year-end 2012. In addition, its loan-to-deposit ratio has been declining; it stood at 123% as of end-2012, compared with 139% as of end-2009.

Société Générale's liquidity management and contingency plans are adequate. As a principle, the bank raises short-term wholesale funding to fund short-term assets. We are of the view that the bank's reliance on short-term wholesale funding has been decreasing. According to the bank's own estimates, short-term funding accounted for 20% of its funded balance sheet as of end-2012, compared with 36% as of Dec. 31, 2007.

Liquidity needs have been revised downward, in particular in the past 18 months. The bank is ahead of plan. The bank's liquidity buffer has been continually increasing, resulting in improving liquidity metrics. By our estimates, the bank's broad liquid assets fully covered its short-term wholesale funding needs as of Dec. 31, 2012. Société Générale calibrates unencumbered liquidity reserves as a result of stress tests. The bank assesses liquidity stress under quite conservative guidelines, in our view. These are regularly upgraded. We note that Société Générale's access to European Central Bank funding is opportunistic. The bank has indicated that its estimated Basel 3 liquidity coverage ratio was above 100% as of end-March 2013 (under assumptions as of this date).

Table 7

Societe Generale Funding And Liquidity					
	--Year-ended Dec. 31--				
(%)	2012	2011	2010	2009	2008
Core deposits/funding base	36.5	37.4	39.8	39.4	40.7
Customer loans (net)/customer deposits	123.1	141.1	133.7	139.5	145.2
Long term funding ratio	58.1	59.7	57.5	57.0	52.2
Broad liquid assets/short-term wholesale funding (x)	1.0	0.9	0.8	N/A	N/A
Net broad liquid assets/short-term customer deposits	4.4	(14.6)	(17.1)	N/A	N/A
Net short-term interbank funding/total wholesale funding	4.7	17.6	8.0	2.2	18.4
Short-term wholesale funding/total wholesale funding	69.2	67.4	73.4	73.1	82.2

N/A--Not applicable.

External support: "High" systemic importance and "supportive" government

Our long-term rating on Société Générale is one notch higher than the SACP, reflecting its "high" systemic importance in France and our assessment of the French government as "supportive" of its banking system.

Additional rating factors: None

There are no additional rating factors.

Related Criteria And Research

- Various Rating Actions Taken On French Banks Due To Rising Industry Risks, June 20, 2013
- Group Rating Methodology, May 7, 2013
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Bank Hybrid Capital Methodology And Assumptions, Nov. 1, 2011
- Bank Capital Methodology And Assumptions, Dec. 6, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009

Anchor Matrix										
Industry Risk	Economic Risk									
	1	2	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of July 9, 2013)	
Societe Generale	
Counterparty Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Commercial Paper	
Foreign Currency	A/A-1
Local Currency	A-1
Canada National Scale Commercial Paper	A-1(HIGH)
Junior Subordinated	BBB
Junior Subordinated	BBB-
Senior Unsecured	A
Senior Unsecured	A-1
Senior Unsecured	A/A-1
Short-Term Debt	A-1
Subordinated	BBB
Subordinated	BBB+
Counterparty Credit Ratings History	
25-Oct-2012	A/Negative/A-1
23-Jan-2012	A/Stable/A-1
07-Dec-2011	A+/Watch Neg/A-1
07-May-2009	A+/Stable/A-1
Sovereign Rating	
France (Republic of) (Unsolicited Ratings)	AA+/Negative/A-1+
Related Entities	
ALD Automotive S.A.	
Issuer Credit Rating	
Brazil National Scale	brA/Stable/--
ALD International S.A.	
Issuer Credit Rating	BBB/Stable/A-2
Senior Unsecured	BBB
Short-Term Debt	A-2
Banque Kolb S.A.	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Senior Unsecured	A
Banque Rhone Alpes S.A.	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Senior Unsecured	A
Banque Tarneaud S.A.	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Senior Unsecured	A

Ratings Detail (As Of July 9, 2013) (cont.)	
Credit du Nord S.A.	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB+
Franfinance	
Issuer Credit Rating	A/Negative/A-1
Certificate Of Deposit	A/A-1
Senior Unsecured	A
Komercni Banka A.S.	
Issuer Credit Rating	A/Negative/A-1
National Societe Generale Bank S.A.E. (Unsolicited Ratings)	
Issuer Credit Rating	
Local Currency	CCCpi/--/--
SG Americas Securities LLC	
Issuer Credit Rating	A/Negative/A-1
SG Capital Trust III	
Preference Stock	BBB
Societe Generale Bank & Trust	
Issuer Credit Rating	A/Negative/A-1
Societe Generale LDG	
Senior Secured	AAA
Senior Secured	AAA/Negative
Short-Term Secured Debt	A-1+
Societe Generale S.A. (Madrid Branch)	
Issuer Credit Rating	A/Negative/A-1
Societe Generale SCF	
Senior Secured	AAA
Senior Secured	AAA/Negative
Short-Term Secured Debt	A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Additional Contact:

Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

MOODY'S
INVESTORS SERVICE

Credit Opinion: Société Générale

Global Credit Research - 21 Feb 2014

Paris, France

Ratings

Category	**Moody's Rating**
Outlook	Stable
Bank Deposits	A2/P-1
Bank Financial Strength	C-
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Senior Unsecured	A2
Subordinate	Baa3
Jr Subordinate	Ba1 (hyb)
Pref. Stock Non-cumulative	Ba2 (hyb)
Preference Stock	Ba3 (hyb)
Commercial Paper -Dom Curr	P-1
Other Short Term -Fgn Curr	(P)P-1
Other Short Term -Dom Curr	(P)P-1

Contacts

Analyst	**Phone**
Alessandro Roccati/London	44.20.7772.5454
Andrea Usai/London	
Robert Young/New York City	1.212.553.1653
Riccardo M Rinaldini/London	44.20.7772.5454

Key Indicators

Societe Generale (Consolidated Financials)[1]

	[2]**6-13**	[2]**12-12**	[2]**12-11**	[2]**12-10**	[2]**12-09**	**Avg.**
Total Assets (EUR million)	**1,254,082.0**	**1,250,553.0**	**1,181,251.0**	**1,131,940.0**	**1,023,528.0**	[3]**5.2**
Total Assets (USD million)	**1,630,117.5**	**1,648,718.5**	**1,533,435.0**	**1,518,546.8**	**1,468,497.4**	[3]**2.6**
Tangible Common Equity (EUR million)	**46,802.4**	**45,857.0**	**42,068.8**	**42,319.8**	**38,047.1**	[3]**5.3**
Tangible Common Equity (USD million)	**60,836.0**	**60,457.4**	**54,611.5**	**56,773.8**	**54,587.8**	[3]**2.7**
Net Interest Margin (%)	**0.9**	**1.0**	**1.1**	**1.2**	**1.2**	[4]**1.1**
PPI / Average RWA (%)	**2.2**	**2.4**	**2.2**	**3.2**	**2.1**	[5]**2.4**
Net Income / Average RWA (%)	**1.0**	**0.9**	**0.7**	**1.5**	**0.6**	[5]**0.9**
(Market Funds - Liquid Assets) / Total Assets (%)	**-7.5**	**-5.2**	**-2.9**	**-2.9**	**-1.4**	[4]**-4.0**
Core Deposits / Average Gross Loans (%)	**95.0**	**86.9**	**84.6**	**86.1**	**78.4**	[4]**86.2**
Tier 1 Ratio (%)	**12.7**	**12.5**	**10.7**	**10.3**	**10.7**	[5]**11.4**
Tangible Common Equity / RWA (%)	**14.9**	**14.1**	**12.0**	**12.3**	**11.7**	[5]**13.0**
Cost / Income Ratio (%)	**69.8**	**66.6**	**68.8**	**60.7**	**69.1**	[4]**67.0**
Problem Loans / Gross Loans (%)	**--**	**7.2**	**6.9**	**6.5**	**6.3**	[4]**6.7**
Problem Loans / (Equity + Loan Loss Reserves) (%)	**--**	**38.8**	**41.5**	**39.8**	**40.4**	[4]**40.1**

Source: Moody's

[1] All figures and ratios are adjusted using Moody's standard adjustments [2] Basel II; IFRS [3] Compound Annual Growth Rate based on IFRS reporting periods [4] IFRS reporting periods have been used for average calculation

[5] Basel II & IFRS reporting periods have been used for average calculation

Opinion

SUMMARY RATING RATIONALE

Société Générale's (SG) deposit and debt ratings of A2/Prime-1 incorporate three notches uplift from its baa2 baseline credit assessment (BCA). The uplift to A2 reflects our view that there is a very high probability of the French government providing systemic support to SG, in case of need.

SG's BCA of baa2 reflects the bank's strong franchises, good geographical diversification and broad spread of predominantly retail banking activities, according to its universal bank model, and captures SG's enhanced capital ratios and improved liquidity and funding positions. These factors are partially offset by SG's exposures to the weak economic environment in Europe (representing 77% of SG's exposures at default at end-June 2013), including some weak or volatile Eastern European economies, notably Romania and Russia; SG's inherently volatile capital markets activities and its large confidence-sensitive wholesale funding needs.

Rating Drivers

- Franchise value is strong, particularly in domestic retail banking

- Market risk appetite has reduced

- Funding and liquidity profiles are converging towards international peers

- Capital levels are in line with global peers

- Profitability is improving but remains volatile

- Asset quality in the domestic loan books is expected to stabilize in coming quarters

Rating Outlook

The outlook is stable on SG's BCA and long-term ratings. This incorporates our expectation of weak economic growth within major European economies, resulting in broadly flat revenue and a gradual increase in loan-loss provisioning. It also incorporates our expectation of a further improvement in profitability and capitalisation.

What Could Change the Rating - Up

Upwards pressure might develop on the ratings following a material structural improvement in the bank's funding and liquidity profile and a further reduction in the weight of capital markets-related activity within the group.

What Could Change the Rating - Down

Downwards pressure might develop on the ratings as a result of (1) deteriorating funding or liquidity conditions; (2) risk-management failures or material unexpected losses; (3) worsening macroeconomic conditions; or (4) a weakening in the capacity or willingness of France to provide support to the benefit of creditors.

DETAILED RATING CONSIDERATIONS

FRANCHISE VALUE IS STRONG, PARTICULARLY IN DOMESTIC RETAIL BANKING

We consider SG's franchise as generally strong: SG benefits from a good position in French retail banking - which represents around one third of the group's risk weighted assets (RWA) - with market shares of 8% in retail loans and 7% in retail deposits at end-September 2013. This strength is slightly weakened by the combination of systemic problems in the euro area, funding constraints and a confidence-sensitive capital markets business.

The new International Retail Banking and Financial Services division includes the International Retail Banking, Financial Services to Corporates and Insurance divisions and accounts for around one third of the group's RWA. The group's international retail activities are in two main regions: Central and Eastern Europe and Africa. In 2013, the Czech subsidiary's performance was resilient, and the Russian subsidiaries' performance recorded EUR128 million net income from a loss in 2012; in Q4 2013 SG confirmed its commitment to Russia raising its stake in JSB

Rosbank (Baa3 stable, D/ba2 stable) by 10% to 92.4%. SG's Romanian subsidiaries recorded a loss due to a persistently high cost of risk.

Both Financial Services to Corporates and Insurance performance were solid in 2013; SG's bancassurance business sells a range of products to its client base, including in-house life insurance and mutual funds, which form an important part of the savings base in France. Some areas of Specialised Financial Services represent a risk, notably consumer credit in Italy; however, this exposure is contained in the context of the group loan book.

The new Global Banking and Investor Solutions (GBIS) division includes Global Markets, Financing & Advisory, Asset & Wealth Management and Securities Services & Brokerage sub-divisions and accounts for around one third of the group's RWA. SG has strong expertise in structured products (with a global leadership in equity derivatives), exchange traded funds (under the Lyxor brand), commodities, research and market making and has recently announced a plan to expand its bond origination and trading business with existing European clients. However, we consider SG as a tier-two global investment bank. Capital markets activities bring elements of volatility, confidence sensitivity and complexity that reduce the value we attribute to these franchises.

During Q4 2013, SG announced the restructuring of some GBIS businesses; we view the moves as credit positive. SG signed an agreement to acquire from Credit Agricole CIB (CACIB, A2 stable, ba2 stable) the remaining 50% stake in Newedge, for EUR 275m and to sell Credit Agricole SA (CASA, A2 stable, baa2 stable) a 5% stake in Amundi for EUR 338m, taking SG's stake in Amundi from 25% to 20%.

MARKET RISK APPETITE HAS REDUCED

We believe that the firm's risk appetite has reduced, and its risk systems have been thoroughly overhauled in recent years in response to the rogue trader fraud in 2007 and following the broader financial crisis.

We view SG's recent deleveraging as credit positive because SG has exited non-core businesses and made disposals with a positive impact on capital ratios: in 2012, SG completed the deleveraging of its CIB division and closed the sale of its Greek subsidiary Geniki. In Q1 2013, SG closed the sale of its US asset management business TCW and of its Egyptian subsidiary NSGB.

SG market risk significantly decreased over the last two years: the bank's risk appetite as measured by the average VaR, decreased to EUR25 million in 2013 from an average of EUR38 million in 2011. At end- 2013, market risk absorbed EUR26 billion RWA (from EUR29 billion a year earlier), or around 8% of group RWAs and operational risk absorbed EUR41 billion RWA, or 13% of group RWAs, a moderate level, when compared to the global firms with capital markets activities.

Securities and client trading assets decreased to EUR144 billion at end- 2013 from EUR 199 billion at end-2010 as a result of the deleverage plan, partially offset by the increase due to Basel 3 liquidity requirements. SG's trading assets as a percentage of its cash balance sheet are higher than some of its peers due to the large and liquid equity securities portfolio, which represent around half of the trading assets. SG's largest risk is credit risk, through its loan book of EUR354 billion at end- 2013. Over time, impairment charges have been volatile, due to exposures to Central Eastern Europe, Russia and Africa (16% of the group exposure at default at end- 2013) and to investment bank legacy assets (1.2% of the group exposure at default at end-June 2013). SG's risk positioning is also affected by a few relatively large corporate exposures in its financing activities and by notable industry concentrations to the financial services sector in its capital market activities.

SG is one of the banks which is being reviewed by the ECB as part of its comprehensive assessment that consists of a supervisory judgment on key risks, an asset quality review alongside a stress test, the result of which are to be published in November 2014.

FUNDING AND LIQUIDITY PROFILES ARE CONVERGING TOWARDS INTERNATIONAL PEERS

SG's funding position significantly improved in recent quarters; however, we continue to view SG's funding profiles as weaker than those of some large international peers due to SG's higher dependence on confidence-sensitive wholesale funding. This is driven by large trading and investment portfolios due to investment banking activities and holdings of long-dated government bonds. A customer funding gap (customer deposits less customer loans) of EUR14 billion at end-2013 (decreased from EUR50 billion at end-2012) add to wholesale funding needs. SG's liquidity reserves are currently at a level in line with its peers: at end- 2013, the EUR138 billion liquidity pool - EUR60 billion central bank deposits and EUR78 billion high quality liquid assets (HQLA)- covered EUR124 billion short-term funding; additional EUR35 billion assets are central bank eligible as opposed to cash and marketable securities. SG announced an LCR>100% at end- 2013 without providing the exact figure.

CAPITAL LEVELS ARE IN LINE WITH GLOBAL PEERS

Following material improvements in recent quarters, SG's capital position is now in line with its global peers, providing a good degree of resilience under our stress scenarios. The reported fully-loaded Basel 3 CET1 ratio was 10.0% at end- 2013, above SG's target of >9.5% by the same period.

SG reported a CRR leverage ratio of 3.5% at end-2013 -which includes grandfathered Tier 1 hybrids and newly issued Additional Tier 1 (AT1) instruments -, above the regulatory requirement of 3% from 2018 and in line with the estimated leverage ratios disclosed by many of the bank's peers. While those estimates may not be fully comparable, we believe they are useful benchmarks. Even though the leverage ratio does not capture the risk content of assets, we believe it complements ratios based on risk-weighted assets (RWA). The difference between simple leverage and RWA-based ratios can be considered a measure of the risk to bondholders if existing risk-weights do not fully capture the riskiness of individual assets.

PROFITABILITY IS IMPROVING BUT REMAINS VOLATILE

Recent results have shown an improvement in profitability: in 2013 SG recorded a net income of EUR2.2 billion - which equates a post-tax ROE of 4.4% - due to resilient revenues, stable operating expenses and the absence of material goodwill impairments and capital losses booked in 2012.

SG announced in 2012 a restructuring plan aiming at achieving EUR900 million operating costs reduction by 2015, with associated one-off charges of EUR600 million; the firm's goal is to maintain its cost base unchanged at EUR16.4 billion (2012 level), accounting for inflation. At end-2013 SG reported unchanged operating expenses at EUR16.4 billion and EUR350 million achieved savings against EUR220 million one-off costs.

SG's capacity to absorb credit losses within the income statement improved during 2013 but remained more limited when compared with its large domestic peers: the cost of risk consumed 41% of pre-provision income (excluding the impact of legacy assets, non-recurring and non-economic items) in 2013. Future profitability could come under renewed pressure due to weaker revenues, as a reflection of volatile markets affecting client activity in the corporate and investment bank and a weak macroeconomic environment, including in Eastern Europe.

Litigation and regulatory fines could also result in an erosion of profitability. In December, the European Commission (EC) announced that it had reached an agreement with SG to settle investigations into the trading of yen LIBOR and Euribor for a total of EUR 446 million, which the firm charged in Q4 2013. SG reported EUR 700 million of collective provisions for legal disputes at end-2013.

ASSET QUALITY IN THE DOMESTIC LOAN BOOKS IS EXPECTED TO STABILIZE IN COMING QUARTERS

We expect that the credit quality of the domestic retail loan book - which accounts for around half of the group's loan book - will stabilize in the coming quarters; however, we expect the credit quality of the Eastern European and Russian loan books will mildly deteriorate due to weak macroeconomic trends.

High levels of doubtful loans characterise SG's asset quality, albeit partly due to protracted workout practices, in common with other French banks, and partly mitigated by collateral and provisions. At end- 2013, impaired loans were EUR24.9 billion, equal to 7.2% of gross customer loans (net of leasing) an increase versus 6.5% at end-2012; the coverage ratio was at 83%, including collateral and portfolio-based provisions.

SG's banking and trading book net sovereign bond exposures to peripheral European countries were negligible at end-2013: the sovereign exposures to Italy were broadly stable at EUR2.3 billion, while the exposure to Spain increased in the quarter by EUR1.4 billion to EUR1.9 billion.

NOTE ON DATA

Unless noted otherwise, data in this report is sourced from company reports and our Banking Financial Metrics. All figures are based on our own chart of account, and are adjusted for analytical purposes. Please refer to the documents entitled "Moody's Approach to Global Standard Adjustments in the Analysis of the Financial Statements of Banks, Securities Firms and Finance Companies" and "Frequently Asked Questions: Moody's Approach to Global Standard Adjustments in the Analysis of the Financial Statements of Banks, Securities Firms and Finance Companies", both published on 19 July 2012.

Global Local Currency Deposit Rating (Joint Default Analysis)

France is regarded as a high support country, and SG has a major role as a French intermediary, which is integral to the banking system.

Under our joint-default analysis (JDA) methodology, we believe that there is a very high probability of the French government providing systemic support to SG, in case of need. This results in a three-notch uplift from the baa2 BCA, thus bringing the deposit and debt ratings to A2/Prime-1.

Notching Considerations

SG's dated subordinated debt instruments are rated Baa3 and its junior subordinated debt ratings are Ba1. Dated subordinated instruments are now rated one notch below the BCA whilst junior subordinated instruments are rated two or three notches below the BCA, depending on their features. In our view, government support in many European countries, including France, is no longer sufficiently predictable or reliable to warrant incorporating government support-driven uplift into the subordinated debt ratings. For more details, please refer to the rating methodology document "Global Banks" published on 31 May 2013.

SG's Tier 1 securities are rated Ba2 (hyb). SG's undated deeply subordinated Additional Tier 1 (AT1) securities are rated Ba3 (hyb). The ratings reflect the features of the instruments, which lead to a rating three notches below SG's BCA.

Foreign Currency Deposit Rating

The foreign-currency deposit ratings of SG are A2 stable/Prime-1 with a stable outlook.

Foreign Currency Debt Rating

The foreign-currency debt ratings of SG are A2 stable/Prime-1 with a stable outlook.

ABOUT MOODY'S BANK RATINGS

Bank Financial Strenght Ratings

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. Bank Financial Strength Ratings do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations. Factors considered in the assignment of Bank Financial Strength Ratings include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although Bank Financial Strength Ratings exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the Bank Financial Strength Rating as well as Moody's opinion of any external support. Specifically, Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its deposit obligations. As such, Moody's Bank Deposit Ratings are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to deposit obligations, and includes: intrinsic financial strength, sovereign transfer risk (in the case of foreign currency deposit ratings), and both implicit and explicit external support elements. Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes which make payments to depositors, but they do recognize the potential support from schemes that may provide assistance to banks directly. According to Moody's joint default analysis (JDA) methodology, the global local currency deposit rating of a bank is determined by the incorporation of external elements of support into the bank's Baseline Risk Assessment. In calculating the GLC rating for a bank, the JDA methodology also factors in the rating of the support provider, in the form of the local currency deposit ceiling for a country, Moody's assessment of the probability of government support for the bank in case a stress situation occurs and the degree of dependence between the issuer rating and the LCDC.

National scale ratings

National scale ratings are intended primarily for use by domestic investors and are not comparable to Moody's globally applicable ratings; rather they address relative credit risk within a given country. An Aaa rating on Moody's

National Scale indicates an issuer or issue with the strongest creditworthiness and the lowest likelihood of credit loss relative to other domestic issuers. National Scale Ratings, therefore, rank domestic issuers relative to each other and not relative to absolute default risks. National ratings isolate systemic risks; they do not address loss expectation associated with systemic events that could affect all issuers, even those that receive the highest ratings on the National Scale.

Foreign Currency Deposit Rating

Moody's ratings on foreign currency bank obligations derive from the bank's local currency rating for the same class of obligation. The implementation of JDA for banks can lead to a high local currency ratings for certain banks, which could also produce high foreign currency ratings. Nevertheless, it should be reminded that foreign currency deposit ratings are in all cases constrained by the country ceiling for foreign currency bank deposits. This may result in the assignment of a different, and typically lower, rating for the foreign currency deposits relative to the bank's rating for local currency obligations.

Foreign Currency Debt Rating

Foreign currency debt ratings are derived from the bank's local currency debt rating. In a similar way to foreign currency deposit ratings, foreign currency debt obligations may also be constrained by the country ceiling for foreign currency bonds and notes, however, in some cases the ratings on foreign currency debt obligations may be allowed to pierce the foreign currency ceiling. A particular mix of rating factors are taken into consideration in order to assess whether a foreign currency bond rating pierces the country ceiling. They include the issuer's global local currency rating, the foreign currency government bond rating, the country ceiling for bonds and the debt's eligibility to pierce that ceiling.

Rating Factors

Societe Generale

Rating Factors [1]	**A**	**B**	**C**	**D**	**E**	**Total Score**	**Trend**
Qualitative Factors (50%)						**C**	
Factor: Franchise Value						**C**	**Neutral**
Market share and sustainability			**x**				
Geographical diversification			**x**				
Earnings stability			**x**				
Earnings Diversification [2]							
Factor: Risk Positioning						**D**	**Neutral**
Corporate Governance [2]				**x**			
- Ownership and Organizational Complexity				x			
- Key Man Risk							
- Insider and Related-Party Risks							
Controls and Risk Management				**x**			
- Risk Management				x			
- Controls				x			
Financial Reporting Transparency			**x**				
- Global Comparability	x						
- Frequency and Timeliness			x				
- Quality of Financial Information			x				
Credit Risk Concentration	**--**	**--**	**--**	**--**	**--**		
- Borrower Concentration	--	--	--	--	--		
- Industry Concentration	--	--	--	--	--		
Liquidity Management					**x**		
Market Risk Appetite	**x**						
Factor: Operating Environment						**B-**	**Weakening**
Economic Stability			**x**				
Integrity and Corruption		**x**					

Legal System		**x**					
Financial Factors (50%)						**C-**	
Factor: Profitability						**C**	**Neutral**
PPI % Average RWA (Basel II)		2.62%					
Net Income % Average RWA (Basel II)				1.01%			
Factor: Liquidity						**D**	**Neutral**
(Market Funds - Liquid Assets) % Total Assets		-3.66%					
Liquidity Management					x		
Factor: Capital Adequacy						**A**	**Neutral**
Tier 1 Ratio (%) (Basel II)	11.17%						
Tangible Common Equity % RWA (Basel II)	12.84%						
Factor: Efficiency						**D**	**Neutral**
Cost / Income Ratio				65.35%			
Factor: Asset Quality						**D**	**Weakening**
Problem Loans % Gross Loans				6.91%			
Problem Loans % (Equity + LLR)				40.04%			
Lowest Combined Financial Factor Score (15%)						**D**	
Economic Insolvency Override						**Neutral**	
Aggregate BFSR Score						**C-**	
Aggregate BCA Score						**baa1/baa2**	
Assigned BFSR						**C-**	
Assigned BCA						**baa2**	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
[2] - A blank score under Earnings Diversification or Corporate Governance indicates the risk is neutral.

Société Générale (SG)

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	A+
Short-Term IDR	F1+
Viability Rating	a−
Support Rating	1
Support Rating Floor	A+

Sovereign Risk

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA

Outlooks

Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Local-Currency IDR	Negative

Financial Data

Société Générale (SG)

	31 Dec 12	31 Dec 11
Total assets (USDbn)	1,650.2	1,528.5
Total assets (EURbn)	1,250.7	1,181.4
Total equity (EURm)	47,316	45,464
Operating profit (EURm)	4,291	3,094
Published net income (EURm)	1,208	2,788
Comprehensive income (EURm)	2,736	2,274
Operating ROAA (%)	0.35	0.26
Operating ROAE (%)	8.96	6.52
Fitch core capital/weighted risks (%)	9.50	6.89
Core Tier 1 regulatory capital ratio (%)	10.70	9.00

Key Rating Drivers

IDRs Driven by Support: Sociéte Générale's (SG) Long-Term IDR is at its Support Rating Floor, reflecting Fitch Ratings' view that there would be an extremely high probability of support from France (AAA/Negative) if required, given SG's systemic importance, both domestically and internationally. The Negative Outlook reflects that on France's sovereign IDR.

Exposed to Volatile Markets: SG's Viability Rating (VR) benefits from its solid franchise in French retail and commercial banking and its leading global franchise in equity derivatives. The VR also factors in challenges around a somewhat fragmented business mix, weak performance in CEE/Russia, earnings volatility from corporate and investment banking (CIB) business, a high gross impaired loans ratio and a smaller liquidity buffer than peers'. Offsetting these, a key driver for the VR is its focus on strengthening its liquidity and capital.

Challenges Linked to GTUB Status: SG is one of Fitch's Global Trading and Universal Banks (GTUBs), which are exposed to substantial earnings pressure in the securities industry, regulatory uncertainty and heightened legal and operational risk. SG is streamlining its capital markets operations and reducing market risk to meet these challenges. The CIB contribution has fallen but remains significant (40% of operating profit). Two-thirds of CIB revenue comes from capital markets activities. This is a negative rating driver, as it brings volatility to profitability.

Stable French Retail Banking: French retail banking is one of the main contributors to SG's operating profit, along with CIB, but is more stable. However, loan impairment charges are rising.

Low Profitability in IRB: It will be challenging for the international retail banking (IRB) business, suffering from high loan impairment charges, to improve results in the short term.

High Impaired Loans: SG's impaired loans ratio (7.24% at end-2012) compares poorly with peers', although it is inflated by the fact that the bank writes off loans more slowly in some countries (mainly France) than others. SG's coverage ratio is in line with peers'.

Improved Funding and Liquidity: SG's main funding source is customer deposits, and it has an acceptable loans/customer deposits ratio. SG announced it was compliant with the Basel III LCR ratio at end-Q113, but its liquidity buffer remains small compared with peers'.

Improving Capital: SG's Fitch core capital ratio is lower than at the best GTUB peers'. However, this ratio is improving due to deleveraging and earnings retention. SG is on track to meet its 9.5% fully loaded Basel III CET1 target ratio at end-2013.

Rating Sensitivities

Reduced State Support: A downgrade of France's Long-Term IDR would lead to a downgrade of SG's IDRs. These are also sensitive to a change in Fitch's assumptions about the availability of sovereign support. There is clear political intention to ultimately reduce the implicit state support for systemically important banks in Europe, as demonstrated by a series of policy and regulatory initiatives aimed at curbing systemic risk posed by the banking industry.

Lack of Continued Improvement: The bank's VR could be downgraded if IRB fails to diversify its earnings or if the bank were to add to the fragmentation of its business mix and indicate a lack of strategic focus, for example by making a significant opportunistic acquisition that did not fit with one if its core businesses. The VR is also sensitive to SG continuing to strengthen its capitalisation and liquidity.

Analysts

Alain Branchey
+33 1 44 29 91 41
alain.branchey@fitchratings.com

François-Xavier Marchand
+33 1 44 29 91 46
francois-xavier.marchand@fitchratings.com

Profile

- World leader in equity derivatives.
- Behind GTUB peers in fixed-income markets, but specialises in areas of strength.
- A second-tier but well-positioned retail bank in France focused on profitable and mass affluent customers.
- One of the main western European banks in CEE/Russia.

SG is the 11th-largest bank in the eurozone (fourth-largest in France) by equity. Its business model mainly revolves around its well-positioned French retail franchise, CIB and international retail banking (largely in CEE/Russia). SG's CIB focus is in Europe, whereas it is more selective in other locations. SG also maintains specialised financial services (SFS) and wealth management services.

Strategy

SG's focus on liquidity and capital since H211 is paying off, and substantial progress has been made in strengthening liquidity and capital ratios. SG has completed its deleveraging plan (sale of EUR19bn of legacy assets and EUR16bn of CIB assets), reduced dollar funding needs (by USD50bn) and sold certain subsidiaries (Geniki Bank in Greece, National Société Générale Bank in Egypt and US asset management subsidiary TCW). Nonetheless, SG still needs to work on achieving its fully loaded Basel III common equity Tier 1 target ratio of close to 9.5% by end-2013 (8.7% at end-Q113). The bank is on track to achieve this target, but some GTUB peers already have higher ratios in line with the incoming capital rule. A new strategic plan is expected to be disclosed in Q114.

SG will continue to focus on its five business lines (see below), and expects organic growth to flow from synergies between business lines (particularly SFS and retail banking). As there is pressure on revenues and loan impairment charges (LICs) in several of its core markets, cost optimisation is also one of the bank's priorities. SG has reduced staff in CIB (by 13%) and in international retail banking (mainly Russia and Romania). Cost rationalisation programmes are under way in French retail banking, and certain divisions are due to be merged (see below). The bank targets a cost/income ratio of around 60% (67% in 2012, including costs associated with its 2011/2012 restructuring plan).

Fitch views SG's strategy as markedly more aggressive than that of its direct French peers, with more focus on higher-risk/higher-return businesses (ie, CIB) and geographical areas (ie, CEE and Russia).

French Retail Banking

With a 7% market share of deposits, SG is a second-tier bank in France, well behind the cooperative banks that dominate the domestic market (Crédit Agricole with a 25% share and Groupe BPCE with 20%). SG provides retail banking services to about 11 million individual customers and more than 615,000 businesses and professionals through its own network (national franchise with 3,176 branches) and those of its fully owned subsidiary Crédit du Nord (A+/bbb+; regional franchise with 918 branches) and its 57%-owned subsidiary Boursorama (online bank).

Corporate and Investment Banking

The global markets division consists of equity, fixed-income, credit, forex and commodities products (either simple or structured transactions). The division generates roughly two-thirds of CIB revenue. SG focuses on areas in which it has competitive strengths, but does not try to catch up where it has small franchises (ie, in the US and Asia, except for some fixed-income platforms required to serve its clients).

SG continues to be the world leader in equity derivatives. Equity derivatives trading does not require the substantial additional capital and liquidity under Basel III that are needed for fixed income and cash equities. SG ranked number-one for equity and related issues in France (number-10 in EMEA) in 2012, according to Bloomberg. The bank remains a smaller player in the fixed-income market, ranking number-five in eurobonds (compared with French rival BNP Paribas's number-one ranking). However, SG is number-two in corporate eurobonds, which is important for the bank as it provides synergies with corporate clients. Fitch expects fixed income to continue to be an area of focus for the bank.

Related Criteria

Global Financial Institutions Rating Criteria (August 2012)

Evaluating Corporate Governance (December 2012)

Assessing and Rating Bank Subordinated and Hybrid Securities (December 2012)

The financing and advisory division consists of structured financing and lending to large corporates, advisory/solutions in mergers and acquisitions, debt and capital restructuring, asset-liability management, fund raising and hedging. This division generates roughly one-third of CIB revenue. SG was the fifth-largest EMEA global loans bookrunner and World project finance bookrunner in 2012.

Figure 1
Major International Retail Banking Subsidiaries (End-2012)

Bank/ Country	Loans (EURbn)	Deposits (EURbn)	IDR/ VR
Komercni Banka/ Czech Rep.	18.1	23.1	A/ bbb+
Rosbank/ Russia	9.9	7.9	BBB+/ bb
BRD/ Romania	7.2	7.2	BBB+/ -

Source: Bank presentation

International Retail Banking

SG has chosen to invest in higher-risk developing markets with the hope of generating higher returns. However, these have yet to be realised in most countries, and whether the bank can achieve good profitability from this business in the short term remains to be seen. Moreover, SG manages each country separately rather than the business as a whole, and certain countries were loss-making in 2012 (notably Romania and Russia).

SG provides retail banking services to about 14 million customers in 36 countries, of which 14 are in CEE. Roughly two-thirds of revenues from this business come from CEE/Russia, with the remainder coming from the Mediterranean basin, sub-Saharan Africa and French overseas territories. By assets, SG's largest subsidiaries are Komercni Banka (the third-largest bank in the Czech Republic – 61% owned), Rosbank in Russia (one of the leading privately owned banks in the country – 82% owned), and BRD-Groupe Societe Generale S.A. (BRD, the largest Romanian bank – 60% owned). SG has a very small presence outside of the EMEA zone.

SG's strategy for international retail banking is to grow in Russia and reduce impairment charges at some of its CEE subsidiaries (particularly Romania). SG sold its troubled Greek subsidiary Geniki Bank in Q412 (generating a pre-tax loss of EUR164m) and its Egyptian commercial bank (National Société Générale Bank; EUR377m capital gain) in Q113. The bank does not expect any significant change in the international retail banking perimeter in the coming quarters.

Specialised Financial Services and Insurance

This division covers consumer finance, equipment finance, vehicle leasing, fleet management, IT leasing/management, life insurance and non-life insurance. These businesses are conducted mostly in Europe. SG has announced plans to merge the Specialised Financial Services division into the International Retail Banking business line, in order to generate revenue and cost synergies per country and within this sub-group. Some French Specialised Financial Services operations could remain separate from the international retail division.

Private Banking, Global Investment Management and Services

This division consists of private banking (through Société Générale Private Banking – EUR86bn of assets under management at end-2012), asset management (through a 25% stake in Amundi, the second-largest asset manager in Europe – EUR727bn of assets under management at end-2012 – with the remaining 75% stake held by Crédit Agricole), securities services (through Société Générale Securities Services – around EUR3,449bn of assets under custody/administration) and futures brokerage (through a 50% stake in Newedge). SG sold its US asset management subsidiary TCW in 2012, generating a EUR200m goodwill impairment. The bank announced in Q113 that it plans to merge this division into the CIB business line.

Corporate Governance

The bank's listing ensures a high degree of public scrutiny. Public disclosure of risks lags that of other large international banks but has been improving. The 16-strong board of directors includes a large majority (11) of independent members, which is positive. However, the chairman of the board is the bank's CEO, which is not ideal in terms of corporate governance, but not uncommon either.

The current CEO was appointed in 2009 and has worked at the bank since 1995 (in CIB between 1995 and 2001; as chief financial officer between 2003 and 2008). He is supported by three deputy CEOs; one was appointed in 2008 and two in 2010. A new CFO was appointed in March 2013; he joined SG in 2007 as a senior advisor, then headed up group strategy (2009) and became deputy CFO in March 2012. Fitch notes that the bank has been exposed in recent years to turnover in some strategic positions, such as the CFO.

Performance

Global Picture

SG has always aimed to be a highly profitable bank. This has resulted in a volatile performance, and Fitch expects the bank's performance to remain somewhat unpredictable. The main contributors to volatility in SG's performance have been demand for CIB products and credit impairment charges in international retail banking.

SG's medium-term ROE target is 10% in a stabilised economic environment. The bank, like many of its peers, will have to focus on cost optimisation to compensate for weak prospects in most of its core markets, the likely persistence of low interest rates and the growing degree of regulation, which constrains business opportunities. SG's performance will also depend on the time required to build a profitable international retail business, which generated 20% of the bank's revenue in 2012 but a far lower 9% of operating profit (total operating profit excluding the corporate centre and the contribution from legacy assets). The impact of legacy assets should no longer be a concern, with lower operating losses estimated in 2013 (EUR50m per quarter according to management).

Breakdown by Business Line

Figure 2

Operating Profit by Business

(EURm)	2012	2011	2010
CIB	1,974	1,630	3,059
French retail banking	1,966	2,172	1,869
Int. retail banking	518	745	821
Specialised financial services and insurance	958	768	524
Private banking, global inv. mgmt and services	245	189	261
Legacy assets	-604	-961	-697
Corporate centre[a]	-1,065	-1,449	-551
Total	**3,992**	**3,094**	**5,286**

[a] Excluding revaluation of own debt
Source: Société Générale adjusted by Fitch

CIB (excluding legacy assets) generated a significant 43% of the bank's operating profit in 2012 (see Figure 2), although the business's contribution has come down from 2010 levels (51%). The CIB contribution at SG exceeds that at French peers, even BNP Paribas (28%). Two-thirds of CIB revenues come from global markets (split roughly equally between equities and other products) and one-third from financing and advisory services. The significance of the capital markets activity is a negative rating driver, as it introduces volatility and uncertainty to the group's profitability.

The implementation of Basel III liquidity/capital standards has already constrained the CIB business model, while new regulatory developments are likely to put CIB revenue under additional pressure: French banking reform (ring-fencing of proprietary trading, limitations on some transactions with hedge funds; implementation planned for 2015), the European financial transaction tax (implementation planned in early 2014), and the Volker rule in the US. The French banking reform should not have a material impact on SG's CIB revenue given the size of its proprietary trading activities (around 5% of capital market revenue in 2012), but significant uncertainty remains around the definitive scope and extent of the other regulations. SG has less than 8% of group assets booked in its US subsidiaries.

Figure 3

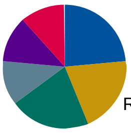
Impairment Charges/Loans

(Annualised bp)	Q113	2012	2011	2010
French retail banking	65	50	41	50
International retail banking	154	183	177	196
CIB	20	31	11	5
Spec. financial services and ins.	113	125	149	221
Total bank	**75**	**75**	**67**	**83**

Source: SG

Figure 4

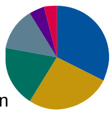
Breakdown of IRB Revenue in 2012



Source: Bank presentation

Figure 5

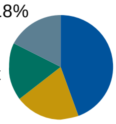
Breakdown of IRB Loan Impairment Charges in 2012



Source: Bank presentation

Figure 6

Breakdown of SFS Revenue in 2012



Source: Bank presentation

French retail banking contributed 43% of SG's 2012 operating profit, and the contribution from this business has proven extremely stable in absolute terms. The bank focuses on higher-end customers, resulting in more diversified earnings (half of the revenue is in the form of commissions) than at some domestic peers and higher profitability per customer. SG's higher contribution from corporates compared with other major French banks partly explains the better resilience of revenue in 2012, despite lower demand for loans and other products from individuals. Nonetheless, the focus on corporates exposes the bank to higher LICs, particularly for SMEs. LICs for French retail banking have begun to increase, especially in Q412 (65bp of gross loans on an annual basis; stable in Q113), but should remain manageable.
The contribution of international retail banking to operating profit is small owing to high credit impairment charges (which have hovered around two-thirds of pre-provision operating profit since early 2009). Revenue is well distributed by geographical area (see Figure 4), but operating profitability differs significantly owing to LICs (see Figure 5). The Czech Republic and Mediterranean basin generated a profit in 2012, but Russia and Romania generated losses due to high LICs. Profitability from other European countries, which posted a EUR176m net loss, is expected to improve as the bulk of losses came from the Greek subsidiary Geniki (EUR164m pre-tax loss in 2012).

CEE and Russia are experiencing lower GDP growth and weaker prospects than SG had expected, partly because some of these economies are correlated to those of western Europe. In Romania, LICs are very high (absorbing 173% of pre-impairment profit in 2012, but a lower 116% in Q113) and will need to be controlled to allow for a positive result, although the bank was affected by a significant fraud in 2011/2012 (cumulative impact of around EUR180m for the two years), which should not be repeated in 2013. In addition, the loan book has been shrinking (down 5% yoy at end-2012), and this will put revenue generation under pressure. SG has been working on costs in Russia (all entities, including the SFS business), with a cost/income ratio of 73% in 2012 and 69% in Q113 (target around 60%), and is addressing the relatively high LIC levels (absorbing 60% of 2012 pre-impairment operating profit), although this is likely to take time.

The contribution of the SFS and insurance business to operating profit has been steadily rising since 2010 (21% in 2012, up from 9% of total operating profit, excluding the corporate centre and the contribution from legacy assets), as a result of lower LICs and cost control (see breakdown of SFS revenue in Figure 6). The wealth management business contributed a limited 5% of the group's operating profit in 2012.

The corporate centre posted a large loss in 2012, largely due to a revaluation of own debt (−EUR1,255m) and the impairment of goodwill (−EUR842m: EUR380m for Newedge, EUR200m for TCW and EUR250m for Rosbank). In Q113, the revaluation of own debt led to a EUR1bn loss (EUR0.7bn loss for the corporate centre).

Peer Comparison

Figure 7

Comparative 2012 Financial Highlights

(%)	SG	Int'l peers	BNPP	CA
Cost/income	67.5	75.8	64.5	64.0
Loan impairment charges/average gross loans	0.87	0.52	0.58	0.49
Pre-impairment operating ROAA	0.64	0.91	0.75	0.59
Operating ROAA	0.35	0.75	0.52	0.35
Pre-impairment operating ROAE	16.55	11.91	17.22	15.12
Operating ROAE	8.96	9.05	12.02	9.02

International peer group: Barclays plc (A/F1/a), Credit Suisse Group AG (A/F1/a), JPMorgan Chase & Co. (A+/F1/a+)
CA: Crédit Agricole (A+/F1+/a)
BNPP: BNP Paribas (A+/F1+/a+)
Source: Fitch

Figure 7 compares SG's performance ratios with those of a peer group composed of international banks active in CIB ("Int'l peers") and two specific French peers (of which only BNP Paribas is a large CIB player). SG's operating returns are somewhat weaker than those of its French and international peers. Pre-impairment operating returns are more in line with those of peers, but LICs are higher. SG's cost/income ratio compares favourably with those of international peers.

Risk Management

Group risk management is overseen by the board of directors, which establishes major limits, and by the executive management team, which validates and reviews the global risk framework (including exposures and concentrations) through the risk committee, which meets at least once a month and is chaired by the CEO. The risk division is responsible for credit, market and operational risks. The finance division is responsible for finance, including controls (structural interest rate, exchange rate and liquidity). Both divisions report directly to the deputy CEO. SG's risk systems apply to the whole group and segregate risk management divisions from business units.

Credit Risk

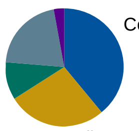
- Credit risk largely to EU countries.
- But significant exposure to higher-risk countries in CEE/Russia.
- High LICs in Greece, Romania and Russia.
- High NPL ratio (over 7%).
- Diminishing volume of legacy assets and valuation more or less in line with market estimates.

Credit risk represented 78% of total risk-weighted assets at end-2012, with total exposure at default (EAD) of EUR685bn (see breakdown in Figures 8 and 9), down from EUR746bn at end-2011 in line with deleveraging. Over 80% of SG's credit risk is computed using the advanced internal ratings-based approach.

The loan mix is somewhat weighted toward corporates (39% of EAD at end-2012, reflecting SG's large wholesale lending business), and these loans are generally well covered by collateral. Around two-thirds of the corporates loan book was to counterparties rated in the investment-grade category according to SG's internal ratings (12% rated 'B' and below). The corporate loan book is well diversified by borrower. The 10 largest corporate exposures at end-2012 (generally to solid industrial groups that are comfortably investment-grade and include many of the leading French names) represented roughly half of SG's total equity.

Figure 8

Couterpary Breakdown of Credit Risk EAD (End-2012)



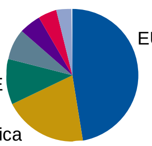
Source: Bank presentation

The only sector concentrations are to finance/insurance (6% of total EAD), followed by real estate, wholesale trade and business services (including conglomerates), with around 3% each. Real estate exposure is concentrated on France, which has been far less affected by property market woes than Spain or the UK, and mainly relates to investment rather than development loans. Leveraged finance (EUR4.2bn at end-2012) is well diversified by economic sector, mostly in France, and has led to limited impairments. Exposure to US leveraged buyouts, for which transactions structuring has been fairly aggressive in recent quarters, is minimal.

The retail book (EUR185bn of EAD at end-2012) is dominated by housing loans, 83% of which were to customers in France. These loans should continue to generate very low impairment charges, due to sound underwriting criteria, including monthly repayments capped at around one-third of borrowers' income. Loans to professionals/very small enterprises and revolving consumer finance loans, which are more risky by nature, account for only 14% and 5% of the retail book, respectively.

Figure 9

Geographic Breakdown of Credit Risk EAD (End-2012)



Source: Bank presentation

Fitch considers SG's exposure to CEE/Russia (12% of EAD; 7% to countries in the EU and 5% to those not in the EU) to be its major credit risk at present and for the future as some of these economies remain unpredictable. Within these exposures, the most significant concentrations are to the Czech Republic (EUR18bn of EAD to corporates and retail customers), Russia (EUR17bn) and Romania (EUR9bn). Net exposure in the banking and trading books to GIIPS sovereign debt is not a concern (EUR1.4bn to Italy at end-2012, EUR0.8bn to Spain, EUR0.3bn to Ireland and virtually no exposure to Greece or Portugal). There is also some exposure to large Italian and Spanish corporates (EUR6.4bn and EUR7.1bn respectively), which is declining.

Counterparty risks as measured by EAD amounted to EUR60bn at end-2012 (EUR110bn at end-2011). Around 81% of the rated exposure is with counterparties rated in the top four categories by SG; ie, corresponding to investment-grade.

Impaired Loans

SG's asset quality ratios are suffering due to the difficult situation in most of its main markets. SG's impaired loans/gross loans ratio (7.2% at end-2012; 6.9% at end-2011) is high compared with those of peers and is the highest among the large French banks. Nonetheless, Fitch notes that the level of impaired loans is somewhat inflated by the fact that in some countries (mainly France), the bank does not write them off before they have been fully resolved, as happens in other countries. Coverage of impaired loans (59%) is in line with peers'. Fitch sees asset quality ratios as negative rating drivers and expects SG's loan book in CEE/Russia to remain under significant pressure as these economies are negatively affected by economic developments in Western Europe.

LICs have come down from their peak in 2009, but started to increase in 2012 (see Figure 3), except for in SFS. The highest LICs are recorded in international retail banking due to difficulties in Romania and Russia. Coverage rates in CEE/Russia are largely dictated by real estate collateral whose value can decline significantly when GDP growth slows. Moreover, such collateral is often difficult to realise.

SFS still generates high LICs, mostly due to consumer finance in Italy where SG had a EUR3.5bn consumer loan book at end-2012 (down from EUR4.8bn at end-2011), but they have improved considerably. In the French retail network, LICs rose due to a deteriorating performance from the SME segment. LICs in CIB rose from 2011's particularly low levels, but remain low.

Legacy Assets

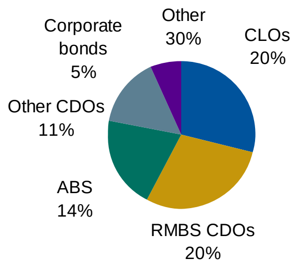
The bank has been able to reduce crisis-related legacy assets significantly (see Figure 10) to EUR8.3bn at end-Q113 (EUR17.4bn at end-2011 and EUR38.5bn at end-June 2010), and they are no longer expected to weigh materially on results. This has been done largely through sales in line with the deleveraging plan, although the bank had already started to sell down legacy assets before adopting the deleveraging plan.

The bulk of legacy assets remain rated in the investment-grade category (65%), although the acceleration of asset sales in 2012 was largely geared toward the better-quality assets. The non-investment-grade book portion (35%) has been significantly written down (by 75%). Write-downs generally appear conservative in light of an external valuation of the legacy book by BlackRock Solutions that was EUR0.6bn higher than the bank's book value at end-2012.

Part of the portfolio (EUR5.6bn) is hedged through monolines. Gross monoline exposure was EUR1.7bn at end-Q113, representing the fair value of the insurance against the underlying portfolio. After impairments, however, monoline exposure was only EUR0.5bn. Further impairments may be needed, as SG is exposed to poorly rated monoline insurers (see Figure 11), but their size would remain largely manageable. The bank's net legacy asset exposure (considering hedges in place) was EUR4.1bn at end-Q113, or roughly 15% of Fitch core capital, in line with levels at French peers.

Figure 10

Breakdown of Legacy Assets (End-2012)



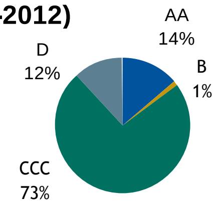
Source: Bank presentation

Market Risk

Market risk represented 9% of total risk-weighted assets at end-2012. SG assesses its market risk using several risk indicators: value at risk (VaR; 99% confidence interval, one-day horizon), stress tests (historical and hypothetical) and others (sensitivity, nominal value, concentration) with limits in place. Limits are set by the board of directors, and implemented, controlled and analysed by risk managers independently from the front office. Risks are analysed for all business lines, with limits set according to the absorbable impact on income generation and the level of capital employed. Market risks are calculated and limits monitored daily, while exposure is monitored constantly.

Figure 11

Exposure to Monoline Insurers by Rating (End-2012)



Source: Bank presentation

- Customer deposits the most important funding source.
- Remaining funding needs easily met by the market.
- Modest but improving capitalisation.

The bank's trading VaR has come down, in line with most of its peers' (average VaR of EUR31m in 2012 compared with around EUR40m in the recent past). Over the last rolling year to end-2012, there was no back-testing breach, and 16 trading days saw a net loss. The Basel 2.5 maximum stressed VaR (with a 10-day holding period) stood at a maximum EUR290m in 2012 (average for the year: EUR154m). Equity derivative risk is managed in the same way as other market risks and is included in the VaR and stressed VaR calculations. Equity derivatives (EUR18.3bn of assets at end-2012/EUR20.9bn of liabilities) represented only 10% of total trading derivatives, despite the bank's leading position in this business.

SG manages its structural interest rate risk through the use of swaps, and interest rate gaps are largely manageable. At end-2012, a 1% decline in rates would have led to a EUR113m reduction in revenue (limit: EUR1bn), representing a low 1% of net interest income. Structural foreign-exchange risk is actively managed and is not a concern.

Operational/Reputation Risk

Fitch considers SG to be exposed to a high degree of operational and reputation risk, although operational risk accounted for a limited 13% of the bank's Basel 2.5 risk-weighted assets at end-2012. This is due to the scale and complexity of SG's business activities, including but not restricted to its financial market activities. This natural exposure to operational and reputation risks has been reinforced by the political momentum around banking regulation. Large banks have been under strong scrutiny around various practices, and Fitch expects this trend to persist. This is underlined by SG's announcement in Q113 that the bank had received formal requests for information from several authorities in connection with investigations regarding submissions to Libor and Euribor fixing. A cumulated EUR400m provision was booked in Q412 and Q113 to reflect some of these legal cases.

While it is difficult to predict and quantify these operational/reputation risks, they can be very costly if not properly managed. Since a massive rogue trading incident in 2008, SG has worked on enhancing risk control over more exposed activities, including tighter front-office supervision, the creation of a dedicated fraud committee and more independent assessments of significant operational risk issues.

Funding, Liquidity and Capital

Funding

Customer deposits have become the bank's most important source of funding (52% of funding excluding equity according to the funded balance sheet at end-Q113). The bank has been making efforts to attract customer deposits, which, combined with the deleveraging plan completion, drove the loans/customer deposits ratio to an acceptable 122% (according to the end-2012 statutory accounts). Corporate deposits represent roughly 40% of total customer deposits. Retail deposits have proven sticky in France despite the financial crisis, the rogue trading incident in 2008 and some noise in H211 regarding market confidence in French banks.

SG also accesses wholesale funding and has been increasing the long-term portion (25% of funding excluding equity according to the funded balance sheet at end-Q113; 21% at end-June 2012). Short-term issuance and interbank deposits each represented 10% of funding. SG has demonstrated its funding flexibility as it issued EUR27bn of long-term funding with an average tenor of six years in 2012, and had already completed 65% of its 2013 EUR18bn-20bn long-term issuing programme at end-April 2013 (including a seven-year maturity benchmark issue issued at a spread of 95 basis points). There is significant appetite for structured private placements (37% of funding issued in 2012), and the bank continues to limit the use of secured funding (23% of 2012 long-term debt issues). SG has started the repay the ECB's long-term refinancing operation. Fitch understands that the bank plans to issue subordinated debt in order to build some protection for senior unsecured debt holders.

SG manages its funded balance sheet in order to have excess stable (long-term and customer) funding. Stable funding and equity exceeded customer loans, client-related trading assets and fixed assets by EUR22bn at end-Q113. Derivative instruments match on the two sides of the balance sheet, are not funded and do not require any liquidity management. Net funding to international retail banking subsidiaries amounted to roughly EUR5bn (essentially Romania and Russia). Funding to international specialised financial services subsidiaries is higher.

Liquidity

Liquidity management is centralised in the group's treasury department. SG follows regulatory guidelines and internal stress scenarios. The bank manages its liquidity position to have sufficient unencumbered assets available for repo (with the European Central Bank or with other banks) to cover its short-term market funding. At end-Q113, SG's liquidity buffer amounted to EUR135bn (end-2011: EUR84bn) and covered 108% of its short-term funding. The bank's portfolio of ECB-repoable securities provides a material liquidity buffer in case of stress, but this is not relied upon under normal conditions. Fitch views improved liquidity at SG as a positive, but believes it needs to be viewed in the context of improvements at all GTUBs, which usually have a larger buffer of liquid assets in relation to short-term funding than SG. SG communicated that its Basel III liquidity coverage ratio was above 100% at end-April 2013.

SG has granted liquidity lines to two commercial conduits (with a combined EUR7bn of assets). These are funded by commercial paper issues, none of which were purchased by SG.

Capital

Fitch considers SG's current capitalisation to be moderate considering the bank's very large CIB activities, while its capital ratios are at the low end of the GTUB spectrum (9.5% Fitch core capital ratio at end-2012). Nonetheless, Fitch views positively SG's significant progress in boosting capital ratios, which were lower in the past, through deleveraging and earnings retention, and expects the bank to gradually close the gap with its strongest peers.

SG is well on track to meet its close to 9.5% common equity Tier 1 target by end-2013. Its estimated fully loaded Basel III common equity Tier 1 ratio was 8.7% at end-Q113. Fitch incorporates in its ratings the assumption that SG will maintain its Fitch core capital ratio (post Basel 3 risk-weighted asset migration) above 9%, given the bank's risk profile. As a global systemically important bank according to the Financial Stability Board (FSB), SG will have to comply with a 1% loss absorbency add-on to Basel III ratios (as per the FSB update in November 2012).

SG's Fitch core capital ratio is lower than its regulatory Core Tier 1 ratio owing to the deduction of the net asset value of the insurance subsidiary and deferred tax assets from Fitch core capital.

Societe Generale (SG)
Income Statement

	31 Dec 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009	
	Year End USDm Unqualified	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets
1. Interest Income on Loans	23,474.1	17,791.0	1.63	19,375.0	1.85	18,017.0	1.73	18,553.0	1.97
2. Other Interest Income	15,982.3	12,113.0	1.11	13,014.0	1.24	10,277.0	0.98	11,992.0	1.27
3. Dividend Income	414.3	314.0	0.03	420.0	0.04	318.0	0.03	329.0	0.03
4. Gross Interest and Dividend Income	**39,870.7**	**30,218.0**	**2.77**	**32,809.0**	**3.13**	**28,612.0**	**2.74**	**30,874.0**	**3.28**
5. Interest Expense on Customer Deposits	9,593.6	7,271.0	0.67	7,718.0	0.74	6,307.0	0.60	6,789.0	0.72
6. Other Interest Expense	14,937.3	11,321.0	1.04	12,464.0	1.19	10,017.0	0.96	12,121.0	1.29
7. Total Interest Expense	**24,530.9**	**18,592.0**	**1.70**	**20,182.0**	**1.92**	**16,324.0**	**1.56**	**18,910.0**	**2.01**
8. Net Interest Income	**15,339.8**	**11,626.0**	**1.07**	**12,627.0**	**1.20**	**12,288.0**	**1.18**	**11,964.0**	**1.27**
9. Net Gains (Losses) on Trading and Derivatives	4,651.0	3,525.0	0.32	3,780.0	0.36	4,871.0	0.47	1,656.0	0.18
10. Net Gains (Losses) on Other Securities	837.8	635.0	0.06	(2.0)	(0.00)	33.0	0.00	(55.0)	(0.01)
11. Net Gains (Losses) on Assets at FV through Income Statement	386.6	293.0	0.03	(522.0)	(0.05)	43.0	0.00	66.0	0.01
12. Net Insurance Income	n.a.	n.a.	-	752.0	0.07	676.0	0.06	542.0	0.06
13. Net Fees and Commissions	9,205.7	6,977.0	0.64	7,179.0	0.68	7,485.0	0.72	7,812.0	0.83
14. Other Operating Income	1,724.5	1,307.0	0.12	646.0	0.06	595.0	0.06	465.0	0.05
15. Total Non-Interest Operating Income	**16,805.6**	**12,737.0**	**1.17**	**11,833.0**	**1.13**	**13,703.0**	**1.31**	**10,486.0**	**1.11**
16. Personnel Expenses	12,551.8	9,513.0	0.87	9,666.0	0.92	9,559.0	0.92	9,157.0	0.97
17. Other Operating Expenses	9,135.8	6,924.0	0.63	7,370.0	0.70	6,986.0	0.67	6,609.0	0.70
18. Total Non-Interest Expenses	**21,687.6**	**16,437.0**	**1.51**	**17,036.0**	**1.62**	**16,545.0**	**1.59**	**15,766.0**	**1.67**
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	**10,457.8**	**7,926.0**	**0.73**	**7,424.0**	**0.71**	**9,446.0**	**0.91**	**6,684.0**	**0.71**
21. Loan Impairment Charge	4,450.5	3,373.0	0.31	3,015.0	0.29	3,464.0	0.33	4,450.0	0.47
22. Securities and Other Credit Impairment Charges	345.7	262.0	0.02	1,315.0	0.13	696.0	0.07	1,398.0	0.15
23. Operating Profit	**5,661.7**	**4,291.0**	**0.39**	**3,094.0**	**0.29**	**5,286.0**	**0.51**	**836.0**	**0.09**
24. Equity-accounted Profit/ Loss - Non-operating	203.2	154.0	0.01	94.0	0.01	119.0	0.01	15.0	0.00
25. Non-recurring Income	n.a.	n.a.	-	12.0	0.00	11.0	0.00	711.0	0.08
26. Non-recurring Expense	1,506.8	1,142.0	0.10	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	(1,655.9)	(1,255.0)	(0.11)	1,176.0	0.11	427.0	0.04	(720.0)	(0.08)
28. Other Non-operating Income and Expenses	(667.6)	(506.0)	(0.05)	(265.0)	(0.03)	1.0	0.00	(42.0)	(0.00)
29. Pre-tax Profit	**2,034.6**	**1,542.0**	**0.14**	**4,111.0**	**0.39**	**5,844.0**	**0.56**	**800.0**	**0.08**
30. Tax expense	440.7	334.0	0.03	1,323.0	0.13	1,542.0	0.15	(308.0)	(0.03)
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	**1,593.9**	**1,208.0**	**0.11**	**2,788.0**	**0.27**	**4,302.0**	**0.41**	**1,108.0**	**0.12**
33. Change in Value of AFS Investments	2,827.5	2,143.0	0.20	(722.0)	(0.07)	78.0	0.01	1,512.0	0.16
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	33.0	25.0	0.00	(14.0)	(0.00)	925.0	0.09	(74.0)	(0.01)
36. Remaining OCI Gains/(losses)	(844.4)	(640.0)	(0.06)	222.0	0.02	(154.0)	(0.01)	(553.0)	(0.06)
37. Fitch Comprehensive Income	**3,610.0**	**2,736.0**	**0.25**	**2,274.0**	**0.22**	**5,151.0**	**0.49**	**1,993.0**	**0.21**
38. Memo: Profit Allocation to Non-controlling Interests	572.6	434.0	0.04	403.0	0.04	385.0	0.04	430.0	0.05
39. Memo: Net Income after Allocation to Non-controlling Interests	1,021.2	774.0	0.07	2,385.0	0.23	3,917.0	0.38	678.0	0.07
40. Memo: Common Dividends Relating to the Period	878.7	666.0	0.06	1,542.0	0.15	379.0	0.04	933.0	0.10
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	534.0	0.05	597.0	0.06	553.0	0.06
Exchange rate	USD1 = EUR0.75790			USD1 = EUR0.77290		USD1 = EUR0.74840		USD1 = EUR0.69416	

Societe Generale (SG)
Balance Sheet

	31 Dec 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009	
	Year End USDm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	141,235.0	107,042.0	8.56	104,528.0	8.85	99,305.0	8.77	89,204.0	8.71
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	269,902.4	204,559.0	16.36	233,437.0	19.76	32,187.0	2.84	31,187.0	3.05
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	156,737.0	13.85	144,265.0	14.09
5. Other Loans	79,509.2	60,260.0	4.82	61,322.0	5.19	115,164.0	10.17	114,422.0	11.18
6. Less: Reserves for Impaired Loans/ NPLs	20,907.8	15,846.0	1.27	16,763.0	1.42	15,293.0	1.35	12,622.0	1.23
7. Net Loans	**469,738.8**	**356,015.0**	**28.47**	**382,524.0**	**32.38**	**388,100.0**	**34.28**	**366,456.0**	**35.80**
8. Gross Loans	**490,646.5**	**371,861.0**	**29.73**	**399,287.0**	**33.80**	**403,393.0**	**35.63**	**379,078.0**	**37.03**
9. Memo: Impaired Loans included above	35,535.0	26,932.0	2.15	27,710.0	2.35	26,408.0	2.33	23,829.0	2.33
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	56,252.8	42,634.0	3.41	37,481.0	3.17	42,391.0	3.74	41,071.0	4.01
2. Reverse Repos and Cash Collateral	75,921.6	57,541.0	4.60	76,879.0	6.51	52,904.0	4.67	41,331.0	4.04
3. Trading Securities and at FV through Income	350,840.5	265,902.0	21.26	167,158.0	14.15	252,289.0	22.29	215,134.0	21.02
4. Derivatives	314,632.5	238,460.0	19.07	254,345.0	21.53	198,919.0	17.57	182,780.0	17.85
5. Available for Sale Securities	168,510.4	127,714.0	10.21	124,738.0	10.56	103,836.0	9.17	90,433.0	8.83
6. Held to Maturity Securities	1,564.9	1,186.0	0.09	1,453.0	0.12	1,882.0	0.17	2,122.0	0.21
7. At-equity Investments in Associates	2,795.9	2,119.0	0.17	2,014.0	0.17	1,968.0	0.17	2,001.0	0.20
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	**914,265.7**	**692,922.0**	**55.40**	**626,587.0**	**53.04**	**611,798.0**	**54.04**	**533,801.0**	**52.14**
10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	72,939.0	6.44	60,105.0	5.87
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	2,235.0	0.19	1,068.0	0.09	320.0	0.03
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Earning Assets	**1,440,257.3**	**1,091,571.0**	**87.28**	**1,048,827.0**	**88.78**	**1,043,357.0**	**92.16**	**941,648.0**	**91.98**
C. Non-Earning Assets									
1. Cash and Due From Banks	89,182.0	67,591.0	5.40	43,963.0	3.72	14,081.0	1.24	14,394.0	1.41
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	20,502.7	15,539.0	1.24	15,158.0	1.28	14,288.0	1.26	13,631.0	1.33
5. Goodwill	7,019.4	5,320.0	0.43	6,973.0	0.59	7,431.0	0.66	6,620.0	0.65
6. Other Intangibles	2,178.4	1,651.0	0.13	1,679.0	0.14	1,524.0	0.13	1,540.0	0.15
7. Current Tax Assets	1,042.4	790.0	0.06	648.0	0.05	578.0	0.05	553.0	0.05
8. Deferred Tax Assets	6,754.2	5,119.0	0.41	4,582.0	0.39	4,867.0	0.43	4,940.0	0.48
9. Discontinued Operations	12,415.9	9,410.0	0.75	429.0	0.04	64.0	0.01	375.0	0.04
10. Other Assets	70,860.3	53,705.0	4.29	59,113.0	5.00	45,882.0	4.05	40,000.0	3.91
11. Total Assets	**1,650,212.4**	**1,250,696.0**	**100.00**	**1,181,372.0**	**100.00**	**1,132,072.0**	**100.00**	**1,023,701.0**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	190,062.0	144,048.0	11.52	136,061.0	11.52	149,494.0	13.21	123,173.0	12.03
2. Customer Deposits - Savings	98,684.5	74,793.0	5.98	66,972.0	5.67	62,295.0	5.50	56,494.0	5.52
3. Customer Deposits - Term	113,731.4	86,197.0	6.89	86,083.0	7.29	98,847.0	8.73	99,536.0	9.72
4. Total Customer Deposits	**402,477.9**	**305,038.0**	**24.39**	**289,116.0**	**24.47**	**310,636.0**	**27.44**	**279,203.0**	**27.27**
5. Deposits from Banks	124,446.5	94,318.0	7.54	90,026.0	7.62	64,492.0	5.70	77,331.0	7.55
6. Repos and Cash Collateral	162,638.9	123,264.0	9.86	113,182.0	9.58	96,728.0	8.54	73,336.0	7.16
7. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	56,403.0	4.77	103,474.0	9.14	106,881.0	10.44
8. Total Deposits, Money Market and Short-term Funding	**689,563.3**	**522,620.0**	**41.79**	**548,727.0**	**46.45**	**575,330.0**	**50.82**	**536,751.0**	**52.43**
9. Senior Debt Maturing after 1 Year	179,105.4	135,744.0	10.85	92,672.0	7.84	77,946.0	6.89	70,741.0	6.91
10. Subordinated Borrowing	9,304.7	7,052.0	0.56	10,541.0	0.89	12,023.0	1.06	12,555.0	1.23
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Total Long Term Funding	**188,410.1**	**142,796.0**	**11.42**	**103,213.0**	**8.74**	**89,969.0**	**7.95**	**83,296.0**	**8.14**
13. Derivatives	303,569.1	230,075.0	18.40	252,301.0	21.36	204,455.0	18.06	183,953.0	17.97
14. Trading Liabilities	177,259.5	134,345.0	10.74	75,451.0	6.39	69,420.0	6.13	44,843.0	4.38
15. Total Funding	**1,358,802.0**	**1,029,836.0**	**82.34**	**979,692.0**	**82.93**	**939,174.0**	**82.96**	**848,843.0**	**82.92**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	3,703.7	2,807.0	0.22	2,450.0	0.21	2,026.0	0.18	2,311.0	0.23
4. Current Tax Liabilities	938.1	711.0	0.06	756.0	0.06	813.0	0.07	593.0	0.06
5. Deferred Tax Liabilities	601.7	456.0	0.04	439.0	0.04	530.0	0.05	830.0	0.08
6. Other Deferred Liabilities	2,378.9	1,803.0	0.14	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	9,614.7	7,287.0	0.58	287.0	0.02	6.0	0.00	261.0	0.03
8. Insurance Liabilities	119,845.6	90,831.0	7.26	82,998.0	7.03	82,670.0	7.30	74,451.0	7.27
9. Other Liabilities	82,950.3	62,868.0	5.03	63,638.0	5.39	55,878.0	4.94	49,574.0	4.84
10. Total Liabilities	**1,578,834.9**	**1,196,599.0**	**95.67**	**1,130,260.0**	**95.67**	**1,081,097.0**	**95.50**	**976,863.0**	**95.42**
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	8,947.1	6,781.0	0.54	5,648.0	0.48	7,539.0	0.67	7,842.0	0.77
G. Equity									
1. Common Equity	56,270.0	42,647.0	3.41	42,434.0	3.59	40,406.0	3.57	37,086.0	3.62
2. Non-controlling Interest	5,657.7	4,288.0	0.34	4,045.0	0.34	3,586.0	0.32	3,189.0	0.31
3. Securities Revaluation Reserves	934.2	708.0	0.06	(709.0)	(0.06)	(258.0)	(0.02)	(298.0)	(0.03)
4. Foreign Exchange Revaluation Reserves	(385.3)	(292.0)	(0.02)	(317.0)	(0.03)	(303.0)	(0.03)	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	(46.2)	(35.0)	(0.00)	11.0	0.00	5.0	0.00	(981.0)	(0.10)
6. Total Equity	**62,430.4**	**47,316.0**	**3.78**	**45,464.0**	**3.85**	**43,436.0**	**3.84**	**38,996.0**	**3.81**
7. Total Liabilities and Equity	**1,650,212.4**	**1,250,696.0**	**100.00**	**1,181,372.0**	**100.00**	**1,132,072.0**	**100.00**	**1,023,701.0**	**100.00**
8. Memo: Fitch Core Capital	40,632.0	30,795.0	2.46	24,072.0	2.04	21,045.0	1.86	20,758.0	2.03
9. Memo: Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate	USD1 = EUR0.75790	USD1 = EUR0.77290	USD1 = EUR0.74840	USD1 = EUR0.69416

Societe Generale (SG)

Summary Analytics

	31 Dec 2012 Year End	31 Dec 2011 Year End	31 Dec 2010 Year End	31 Dec 2009 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	4.57	4.82	4.56	4.83
2. Interest Expense on Customer Deposits/ Average Customer Deposits	2.29	2.43	2.05	2.44
3. Interest Income/ Average Earning Assets	2.80	3.10	2.81	3.14
4. Interest Expense/ Average Interest-bearing Liabilities	1.82	2.08	1.77	2.10
5. Net Interest Income/ Average Earning Assets	1.08	1.19	1.21	1.22
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.76	0.91	0.87	0.76
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.08	1.14	1.15	1.16
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	52.28	48.38	52.72	46.71
2. Non-Interest Expense/ Gross Revenues	67.47	69.65	63.66	70.23
3. Non-Interest Expense/ Average Assets	1.34	1.45	1.49	1.47
4. Pre-impairment Op. Profit/ Average Equity	16.55	15.64	21.75	19.00
5. Pre-impairment Op. Profit/ Average Total Assets	0.64	0.63	0.85	0.62
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	45.86	58.32	44.04	87.49
7. Operating Profit/ Average Equity	8.96	6.52	12.17	2.38
8. Operating Profit/ Average Total Assets	0.35	0.26	0.48	0.08
9. Taxes/ Pre-tax Profit	21.66	32.18	26.39	(38.50)
10. Pre-Impairment Operating Profit / Risk Weighted Assets	2.45	2.13	2.75	2.06
11. Operating Profit / Risk Weighted Assets	1.32	0.89	1.54	0.26
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	2.52	5.87	9.91	3.15
2. Net Income/ Average Total Assets	0.10	0.24	0.39	0.10
3. Fitch Comprehensive Income/ Average Total Equity	5.71	4.79	11.86	5.67
4. Fitch Comprehensive Income/ Average Total Assets	0.22	0.19	0.46	0.19
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	0.37	0.80	1.25	0.34
7. Fitch Comprehensive Income/ Risk Weighted Assets	0.84	0.65	1.50	0.61
D. Capitalization				
1. Fitch Core Capital/Weighted Risks	9.50	6.89	6.12	6.41
2. Fitch Eligible Capital/ Weighted Risks	n.a.	n.a.	n.a.	n.a.
3. Tangible Common Equity/ Tangible Assets	2.89	3.14	2.69	2.64
4. Tier 1 Regulatory Capital Ratio	12.50	10.70	10.56	10.70
5. Total Regulatory Capital Ratio	12.70	11.90	12.09	12.96
6. Core Tier 1 Regulatory Capital Ratio	10.70	9.00	8.50	8.40
7. Equity/ Total Assets	3.78	3.85	3.84	3.81
8. Cash Dividends Paid & Declared/ Net Income	55.13	74.46	22.69	134.12
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	24.34	91.29	18.95	74.56
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	1.15	1.57	7.66	(0.97)
E. Loan Quality				
1. Growth of Total Assets	5.87	4.35	10.59	(9.41)
2. Growth of Gross Loans	(6.87)	(1.02)	6.41	(2.40)
3. Impaired Loans(NPLs)/ Gross Loans	7.24	6.94	6.55	6.29
4. Reserves for Impaired Loans/ Gross loans	4.26	4.20	3.79	3.33
5. Reserves for Impaired Loans/ Impaired Loans	58.84	60.49	57.91	52.97
6. Impaired Loans less Reserves for Imp Loans/ Equity	23.43	24.08	25.59	28.74
7. Loan Impairment Charges/ Average Gross Loans	0.87	0.75	0.88	1.16
8. Net Charge-offs/ Average Gross Loans	0.83	0.78	n.a.	n.a.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	7.24	6.94	6.55	6.29
F. Funding				
1. Loans/ Customer Deposits	121.91	138.11	129.86	135.77
2. Interbank Assets/ Interbank Liabilities	45.20	41.63	65.73	53.11
3. Customer Deposits/ Total Funding excl Derivatives	38.14	39.75	42.28	41.99

Societe Generale (SG)
Reference Data

	31 Dec 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009	
	Year End USDm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	79,182.0	60,012.0	4.80	61,241.0	5.18	62,278.0	5.50	62,460.0	6.10
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	171,716.6	130,144.0	10.41	140,043.0	11.85	172,542.0	15.24	145,557.0	14.22
6. Other Contingent Liabilities	28,212.2	21,382.0	1.71	27,555.0	2.33	27,186.0	2.40	20,882.0	2.04
7. Total Business Volume	1,929,323.1	1,462,234.0	116.91	1,410,211.0	119.37	1,394,078.0	123.14	1,252,600.0	122.36
8. Memo: Total Weighted Risks	427,618.4	324,092.0	25.91	349,300.0	29.57	334,800.0	29.57	324,080.0	31.66
9. Fitch Adjustments to Weighted Risks.	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Fitch Adjusted Weighted Risks	427,618.4	324,092.0	25.91	349,300.0	29.57	334,800.0	29.57	324,080.0	31.66
B. Average Balance Sheet									
Average Loans	513,567.5	389,232.8	31.12	401,741.8	34.01	394,800.3	34.87	384,288.3	37.54
Average Earning Assets	1,424,928.6	1,079,953.4	86.35	1,058,496.8	89.60	1,019,455.3	90.05	982,726.7	96.00
Average Assets	1,623,996.3	1,230,826.8	98.41	1,171,650.4	99.18	1,109,864.3	98.04	1,070,854.3	104.61
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	1,348,520.6	1,022,043.8	81.72	971,988.8	82.28	919,884.0	81.26	899,212.7	87.84
Average Common equity	57,828.7	43,828.4	3.50	43,834.4	3.71	40,403.3	3.57	33,713.3	3.29
Average Equity	63,178.5	47,883.0	3.83	47,479.2	4.02	43,428.3	3.84	35,180.7	3.44
Average Customer Deposits	419,555.4	317,981.0	25.42	318,042.6	26.92	307,506.3	27.16	278,228.7	27.18
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	9,304.7	7,052.0	0.56	10,541.0	0.89	12,023.0	1.06	12,555.0	1.23
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Equity Reconciliation									
1. Equity	62,430.4	47,316.0	3.78	45,464.0	3.85	43,436.0	3.84	38,996.0	3.81
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	8,947.1	6,781.0	0.54	5,648.0	0.48	7,539.0	0.67	7,842.0	0.77
3. Add: Other Adjustments	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
4. Published Equity	71,377.5	54,097.0	4.33	51,112.0	4.33	50,975.0	4.50	46,838.0	4.58
E. Fitch Eligible Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	62,430.4	47,316.0	3.78	45,464.0	3.85	43,436.0	3.84	38,996.0	3.81
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	(230.9)	(175.0)	(0.01)	(1,491.0)	(0.13)	(998.0)	(0.09)	(698.0)	(0.07)
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	7,019.4	5,320.0	0.43	6,973.0	0.59	7,431.0	0.66	6,620.0	0.65
5. Other intangibles	2,178.4	1,651.0	0.13	1,679.0	0.14	1,524.0	0.13	1,540.0	0.15
6. Deferred tax assets deduction	5,962.5	4,519.0	0.36	4,143.0	0.35	4,337.0	0.38	4,110.0	0.40
7. Net asset value of insurance subsidiaries	4,318.5	3,273.0	0.26	4,062.0	0.34	3,845.0	0.34	3,406.0	0.33
8. First loss tranches of off-balance sheet securitizations	2,088.7	1,583.0	0.13	3,044.0	0.26	4,256.0	0.38	1,864.0	0.18
9. Fitch Core Capital	**40,632.0**	**30,795.0**	**2.46**	**24,072.0**	**2.04**	**21,045.0**	**1.86**	**20,758.0**	**2.03**
10. Eligible weighted Hybrid capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
12. Fitch Eligible Capital	**n.a.**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
Exchange Rate	USD1 = EUR0.75790			USD1 = EUR0.77290		USD1 = EUR0.74840		USD1 = EUR0.69416	

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Rating Report

Report Date:
26 July 2013

Previous Report:
19 March 2012

Société Générale S.A.

Analysts

Roger Lister
+44 20 7855 6631
rlister@dbrs.com

Vitaline Vincent
+44 20 7855 6623
vvincent@dbrs.com

Media Contact
Stephen Bernard
+1 212 806 3240
sbernard@dbrs.com

The Company

With EUR 1.25 trillion of assets at the end of December 2012, Société Générale employed over 154,000 staff in 76 countries. The bank enjoys broadly diversified activities in retail banking, in France and throughout Europe, including Eastern Europe, in corporate banking and investment banking, asset management, securities services, specialised financing and insurance.

Recent Actions

30 May 2013
DBRS Initiates Ratings for Société Générale, S.A. – Sr Long-Term Debt at AA (low); Negative Trend

15 December, 2011
DBRS Confirms Société Générale (Canada) & (Canada Branch) S-T Ratings at R-1 (middle), Trend Stable

Ratings

Issuer	Debt Rated	Rating	Trend
Société Générale S.A.	Senior Unsecured Debt & Deposits	AA (low)	Negative
Société Générale S.A.	Short-term Debt & Deposits	R-1 (middle)	Stable
Société Générale (Canada)	Senior Unsecured Debt and Deposits	AA (low)	Negative
Société Générale (Canada)	Short-Term Instruments	R-1 (middle)	Stable
Société Générale (Canada Branch)	Senior Unsecured Debt and Deposits	AA (low)	Negative
Société Générale (Canada Branch)	Short-Term Instruments	R-1 (middle)	Stable

For a complete list of ratings, see page 20

Rating Rationale

On May 30, 2013, DBRS, Inc. (DBRS) initiated ratings for Société Générale, S.A. (SocGen, SG or the Group). DBRS assigned to SocGen a Senior Unsecured Debt & Deposit rating of AA (low) with a Negative Trend and a Short-Term Debt & Deposit rating of R-1 (middle) with a Stable Trend. At the same time, DBRS confirmed the Group's intrinsic assessment (IA) of A (high). For Société Générale (Canada) and Société Générale (Canada Branch), DBRS confirmed the Short-Term Instruments rating of R-1 (middle) with a Stable trend and assigned a Senior Unsecured Debt & Deposit rating of AA (low) with a Negative Trend. Société Générale owns 100% of the shares of SocGen Canada and guarantees the rated debt instruments of these Canadian entities.

(Continued on page 2)

Rating Considerations

Strengths

(1) Well-positioned with consumers and businesses in domestic retail banking in France

(2) Enhanced diversity via international expansion in retail banking and financial services

(3) Substantial corporate and investment bank based on key capabilities and Group strengths

(4) Financial strength underpinned by franchise strengths and earnings diversity

Challenges

(5) Achieving cost reductions and delivering improved operating efficiency

(6) Generating more earnings from international businesses in difficult environment

(7) Further enhancing financial strength given market and regulatory uncertainties

(8) Making more progress with strengthening its capital and streamlining its risk profile

Financial Information

EUR Millions	31/12/2012	31/12/2011	31/12/2010	31/12/2009	31/12/2008
Total Assets	1,250,696	1,181,372	1,132,072	1,023,701	1,130,003
Equity	54,097	51,112	50,975	46,838	40,887
Pre-provision operating income (IBPT)	7,024	8,992	10,213	7,875	7,087
Net Income	774	2,385	3,917	678	2,010
Net Interest Income / Risk Weighted Assets (%)	3.49%	3.49%	3.58%	3.59%	2.30%
Risk-Weighted Earning Capacity (%)	2.06%	2.68%	3.10%	2.36%	2.11%
Post-provision Risk-Weighted Earning Capacity (%)	0.85%	1.56%	1.77%	0.07%	1.10%
Efficiency Ratio (%)	70.06%	65.47%	61.83%	66.56%	68.63%
Impaired Loans % Gross Loans	6.82%	6.70%	6.34%	6.16%	3.74%
Core Tier 1 (As-reported)	10.70%	9.00%	8.50%	8.40%	6.70%

Source: SNL Financial, Company Reports, DBRS

Société Générale S.A.

Report Date:
26 July 2013

Rating Rationale (Continued from page 1)

DBRS notes that these ratings take into account SG's systemic importance in France and DBRS's expectation of some form of timely systemic support for SG in the event of a stress scenario, resulting in the Group's designation as a systemically important bank (SIB) with an SA2 support assessment. This designation results in a one-notch uplift from the IA of A (high) to the final rating of AA (low).

The Negative Trend reflects the downside risks inherent in the economic slowdown and still stressed financial markets, combined with the challenges the Group faces in improving its operating efficiency and increasing its earnings, making more effective use of its balance sheet, and increasing the rewards from its international operations relative to its risks, while also coping with regulatory and legislative uncertainty.

In assigning an IA of A (high), DBRS considers SocGen's strengths that have enabled it to cope with the sustained crisis. The Group benefits from its strong position in retail banking in France, its focused strengths in corporate and investment banking, the scope of its international retail banking operations, and its diverse financial services businesses. In adjusting to the difficult market conditions and more demanding regulatory requirements, the Group has proved its ability to cope with a challenging environment. After reduced access to unsecured wholesale funding in 2011, the Group improved its funding structure and reinforced its capital cushion through accelerated balance sheet adjustment in 2012. Continued progress with expense control, balance sheet management and franchise development are important to enhance the Group's resiliency in this uncertain environment.

Demonstrating the strength of the Group's franchise and its underlying revenue generation capabilities, which are key factors for SG's intrinsic strength, the Group has sustained its earnings, with some volatility, during this prolonged crisis, even as it absorbed the drag of its legacy assets (2009-2012), the costs of its sovereign exposures (2011-2012), the sale of its struggling Greek subsidiary (2012), goodwill impairments (2012) and the deleveraging in its CIB (2012). Indicative of this strength, Group net income, excluding the revaluation of the Group's own financial liabilities, was EUR 1.6 billion in 2012, largely unchanged from 2011. While underlying earnings continue to show resiliency, DBRS sees SG as still exposed to a weakening in the recovery in Europe and the ongoing fragile capital markets.

DBRS considers the Group's strong position in retail banking in France as an important underpinning of its intrinsic strength. Delivering relatively stable earnings with a low cost of risk, the French Networks (FN), which operate primarily under the well-positioned brands of Société Générale and Crédit du Nord, typically generate about a third of earnings. To improve earnings, SG is engaged in a cost reduction program, which DBRS views as essential to sustain earnings in the current environment. Generally the second largest contributor to SG's earnings, albeit with more volatility, is the Corporate and Investment Bank (CIB). CIB is another core component of SG's universal banking franchise that has an extensive international presence in more than 34 countries. To economise on balance sheet usage and improve the CIB's risk profile, the Group is emphasizing flow business. In DRBS's view, SG has worked to refocus the CIB on its core strengths across its customer franchise and product capabilities to enhance returns and reduce earnings volatility.

DBRS views the SG's International Retail Bank (IRB) as providing an important avenue for growth, although IRB's current contribution to Group net income is modest and it has contributed to earnings volatility. The IRB's diversified presence across various regions enhances earnings resiliency and leverages SG's international capabilities in operating in countries that are at various stages of economic development and financial market sophistication including Central and Eastern Europe, Russia and North Africa. While manageable individually, these businesses can incur material losses, if a country suffers significant deterioration as occurred in Greece. DBRS sees SG's two other business segments, Specialised Financial Services & Insurance (SFSI) and Private Banking, Global Investment Management & Services (PB, GIMS), as enhancing the Group's ability to meet certain product needs across the franchise and extend its geographic reach beyond its IRB operations. SFSI has particular strength in Vehicle Leasing and Fleet Finance, Equipment Finance, Consumer Finance and Insurance. The PB, GIMS segment makes a smaller contribution to net income, but also provides important adjuncts to SG's core business segments. Across its operations, SG is seeking to enhance contribution of its businesses through more effective collaboration between business segments.

SG's funding profile combines a sizeable, stable deposit base underpinned by its domestic retail banking franchises with significant usage of wholesale funding that is typical of universal banks with significant corporate and investment banking activities. The Group's franchise strength and adaptability have enabled it to adjust to the stress on its funding, particularly the stress on short-term U.S. dollar funding faced by French banks in 2011. DBRS views positively that SG has improved its liquidity position with a sizeable excess of stable funding and a maximum for short-term funding of 20% of its balance sheet. The Group is complying with impending short-term regulatory requirements with an LCR ratio above 100% at 1Q13. Appropriately, SG has put more emphasis on aligning its funding profile with the assets being funded and utilising incentives to drive more efficient use of the Group's balance sheet and liquidity by its business units.

Also factored into the IA is SG's risk profile, which combines the low risk portfolios in its domestic businesses with smaller but higher risk portfolios, principally in the IRB. The low risk portfolios, which comprise the majority of the credit exposures, are generally matched by low yields that provide limited cushions to absorb any spike in credit costs, though this is not currently anticipated in France. While higher yields are expected to compensate for the higher risk in the IRB businesses, DRBS also factors in the potential for rapid deterioration and unforeseen events, such as what happened in Greece (sold in 4Q12), which can cause credit deterioration to significantly exceed such earnings. Given the economic weakness and political uncertainty across its IRB operations, DBRS sees SG as focused on strengthening its risk position. While the cost of risk is highest in the IRB, the Group's overall doubtful loan ratio was relatively modest at 4.2% at 1Q13 with a coverage ratio of 71%. Exposures to legacy assets and EU peripheral bonds have been much reduced. Market risk contributes only about 9% of regulatory risk weighted assets (RWA), as SG has scaled back its activities that incur market risk with its focus on flow business and less retention of risk. With experience gained from the market turmoil, DBRS views SG's control of these risks across the Group as having been reinforced.

Given SG's continued progress with strengthening its capital and streamlining its risk profile, DBRS views the Group's capitalization levels as satisfactory. Under Basel 2.5, SG's Core Tier 1 ratio was 10.6% at 1Q13, up from 9.0% at end-2011. The Group anticipates it will reach a Core Tier 1 ratio of close to 9.5% by year-end under Basel III fully loaded. At 1Q13, core Tier 1 Ratio under Basel III fully loaded was 8.7%.

Support Assessment (SA)
As one of France's leading banks, SG is viewed as systemically important by DBRS. Therefore, the ratings incorporate DBRS's expectation of some form of timely systemic support for the Group in the event of a highly stressed scenario. DBRS's expectation of timely systemic support in case of need underpins an SA2 Support Assessment. The ratings of SG benefits by one notch from support implied this SA-2 relative to its IA of A (high).

Rating Considerations Details

Strengths
(1) Well-positioned with consumers and businesses in domestic retail banking in France
Generating resilient earnings with a low risk profile, the Group's domestic retail bank is a key strength. Among the leading institutions providing banking and other financial services to consumers and businesses in France, SG's French Networks operate through three complementary distribution brands, with about 3,176 branches serving about 11 million individual customers. With a relatively solid market share of 6.7% in domestic deposits nationwide, SG is well-positioned with its distribution focused on the wealthier and more dynamic regions in the country. The strength of this franchise and its well-recognised brands (Société Générale, Crédit du Nord and Boursorama) has been tested recently, as the Group demonstrated its ability to cope with difficult situations.

(2) Enhanced diversity via international expansion in retail banking and growth of financial services
The IRB's diversified presence across various regions enhances earnings resiliency and leverages SG's

international capabilities in operating in countries that are at various stages of economic development and financial market sophistication including Central and Eastern Europe, Russia and North Africa. These faster growing, often under-banked markets offer extensive opportunities, but also add risk, as is being illustrated by the impact on the Group of the deterioration in Greece until the business was sold. In DBRS's view, however, SG has effectively managed the balance of its risk versus reward in these emerging market countries. Nevertheless, the current environment, with weakening economies, poses the risk that more elevated credit costs, particularly in more stressed economies, will reduce this business segment's contribution in the near-term.

Adding to the breadth of the Group's product scope and geographic reach are the diverse, primarily financing businesses in SG's Specialised Financial Services and Insurance segment (SFSI). These businesses offer a broad array of products across areas such as vehicle leasing, equipment finance, and auto financing. This segment is the smallest contributor, but its businesses are important in leveraging the Group's franchise.

(3) Substantial corporate and investment bank based on key capabilities and Group franchise
The Corporate and Investment Banking (CIB) segment, a substantial component of the Group, makes an important contribution to SG's franchise scope and earnings diversity, but also contributes to the volatility in the Group's earnings in recent years. An important component of the Group's strategy, this segment leverages both CIB's own key capabilities in capital markets businesses, such as equity derivatives, and the Group's franchise position and geographic reach. In good years, CIB generates sizeable pre-tax margins. Providing some resiliency to revenues, CIB is diversified across the various segments of the capital markets including advisory, underwriting, equities and fixed income. The Group's international reach also adds opportunities for CIB activities across its markets. Its CIB operations rely more on its positions in the capital market businesses than corporate lending.

(4) Financial strength underpinned by franchise strengths and earnings diversity
The Group's financial strength is underpinned by the diversity of its business mix. Resilient income before provisions and taxes (IBPT) helped the Group absorb high credit costs, a variety of one-time events and the negative impacts of the prolonged adverse environment. Diversity also enhances the opportunities the Group has to grow revenues and earnings in a difficult environment. Embedding greater balance in allocated risk capacity across the franchise is an important element in achieving more stable earnings. The Group continues to improve its risk profile. Earnings resiliency has also supported SG's ability to strengthen its capitalisation and adjust to the evolving regulatory framework.

Challenges
(1) Achieving cost reductions and delivering on improving operating efficiency
An important avenue for generating earnings growth for the Group is delivering on cost reductions and achieving a sustained improvement in efficiency. Given the slower growth in the more mature French market, increased efficiency is an important component for generating positive operating leverage. This complements SG's drive for revenue growth in its retail banking activities that are the cornerstone of its franchise and a major contributor to earnings. By adding complexity and duplication of operations, SG's international expansion also adds to the difficulty of improving efficiency. DBRS would view SG's success with efforts to streamline and enhance its operational capabilities, as an important component in advancing its international banking franchise.

(2) Generating more earnings from international businesses in difficult environment
Having succeeded in expanding its international businesses, the Group faces the challenge of adapting its strategy to the difficult economic environment in order to protect its franchises and deliver increased earnings, while managing the risk in these more volatile markets. The Group has demonstrated its ability to manage its operations in response to evolving local market conditions through expansion in some markets and restructuring in others. The Group acknowledges that the emerging markets are likely to continue to display higher inherent volatility than its home market. In the current environment, strengthening the international businesses ability to fund their needs through deposits and generate capital to support growth has become more important. As the current negative impact of Romania demonstrates, while the IRB offers growth

opportunities for the Group, it also contributes to higher risk levels for SG, given the potential for significant deterioration in these economies.

(3) Further enhancing financial strength given market and regulatory uncertainties
In adjusting to the difficult market conditions and more demanding regulatory requirements, the Group has proved its ability to cope with a challenging environment. Continued progress with expense control, balance sheet management and franchise development are important to enhance the Group's resiliency in this uncertain environment.

(4) Making more progress with strengthening its capital and streamlining its risk profile
After a 2012 year focus on strengthening the Group's funding profile and liquidity position, the Group faces the challenge of further building up its capital position. After reduced access to unsecured wholesale funding in 2011-2012, the Group improved its funding structure and reinforced its capital cushion through accelerated balance sheet adjustment in 2012. Also emphasising its drive to build equity, the Group did not distribute dividends for 2011, and paid 25% in dividend in 2012 (65% in the form of script dividends).

Rating Drivers

Factors with Positive Rating Implications
If SG continues to make progress in improving the efficiency of its businesses and strengthening underlying earnings, while further enhancing its balance sheet profile, negative ratings pressure could be reduced. A return to a Stable trend could be foreseen, if this progress were accompanied by less fragility in financial markets, economic recovery and reduced regulatory uncertainty.

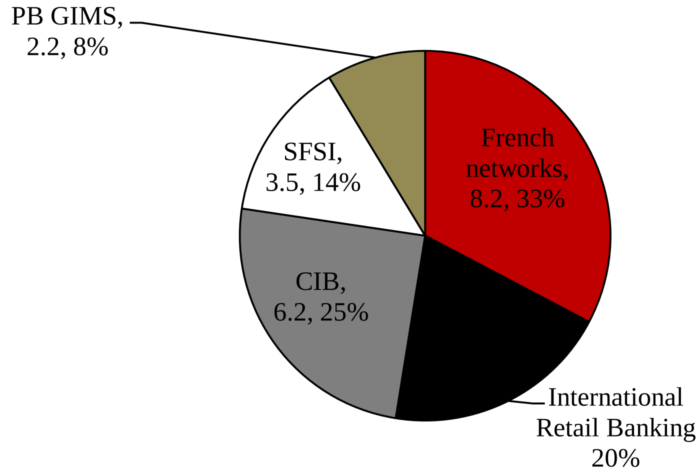
Factors with Negative Rating Implications
Ratings pressure could arise if SG were to have significant difficulties in achieving its gains in efficiency and strengthening its profitability. If these difficulties were accompanied by deterioration in SG's franchise that reduce its capacity to generate additional capital, this could lead to negative ratings pressure, especially if accompanied by renewed pressure on SG's liquidity and funding or material weaknesses in its international operations that impact its capitalisation.

Franchise Strength - Description of Operations

Société Générale is a well-established French based universal bank with a strong domestic position, a broad business mix and an extensive international presence. Founded in 1864 by public subscription, the Group was nationalised in 1945 and then re-privatised in July 1987. The Group's shareholder structure is primarily free float with employees owning 7.60% and major shareholders (over 1%) 7.42% as of 2012. Since the late 1990s, the Group has expanded considerably and developed its international presence through acquisitions and organic investments in its different business lines.

The Group is organised around five business lines, although this is likely to be reduced to three business lines: The French Networks (FN), International Retail Banking (IRB), Specialised Financing Services and Insurance (SFSI), Private Banking, Global Investment Management and Services (PB, GIMS), and Corporate and Investment Banking (CIB). DBRS views SG's revenue generation as well diversified, as roughly no more than a third of revenues are typically generated from any one of the five former main business lines (see Exhibit 1). The Group's strategy concentrates on its three core businesses, FN, IRB and CIB that are focused on client-relationships within their customer franchises.

Exhibit 1: Net Banking Income by Segment
EUR Billions, FY2012



Source: Company Reports

French Retail Banking – The French Networks (FN)
The Group has a well-established position in the domestic banking market in France. The French Networks consist of three complementary distribution networks: Société Générale with a nationwide presence, Crédit du Nord, a regional bank, in which SG acquired a majority stake in 1997 and then took full control in 2009, and Boursorama Banque, with its exclusively online offering.

Combined, SG's distribution networks include 3,176 branches serving about 11.1 million individual customers at the end of 2012. The FN are a key component of SG's franchise with strong brand names, generally stable revenue generation, and solid operational capabilities that can leveraged in its international businesses and other business lines. Additionally, the FN provides SG with an important funding base that is supported by its stable deposit base.

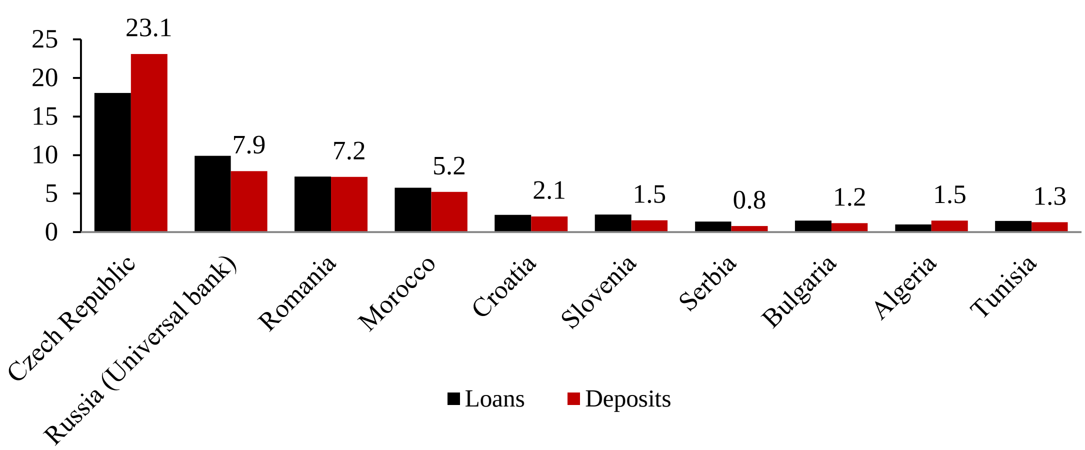
SG enjoys a strong domestic presence underpinned by large, dense branch networks for the SG brand that are situated primarily in urban areas that account for a high proportion of the nation's wealth. Crédit du Nord's network is a valuable complement with its focus on mass affluent customers in wealthy urban areas, where it has a historically strong local presence. SG has the 4th largest branch network in France by number of branches; and reportedly the third largest network in France by size of revenues, of which a third is under the Crédit du Nord Group network and its 8 regional banks totaling 918 branches at end-2012. At year-end 2012, the FN through its multi-channel development of the franchise had a national market share of 6.8% for deposits and 7.7% for loans for individuals customers. In Paris Ile de France, market shares to individuals would be much higher for wealthy clients. SG's presence in the South East of France is also strong. While SG scope is nationwide geared towards SMEs, Crédit du Nord is targeting professionals, individual entrepreneurs and affluent clients.

International Retail Banking (IRB)
IRB is one of the Group's three core businesses along with French Networks and CIB. The Group's international retail banking operations add an important dimension to SG's franchise by extending its reach into new markets and leveraging the skills and technological capabilities of its domestic operations. It is the second pillar of the Group's universal banking strategy.

SG maintains four main zones of activity: Czech Republic, Russia, Balkanic Countries, and Africa. In pursuing the growth opportunities that these international markets offer, SG acknowledges that they generally have higher inherent volatility than its home market. SG incorporates this additional risk in calibrating the capital allocated to these businesses and ensuring that returns are appropriate, so that the Group's capital structure remains aligned with its overall risk appetite. Importantly, within IRB, the loan portfolio is predominantly funded by deposits, except for specialized financial entities in Russia, and smaller as well as more recent subsidiaries (see Exhibit 2).

SG is well-positioned in most of these international markets. SG has established a leadership position in the Czech Republic, being the third largest local bank by total assets at 4Q12. The Group is building up its position in Russia, where it is the third largest private banking group by the number of branches and 5th in its retail loan segment at 4Q12. It also has the third largest branch network and is the 5th largest privately-owned banking group. Centralising its operations to improve efficiency, SG combined all its Russian entities, while still utilising three brand companies: Rosbank (5th largest private bank by assets, and 10th by total assets), DeltaCredit (1st specialized bank in mortgage financing in loan production), and Rusfinance (3rd largest car lender), which are specialized banking units. In Balkanic Countries, the Group ranks second in Romania with around 22% market share, and is the #2 privately-owned retail bank there after BCR owned by Erste. SG also has a presence in Croatia (Splitska Banka), Slovenia (SKB joined SG in 2001) and Bulgaria (Société Générale Express Bank acquired in 1999), as well as operations in Poland, where it has been operating since 1976, now through Eurobank Polska, and Serbia. Recently, SG strengthened its operations in Serbia with the acquisition of KBC Banka a.d. Beograd's portfolio of individuals and SME customers in April 2013. In the Mediterranean Basin, Sub-Saharan Africa and the French Territories, the Group also has significant presence, reportedly ranking as the #4 largest bank by total asset in Morocco, the #1 local bank by total assets in Côte d'Ivoire, and the #1 local bank in Cameroon by total loans. In 2013, the Group is looking to expand further in this dynamic zone with high ROE (16%) through innovative solutions, while improving cost-income ratio through centralization of back-offices. The sale of the Egyptian subsidiary was opportunistic and does not change the strategy in the region.

Exhibit 2: Loans and Deposits at Major Foreign Subsidiaries
EUR Billions, FY2012



Source: Company Reports

While its strategy is to expand these businesses, SG has also shown its ability to adapt to the difficult operating environment by slowing its expansion with fewer branch openings or retrenching by cutting staff and closing branches. This ability to adapt its franchise is more important in the current environment, when deleveraging can be critical and resources for investment are more difficult to generate. In 2013, the focus will be on developing synergies with the other entities of the Group while strengthening.

Greece, Exit in 2012
Greece is indicative of the negative impact that the severe weakening of country's economy can have on a local franchise. Geniki was a modest sized subsidiary in Greece, with EUR 4.3 billion assets, EUR 3.5 billion loans, EUR 2.7 billion deposits and 117 branches at end-2010. Positively SG sold its Greek subsidiary, Geniki, in December 2012. Nevertheless, this deterioration generated substantial provisioning. Pre-tax Group net income was EUR 164 million in 2012. The Group had allocated EUR 890 million to provisions in 2011. As the negative impact of Greece demonstrated, while the IRB offers growth opportunities for the Group, it

also contributes to higher risk levels for SG, given the potential for significant deterioration in these economies. With the sale of Geniki, the Group's retail exposure outside France in the Eurozone is limited to specialized financing in a few countries (Germany, Italy, and Spain). In 2012, loss making foreign subsidiaries sales also included the divestment of its Ukrainian unit.

Corporate and Investment Banking (CIB)
An important component of the Group's franchise remains its Corporate & Investment Banking (CIB) segment, which has a global reach with a significant presence in countries across Europe, the Americas and Asia-Pacific. The segment makes an important, if uneven, contribution to revenues and Group net income. The CIB focuses its wholesale banking activities on the client and product segments where SG can achieve leadership and sustainable profitability. CIB is organized around two divisions: (1) Global market (Equities, Fixed income, Currencies, Commodities) and (2) Financing and Advisory (Coverage, M&A, global finance). CIB went through a significant headcount reduction in 2012 (-12%), but maintained leading positions in Equity derivatives; #1 global player in warrants, 12.6% market share, #3 in European ETFs), Euro Debt Capital Markets (#2 in corporate bond issuance in Euro in 2012), Euro rates and credit, Natural Resources finance, and Structured Finance. In Fixed Income, Currencies and Commodities (FICC), SG's objective is to further develop CIB's position.

In its ongoing evolving strategy, SG has been scaling back some of its activities involving USD denominated activities in 2012. The objective was to focus on the client-driven approach, while improving efficiency and reducing its risk profile. DBRS views positively that revenues are predominantly client-driven, demonstrating the strength of the customer base and implying controlled risk-taking with the Group's own capital. As a regional player with about EUR 7 billion in annual revenues, profitability pressures in recent years are driving the Group to control its CIB costs by increased use of partnerships and outsourcing, as well as increased monitoring of credit and market risks.

Legacy Assets
Included in CIB are SG's legacy assets. These assets include assets made illiquid in the credit crisis because of their nature (CDOs of RMBS, RMBS, CMBS and other E.U., U.S. and Australian ABS) or their structure (assets hedged by monolines, exotic credit derivatives, etc.), now stalled on the balance sheet since 2008. These assets were a significant drag on earnings in 2009, but have been progressively less of a burden. The net book value of these assets is estimated at EUR 8.8 billion at end-2012, down from EUR 17.4 billion as of December 2011 and meeting the goal of going below EUR 10 billion by 2013. DBRS views progress on this reduction as important, because it reduces the burden of these assets that absorbed resources, now reduced to around EUR 50 million a quarter according to the current guidance, raise SG's risk profile, and do not contribute to its franchise.

Specialised Financial Services and Insurance (SFSI)
The SFSI businesses offer a range of corporate financial products and services including leasing of equipment, fleet vehicles and IT assets, as well as insurance services and financing of capital goods. SFSI also provides credit to consumers under various brand names. These businesses provide an important range of products through which the Group is able to meet more of the needs of its customers across its franchise and extend its geographic reach to markets beyond its core markets. These businesses operate primarily in France, but are also active in Germany, Italy and other countries within its franchise scope.

The performance of these businesses has been sustained in 2012 and even improved in 1Q13, mostly helped by improved market position in Insurance in France, but also by SFSI's strengthening its positions notably in Poland (2010) and more recently in Russia. SFSI's performance is also improving as the Group is being successful in refocusing its Consumer Finance business. As SFSI was part of the deleveraging plan, overall growth will remain limited, but profitability can improve as illustrated in 1Q13, supported by lower operating costs as well as lower cost of risk. SG ranks #3 worldwide and #1 in Europe in Equipment Finance, #2 in Europe for ALD Automotive (Operational Vehicle Leasing and Fleet Management), and #4 in Insurance in France.

Global Investment Management and Services (GIMS)
GIMS includes the Group's private banking, its asset management businesses, a range of securities services, and other services, including derivatives brokerage and on-line banking. Private Banking (PB) is the main contributor to this business segment that leverages the broad scope of SG's franchise, particularly in its home market. With a presence in 19 countries, PB has international reach that complements SG's international franchise. PB contributed more than half this division's net income in 2011. Most of its asset management operations were combined with those of Crédit Agricole S.A. (Crédit Agricole), in Amundi, with split ownership (75% Crédit Agricole, 25% SG). Amundi ranks #1 in France with 25% market shares, #2 in Europe with EUR 746.2 billion of AuM. TCW, which was not combined with Amundi, was sold in 2012. Also in 2012, SG started restructuring Newedge, a 50/50 JV with Crédit Agricole, that is a participant in the clearing and execution of listed derivatives. Securities Services provides a range of services that complement SG's banking, capital markets, and wealth management businesses. GIMS is going to be merged into the CIB division.

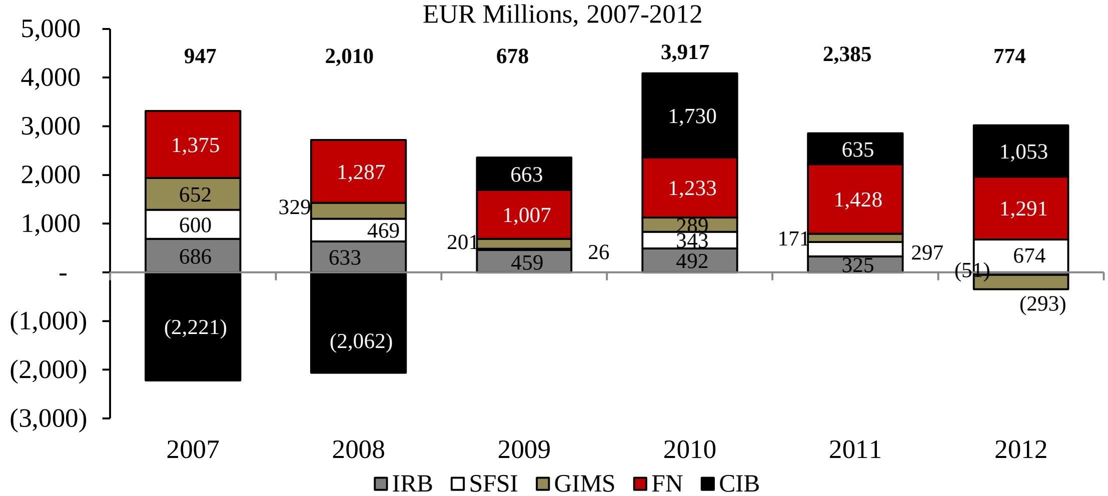
Corporate Center (C/C) and Announced Reorganization:
The Corporate Center includes the Group's real estate portfolio, industrial and bank equity portfolios, Group treasury functions, and some costs of cross-business projects. Exceptional net revenues may be included in the C/C that can distort the perspective on the contributions by business segment over time.

Early in 2013, the Group laid out its plan to refocus on its three core "pillars": "French Retail Banking"; an "International Retail Banking and Financial Services division"; and another encompassing "Corporate and Investment Banking, Private Banking, Global Investment Management and Services". DBRS views positively the Group's efforts in making itself more efficient and flexible.

Earnings Power

The Group generates strong, resilient earnings power from its well-established franchise with its diversified mix of businesses, albeit with unevenness in the CIB. The current environment has tested the resiliency of this earnings power, as SG has had to cope with write-downs, elevated credit costs outside France and other impacts of this extended stressed environment. In spite of a still difficult environment and a year focused on deleveraging in 2012, Group net underlying income was relatively stable as compared to 2011, after adjusting for the Group's revaluation of its own debt. Challenged by headwinds in the global economy, higher funding costs, higher liquidity needs and elevated costs of credit, the Group nonetheless achieved structural changes, while maintaining a satisfactory level of earnings.

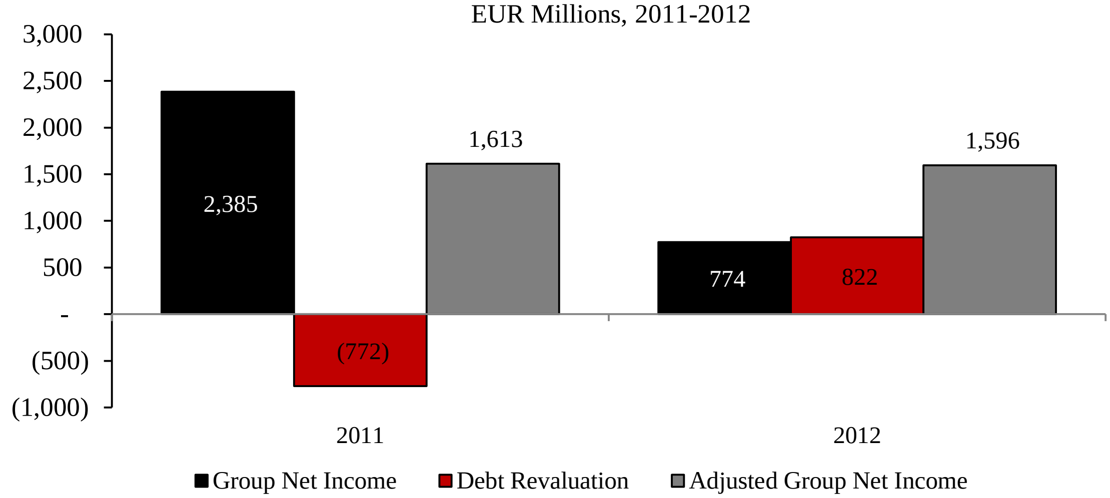
Exhibit 3: SG Net Income by Business Line (Total includes C/C)
EUR Millions, 2007-2012



Source: Company Reports

Results for 2012 show the benefits of the business and geographic diversity of SG's franchise, which DBRS views as an important contributor to the Group's positive earnings generation. The Group generated net income of EUR 0.8 billion in 2012, below EUR 2.4 billion in 2011 (See exhibit 3). However, these numbers need to be adjusted for accounting volatility generated by the calculation of the Group's own financial liabilities. Adjusting for the revaluation of the Group own debt only, Group net income was EUR 1.6 billion in 2012, largely unchanged from 2011 (See exhibit 4).

Exhibit 4: SG Adjusted Net Income Group Share
EUR Millions, 2011-2012



Source: Company Reports

The distribution of net revenues over time illustrates the contribution of the Group's businesses that support the resiliency of its earnings. Reflecting the challenges faced by the Group, a series of one-timers have affected the bottom line of the Group in the past years. Excluding one-off items in each year, Group underlying net income was EUR 3.4 billion in 2012, up from EUR 3.2 billion in 2011.

However, total negative impact from exceptional items was approximately EUR -2.8 billion in 2012 as compared to EUR -1.7 billion in 2011. The exceptional items in 2012 included EUR 822 million negative revaluation of the Group's own financial liabilities, EUR 338 million exceptional costs resulting from the deleveraging in core CIB, EUR 416 million for CIB legacy assets, EUR 560 million losses from impairment and capital losses in SFSI, GIMS and C/C, EUR 300 million provisions for disputes booked in the Corporate Center. The buy-back of Tier 2 debt made a positive contribution to net income of EUR 195 million for 2012.

In contrast, across the difficult environment of recent years, the FN have made a steady and growing contribution to overall Group net income, rising from EUR 1.0 billion in 2009 to EUR 1.3 billion in 2012.

Within IRB, while Greece is not a drag anymore, other regions have weakened. Romania was loss making in 2012, after having posted profits during the past 10 years. Czech Republic, Sub-Sahara Africa, French territories and others have been more resilient. Russia started benefiting from rationalization efforts, and posted profits in 4Q12. However, with high inflation, low spreads and an uncertain political environment, operating in the region is likely to remain challenging.SG recently sold its Egyptian subsidiary on an opportunistic basis. In DBRS views, the emerging markets remain an important component of SG's strategy and DBRS views its well-diversified presence across various regions as enhancing earnings resiliency over time.

Specific to 2012 is SG's CIB deleveraging. CIB delivered improved results in 1Q13, indicating a recovery from the reduced level of revenues in 4Q11, when the Group suffered from the turbulence in the markets and started to adjust its CIB's profile to deliver more stable performance. CIB's total revenues in 2012 were EUR 6.2 billion, up 3.5% from EUR 6 billion in 2011. The Group anticipates minimum losses coming from legacy assets in 2013, with a guidance of EUR 50 million a quarter for 2013.

The Private Banking, Global Investment Management & Services (PB, GIMS) segment makes a smaller contribution to net income. While its net revenues totaled EUR 2.2 billion in 2012, relatively stable from

2011, PB, GIMS generated a net loss of EUR -293 million Group share of net income in 2012, driven by EUR 580 million impairment of goodwill for the year 2012. Excluding this impairment, Group net income was EUR 287 million, up from EUR 171 million in 2011 and EUR 289 million in 2010 thanks to good performance in Asset Management (AM). AM's Group net income was EUR 142 million in 2012 before EUR 200 million of goodwill impairments, which compares to EUR 99 million in 2011. SFSI overall generated 14% and PB, GIMS generated 9% of the Group's net revenues in 2012 (total excludes C/C). These segment contributions were stable from 2011.

C/C registered negative revenues of EUR 1,832 million in 2012 reflecting in part the negative revaluation of the Group's own financial liabilities of EUR 1,255 million for the year at revenues level, but also costs of systemic bank levies, as well as losses related to Geniki and TCW sales.

Expenses & Efficiency

In DBRS's view, the Group's current focus on strategic cost reduction is a key driver for improving SG's profitability. Given the importance of improved efficiency for strengthening earnings at a time of slower revenue growth, DBRS looks positively upon the Group's announced plan to lower its efficiency ratio, particularly in its retail banking networks.

After EUR 500 million cost reductions in 2012 (mostly in the CIB), SG is targeting a further EUR 900 million in cost reductions by 2015, most of which are to be achieved in the French Network. This will ultimately represent about 9% of the SG's current cost base. The Group continues to make progress with its transformation projects, including the consolidation of technology systems in France and abroad, and improvements in risk management processes. SG is also in the process of implementing the reorganization of its back-offices as well as engaging in the creation of JVs to share costs. To achieve annual costs reduction of EUR 900 million, SG expects to incur one-off cost of about EUR 600 million.

SG is targeting a 60% level in the French Networks in the coming years, which would be a significant improvement from its current level. This ratio varies considerably across business segments, which reflects their mix of activities. With a higher proportion of revenues from lending, SFSI has the lowest cost income ratio at 52.9% , which GIMS has the highest ratio at 88.2% reflecting its more expense intensive, but lower risk, activities. Nevertheless, SG is seeking to reduce costs across its business segments. Overall, indicating progress made, the Group's cost to income ratio was reduced down to 67.5% in 2012 from 69.6% in 2011, excluding the positive revaluation of own financial liabilities. This improvement was primarily driven by the CIB segment (see Exhibit 5), reflecting efforts in reducing costs implemented throughout the year and improving revenues. Excluding the net discount on loans sold CIB core activities cost-to-income ratio stood at 59.2% in 2012.

Exhibit 5: Cost-to-Income Ratio by division	**2012**	**2011**	**2010**	**2009**
French Network	64.5%	64.3%	64.9%	65.8%
IRB	62.2%	59.6%	56.2%	56.5%
CIB incl legacy assets	67.7%	79.4%	60.1%	56.6%
CIB excl legacy assets	63.7%	72.3%	59.7%	40.0%
GIMS	88.2%	90.7%	88.2%	87.9%
SFSI	52.9%	53.6%	52.0%	56.1%
Group	**67.5%**	**69.6%**	**63.7%**	**72.6%**

Source: Company Reports, Note: C/I ratio is excluding revaluation of Group's own debt

Capacity to Absorb Credit Costs

DBRS views SG as having the earnings power to absorb sizeable credit costs, as indicated by its ability to cope with elevated credit costs in recent years and the degree of resiliency in its underlying earnings. SG generated gross operating income, or income before provisions and taxes (IBPT), of EUR 6.7 billion in 2012, as compared to EUR 8.6 billion in 2011. Excluding the Group's revaluation of own debt, IBPT was EUR 7.9 billion in 2012 (excluding the negative EUR 1.3 billion in gains on the revaluation of the Group's own debt), versus EUR 7.4 billion in 2011 (excluding the EUR 1.2 billion in gains on the revaluation of the Group's own debt). This level left SG with a satisfactory cushion, as impairments of EUR 3.9 billion absorbed 50% of IBPT-ex debt revaluation gains in 2012 and impairments of EUR 4.3 billion absorbing 58% of -ex debt revaluation gains in 2011 (See Exhibit 6). This indicates that SG has the capacity to cope with an increase in credit costs.

Exhibit 6: Earnings Capacity to Absorb Cost of Risk (Data Adjusted for the Group's Own Debt Revaluation)

EUR Millions	2012	2011	2010
Group Net Banking Income	23,110	25,636	26,418
Group IBPT	6,672	8,600	9,873
Croup Cost of Risk	(3,935)	(4,330)	(4,160)
Adjusted Group Net Banking Income	24,365	24,459	25,991
Adjusted Group IBPT	7,927	7,423	9,446
Cost of Risk / IBP	59.0%	50%	42%
Cost of Risk / Adjusted IBP	50.0%	58%	44%

Source: Company Reports

French Network (FN) – Robust Level of Activity In Spite of Weakening in SMEs

DBRS views the FN as providing an important underpinning for SG's earnings that would benefit from SG's drive to improve its efficiency. The FN has been the main contributor to profits in the past two years. Indicative of FN's franchise health, activity levels continued to be robust and strength in retail banking is evident with growth in loans and in deposits in particular in 2012. Against a backdrop of a slowing economy, activity levels were resilient, with strength shown by the growth in loans and deposits: loans were up 3.2% year-over-year (YoY) to EUR 176 billion and deposits up 5.4% YoY to EUR 142 billion. At the same time, SG further reduced its loan-to-deposit ratio in the FN to 117% at 1Q13, down from 124% at end-2012 and 141% at end-2009.

The FN continued to generate robust revenues, above EUR 2 billion a quarter in 2012. SG's retail operations in France have a relatively high NIM, although now more pressurized, at 2.34% in 2012 down from 2.42% in 2011. NIM had been relatively stable in 2011. At the same time, the relatively low level of the cost of risk enables this division to retain a higher portion of revenues in net profits. FN's cost of risk relative to IBPT was generally below 30% in 2012 as in 2011. However, the last quarter of 2012 indicated signs of deterioration, primarily coming from SMEs. In 4Q12, the trend was up, with this ratio at 44% as compared to 34% in 4Q11 (See Exhibit 6).

Corporate and Investment Banking (CIB) – Deleveraging Is Behind

DBRS views better alignment of expenses with revenues and more efficient operations as being an important driver for improved performance, as capital markets businesses face slower revenue growth. SG has recently focused on improving CIB's profile and delivering more stable performance, which DBRS views positively. Reflective of some success, CIB's gross operating income was up 62.3% to EUR 2.0 billion in 2012 in spite of the deleveraging, supported by strengths in fixed income, currencies and commodities. Driven by higher revenues, the bottom line was up 65.8% to EUR 1.1 billion in 2012 from EUR 0.6 billion in 2011. At the same time, the Group reduced its cost base, which compensated for somewhat higher provisioning in 2012.

Funding and Liquidity

SG's funding profile combines a sizeable, diversified deposit base with significant usage of wholesale funding that is typical of universal banks that combine retail banking with significant corporate and investment banking businesses. SG, like other universal banks, has taken measures to reduce its usage of wholesale funding, particularly USD funding when this source came under pressure in 2011, and improve the alignment between its wholesale funding and the characteristics of its funding needs. The Group's franchise strength and adaptability have enabled it to cope with the stress on its funding, helped by access to central bank funding. Overall, SG successfully addressed the abnormally difficult funding markets by building up its liquidity and regaining investors' confidence.

Deposit Funding
SG's strong banking franchise provides an important source of stable funding through its customer deposits, which provide about 47%% of its funded balance sheet of EUR 652 billion, excluding equity, at year-end 2012. After accounting reclassifications, customer deposits were EUR 311 billion, up from EUR 295 billion pro-forma 2011.

Indicative of SG's strength in its home market, the FN grew deposits by 5.4% YoY to EUR 142 billion, while reducing the FN's loan-to-deposit ratio to 117% at 1Q13 from 124% at year-end 2012 and 141% at year-end 2009. This compares well to its European peers.

Wholesale Funding
DBRS views positively that SG has improved its liquidity position with a sizeable excess of stable funding and a maximum for short-term funding of 20% of its balance sheet. The Group is complying with impending short-term regulatory requirements with an LCR ratio above 100% at 1Q13. Appropriately, SG has put more emphasis on aligning its funding profile with the assets being funded and utilising incentives to drive more efficient use of the Group's balance sheet and liquidity by its business units.

The gap between customer loans and deposits has been managed down through deposit growth and loan reductions, as well as shrinking the balance-sheet to reduce its funding needs, particularly USD needs. Even though the Group's funding is increasingly diversified in terms of instruments, currencies, type and geography of investors, SG's ability to access wholesale funding remains subject to investor appetite. As of 10 June 2013, EUR 17.1 billion out of EUR 18 billion to EUR 20 billion SG's LT funding programme is completed, this is excluding securitisation. The Group's strategy is to diversify even at a small cost. 2013 issuances included private placements for EUR 8.9 billion, but also EUR 1.3 billion secured funding (SG SFH, French covered bonds program). EUR 1.2 billion was raised through securitization (GEFA in Germany).

The Group has been working to reduce its reliance on short-term (ST) wholesale funding. At the end of 2012, the Group had EUR 66 billion of ST unsecured funding and EUR 65 billion of interbank deposits, which were covering 101% of short-term (ST) needs - a level much improved since the 73% coverage of ST needs at end-2011. The Group also uses secured funding sources, such as repos and securities lending/borrowing, which are typically ST in tenor, to fund relatively liquid assets, such as in its trading businesses. At the end of 2012, the Group had EUR 200 billion of repo funding and funding from securities lending/borrowing as compared to EUR 173 billion a year ago.

In addition to its greater focus on deposit growth, SG's reduction in its funding wholesale needs was achieved by a combination of asset disposals and the down-sizing of certain financing businesses. Within its capital markets businesses, the Group's substantial reliance on short-term funding is generally aligned with its largely liquid asset mix. With the Group more focused on flow trading going forward, which moves assets on and off the balance sheet, these businesses face less risk of having to fund assets that get stalled on the balance sheet for an extended period of time, reducing the potential for liquidity stress on the balance sheet.

One stress on SG's balance sheet that has been significantly reduced is the financing for the legacy assets. This declined to EUR 8.8 billion at end-2012 from EUR 17.4 billion at the end of 2011, or just 0.70% of total assets as of 31 December 2012.

Contingency liquidity
The Group has strengthened its liquidity profile over the past two years as a result of having experienced considerable stress It now has an unencumbered liquid asset buffer of EUR 133 billion at year-end 2012, up 58% since end-2011 (or + EUR 49 billion). This includes EUR 68 billion of central bank eligible assets and EUR 65 billion of net available central bank deposits. In addition, SG had EUR 25 billion of assets in the trading book that could be sold in 15 to 30 days, though this liquidity is not immediately available. LTRO was viewed as a safety net; the Group has started reimbursing it as liquidity pressure has receded.

While these resources are sizeable, SG has sizeable funding that matures in 2013. At year-end 2012, the Group had ST unsecured funding of EUR 66 billion and interbank deposits of EUR 65 billion plus long-term funding maturities in 2013 of about EUR 23 billion. Together, these funding needs of EUR 154 billion indicate the potential for significant calls on SG's liquidity resources should it face constraints on its access to unsecured wholesale markets.

In addition, the Group could face increased difficulty in rolling its sizeable repo funding, but DBRS recognises that repos are relatively well-balanced between assets and liabilities. In general, the Group would have a sizeable amount of short-term liabilities to roll-over in case of a disrupted environment with limited market access. DBRS views the continued strengthening of liquidity resources and the alignment of funding with assets being funded as important, as such an extreme environment, while unlikely, could result in curtailment of lending and a reduction in activity, which could impact SG's franchise and earnings.

Risk Profile

Overall, the Group has a broadly diversified portfolio of exposures, whose risk profile DBRS views as benefiting from the low risk and greater stability of its businesses in its home market, as well as in other developed European countries, offset, to some degree, by higher risk elements in the IRB and volatility in its capital markets' revenues. In a very challenging environment with widening periphery divergence and turmoil in the financial markets, DBRS views positively the Group's targeted response in adapting its business model to a more stringent environment with progress made in shedding its legacy assets, but still sees SG facing increased risk of deterioration in some areas of exposure (The politically challenging markets of Romania and Russia). 2012 was a year of transition for SG with a redefinition of certain areas of its risk profile. At the same time, there were some areas of improvement in the environment as the project for a European banking union makes progress, a softer banking system reform took place in France, and more flexible employment laws were passed in France, while risk aversion stemming from fears that the Group could face liquidity issues was reduced, as evidenced by reduced refinancing costs.

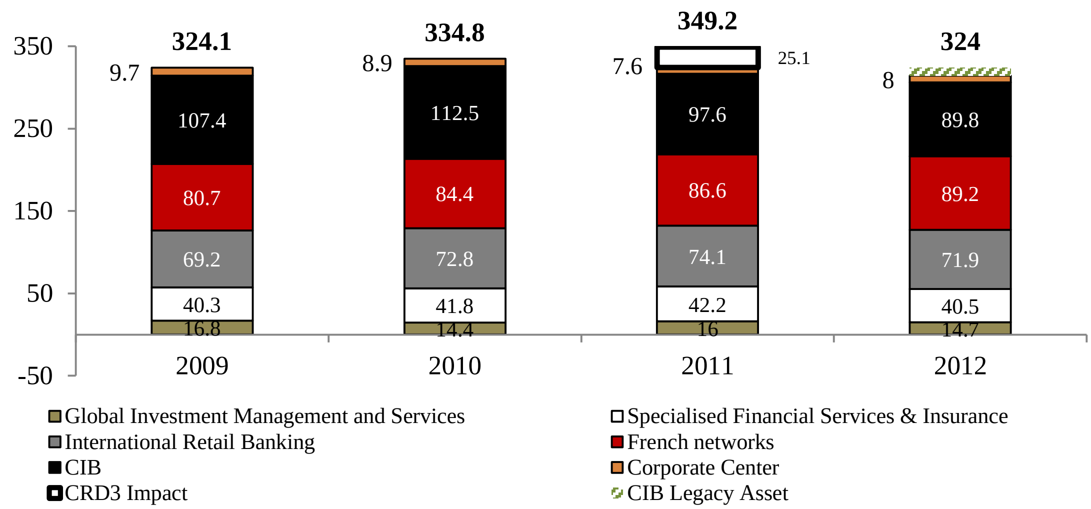
Low Risk Profile with Riskier Components

The Group's risk exposures are primarily credit driven, but SG also is exposed to material market and operational risk, as has been evident in the last few years. The distribution of regulatory risk weighted assets (RWA) provides one indicator of the mix of these risks and their trends. Under Basel 2.5, credit risk, with EUR 254.1 billion of RWA, accounted for the bulk of SG's EUR 324.1 billion in RWA at year-end 2012. Operational risk was EUR 41.3 billion, predominantly in the CIB (EUR 23.5 billion). Market risk was EUR 28.6 billion, down from EUR 32.5 billion in 2011, also predominantly in the CIB (EUR 26.2 billion, down from EUR 31.5 billion in 2011).

Indicating that the reduction in legacy assets and deleveraging are having an impact, total RWA declined by 25.1 billion to EUR 324.1 billion at end-2012 (see Exhibit 7).

Exhibit 7: Risk-weighted Assets by Business Line

EUR Millions, 2009-2010 (Basel 2) - 2011-2012 (Basel 2.5)



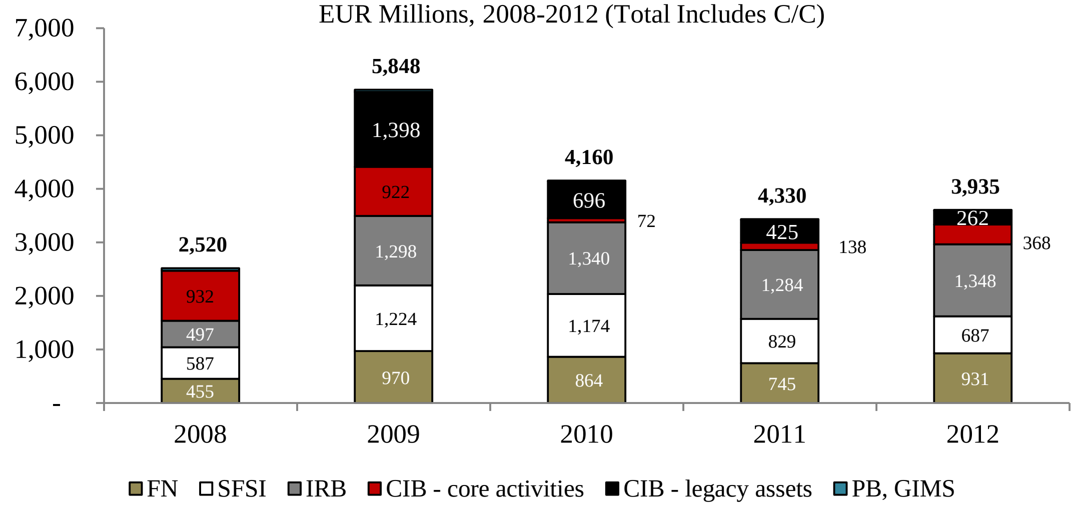
Source: Company Reports

The Group's generally low risk profile with its higher risk elements is evident in the geographic distribution of its exposures. At 4Q12, SG's on- and off-balance sheet exposures at default (EAD) to corporates and individuals was EUR 685 billion, of which EUR 543 billion were on balance sheet. The majority of this on-balance sheet exposure is in France (48%), and Western and Eastern Europe within the E.U. (20%), with less in North America (9%). Exposure elsewhere is relatively lower, including Central & Eastern Europe outside the E.U. (5%), Africa & Middle East (5%), Asia-Pacific (4%), and Latin America & Caribbean (2%).
Corporate exposure loans are a significant portion of SG's overall exposures with EUR 267 billion in EADs broadly distributed across industries. Out of this total, SG internal ratings process covers corporates with exposures amounting to EUR 207 billion. These internal ratings show a significantly lower risk component with approximately 63% of this rated corporate exposure in investment grade. DBRS perceives that there is more risk in the remaining 37% that is noninvestment grade based on the internal ratings, although this risk is often mitigated in various ways, such as utilising collateral or guarantees. SG also manages various aspects of its credit risk through credit derivatives. Overall, the performance of credit in the CIB's core activities remains good with a net cost of risk of 31 bps in 2012

Retail exposure is smaller, but still sizeable with EUR 184 billion in EADs, of which EUR 94.6 billion is in relatively low risk residential mortgages or 51.4% of total retail and 14.2% of total portfolio. About 25% of total retail is in exposure to SMEs, which typically has a higher cost of risk than mortgages that has been evident in its recent deterioration

Credit Risk Under Control
While positive trends were evident in the cost of risk throughout 2011 and in most of the 2012 year for the FN as well as for SFSI, there were signs of deterioration in 4Q12 in the FN illustrating weakening in mid-size corporates (as expected). SMEs that are part of French networks had been experiencing more difficulties since end-2011. Conversely, the cost of risk in corporates within CIB was low in 2012 (31 bps). In IRB, the deterioration of the cost of risk is clear and driven by Romania which accounts for the bulk of provisioning in IRB.

Exhibit 8: Provisioning by Business Line
EUR Millions, 2008-2012 (Total Includes C/C)



Source: Company Reports

Doubtful loans were down to 4.3% at end-2012 (helped by the exit from Geniki since 3Q12) with a coverage ratio of 71%, from 4.6% at end-2011 and a coverage ratio of 69%. While, in DBRS's view, the Group faces economic weakness and political uncertainty in Central and Eastern Europe, Russia and North Africa through its international retail network, it is keeping the cost of risk under control.

DBRS notes that after a sharp increase in credit costs in 2009, the Group experienced improving credit quality trends, particularly as it reduced its CIB's legacy assets. Loan loss provisions were down to EUR 3.9 billion in 2012, although this level remains much higher than the 2008 level of EUR 2.5 billion. While IRB is an area under stress, signs of slight of improvement were evident in the quarterly cost of risk by business.

Legacy Assets
In reducing its risk, the legacy assets portfolio was one of the main items. In the past two years, the CIB has accelerated the reduction of its legacy assets exposure, the legacy portfolio became much less sizeable. The drag on CIB from legacy assets is less consequential with a net loss of EUR 416 million in 2012. These assets are down to EUR 8.8 billion from a high level of EUR 32.8 billion at year-end 2010 (about EUR 40 billion in 2008). Now comprising about 0.7% of SG's assets, 61.4% are USD denominated as of December 2012. Of the EUR 8.8 billion portfolio, SG has identified EUR 5.7 billion as money good assets, while EUR 3.1 billion assets are non-investment grade assets. The latter include U.S. RMBS and CDOS of U.S. RMBS (down 41.4% to EUR 1.7 billion at end-2012).

Risk Exposures to Peripheral E.U. Countries
Adjusting to the deteriorating environment, the Group significantly reduced its sovereign exposures to stressed European economies. Its GIIPS sovereign exposure in the banking book is down to EUR 1.8 billion in 1Q13, from EUR 2.3 billion at 4Q12 and EUR 6.6 billion at end-2010, with EUR 1.2 billion exposure left in Italy and EUR 0.6 billion in Spain. The Group exposure to peripheral E.U. countries non sovereign risk is mostly to Italy with EUR 6.4 billion to Corporates and EUR 4.8 billion to Retail, and Spain with EUR 6.9 billion to Corporates and very limited exposure to Retail.

Risk Management
With experience gained from the market turmoil and the unauthorised, concealed market activities in 2008, SG's management has appropriately revamped the Group's risk management organization, as well as its overall risk philosophy and appetite. Group risk control has been enhanced, particularly operational risk control. SG is focused on risk-adjusted profitability and ensuring the Group's sustainability as key objectives in its risk management processes. When taking risk, management analyses risk vs. reward, earnings sensitivity to economic cycles, sovereign and macro-economic risks (particularly in emerging markets), and diversification of earnings streams. DBRS anticipates that the revamped risk management processes and the CIB deleveraging are likely to reduce volatility in results. DBRS views SG's delivery of such improved performance as being an important demonstration of its success with this revamping that would enhance its risk profile and provide added support for SG's intrinsic strength.

Reporting directly to executive management, the Risk Division oversees credit, market and operational risk. SG has made structural changes to improve communications across its risk organization, while strengthening the independence of risk management as a separate function from the businesses.

Market Risk
SG has reduced its risk appetite in terms of market risk. In controlling market risk, one key tool is a one-day, 99% value-at-risk (VaR) model using a one year look-back period, which has been vetted by French regulators for calculating market risk capital requirements. In 4Q12, trading VaR was EUR 30 million, stable from 4Q11 and down 29% from EUR 42 million in 4Q10. The Group also utilises a "decennial approach" to stress testing as it looks at potential loss based on the largest market fluctuations over a ten-year period, it maintains limits around sensitivities, nominal exposures, and holding periods to control risks only partially detected by VaR models or stress tests.

Capitalisation: Structure and Adequacy

The Group appropriately continues to bolster its capital position. Relative to its large European universal bank peers, SG is not a leader, but is making progress as illustrated by the 20bps increase made each quarter in Core Tier (Basel 2.5) over the last two years. The Group was able to raise equity in 2009, but recent enhancements to capitalisation have come primarily from earnings retention, disposals and deleveraging. The Group reduced risk weighted assets in 2012 vs. 2011 under the Basel 2.5 method, bringing them back at the 2009 level that was calculated under Basel 2. Given the difficulty of raising equity capital, DBRS views that the Group's successful resizing and restructuring without limited impact on earnings power has become more critical.

Société Générale S.A.

Report Date:
26 July 2013

SG increased its shareholders' equity, including minority interests, to EUR 54 billion at the end of 2012, up from a lower base of EUR 31 billion at end-2007. Besides retained earnings, contributions came from a capital increase of EUR 4.8 billion in October 2009 and the buy-back of its subordinated debt in November 2011. In 2012, the Group increased its Basel 2.5 Core tier 1 ratio by 170 bps through generation of earnings (77bps), deleveraging (77bps), and to a lesser extent subsidiaries disposal (3bps) and other operations (18 bps). Emphasising its drive to build equity, the Group did not distribute dividends for 2011, and paid 25% of net income in dividends (65% in script dividend) for 2012 as announced (excl. revaluation of own financial liabilities). In 2012, the Bank's tangible equity/ tangible assets was just 3.79%, although well above 2.32% in 2007. Nonetheless, DBRS expects that further progress will be made in strengthening its capitalisation, including its tangible equity/tangible assets ratio.

SG is steadily enhancing its regulatory capital ratios, increasing its Core Tier 1 ratio to 10.7% at end-2012, based on Basel 2.5 from 9% at end-2011. SG has also increased its Tier 1 capital ratio to 12.5% at end-2012, also continuing an upward trend.

To achieve a Core Tier 1 ratio close 9.5% by 2013 under the more demanding Basel III rules, SG's goal is to benefit from the generation of earnings, and to lesser extent further reduction in its RWA, notably on the legacy asset portfolio. By end-2013, SG estimates that the disposal of its Egyptian subsidiary and of TCW (sales respectively closed in December 2012 and February 2013) will contribute a total of 45 bps under Basel III.

Société Générale S.A.

Report Date:
26 July 2013

Société Générale SA	31/12/2012	31/12/2011	31/12/2010	31/12/2009	31/12/2008
	EUR	EUR	EUR	EUR	EUR
EUR Millions	IFRS	IFRS	IFRS	IFRS	IFRS
Balance Sheet					
Cash and deposits with central banks	67,591	43,963	14,081	14,394	13,745
Lending to/deposits with credit institutions	77,204	86,440	70,268	67,655	71,192
Financial Securities*	394,802	306,951	370,121	315,493	260,544
- Trading portfolio	226,717	147,546	228,678	193,199	150,166
- At fair value	39,185	33,214	35,725	29,739	26,499
- Available for sale	127,714	124,738	103,836	90,433	81,707
- Held-to-maturity	1,186	1,453	1,882	2,122	2,172
- Other	0	0	0	0	0
Financial derivatives instruments	238,460	257,730	201,295	185,342	320,307
- Fair Value Hedging Derivatives	20,336	15,996	10,538	8,123	8,557
- Mark to Market Derivatives	218,124	241,734	190,757	177,219	311,750
Gross lending to customers	394,832	413,605	416,306	385,521	392,349
- Loan loss provisions	15,846	16,763	15,293	12,122	9,208
Insurance assets	NA	2,235	1,068	320	3,024
Investments in associates/subsidiaries	2,119	2,014	1,968	2,001	185
Fixed assets	15,539	15,158	14,288	13,631	13,595
Goodwill and other intangible assets	6,971	8,652	8,955	8,160	8,090
Other assets	69,024	61,387	49,015	43,306	56,180
Total assets	**1,250,696**	**1,181,372**	**1,132,072**	**1,023,701**	**1,130,003**
Total assets (USD)	1,649,342	1,534,249	1,518,541	1,468,786	1,570,704
Loans and deposits from credit institutions	124,447	112,245	80,089	92,560	121,773
Repo Agreements in Deposits from Customers	32,077	51,056	26,811	20,851	18,480
Deposits from customers	305,153	289,116	310,636	279,203	264,034
- Demand	144,048	136,061	149,494	123,173	125,997
- Time and savings	158,762	151,283	159,787	154,595	136,101
Issued debt securities	242,991	188,982	235,740	214,878	185,760
Financial derivatives instruments	236,583	256,414	205,330	184,727	310,737
- Fair Value Hedging Derivatives	20,483	17,017	10,142	8,122	9,833
- Other	216,100	239,397	195,188	176,605	300,904
Insurance liabilities	90,831	82,998	82,670	74,451	67,147
Other liabilities	157,465	138,908	127,798	97,638	107,266
- Financial liabilities at fair value through P/L	20,458	17,564	12,675	9,930	10,751
Subordinated debt	7,052	10,541	12,023	12,555	13,919
Hybrid Capital	NA	NA	NA	NA	NA
Equity	54,097	51,112	50,975	46,838	40,887
Total liabilities and equity funds	**1,250,696**	**1,181,372**	**1,132,072**	**1,023,701**	**1,130,003**
Income Statement					
Interest income	29,904	32,389	28,294	30,545	40,188
Interest expenses	18,592	20,182	16,324	18,910	32,240
Net interest income and credit commissions	11,312	12,207	11,970	11,635	7,948
Net fees and commissions	6,977	7,179	7,485	7,812	7,415
Trading / FX Income	1,664	4,638	3,133	181	2,022
Net realised results on investment securities (available for sal	834	306	250	1,747	830
Net results from other financial instruments at fair value	-740	-1,075	-291	-654	2,655
Net income from insurance operations	NA	NA	NA	NA	NA
Results from associates/subsidiaries accounted by the equity	154	94	119	15	-8
Other operating income (incl. dividends)	3,262	2,689	4,088	2,811	1,733
Total operating income	23,463	26,038	26,754	23,547	22,595
Staff costs	9,513	9,666	9,559	9,157	8,616
Other operating costs	6,000	6,449	6,052	5,679	6,040
Depreciation/amortisation	926	931	930	836	852
Total operating expenses	16,439	17,046	16,541	15,672	15,508
Pre-provision operating income	**7,024**	**8,992**	**10,213**	**7,875**	**7,087**
Loan loss provisions**	4,112	3,748	4,377	7,650	3,392
Post-provision operating income	2,912	5,244	5,836	225	3,695
Impairment on tangible assets	-5	-12	2	94	21
Impairment on intangible assets	846	267	1	42	299
Other non-operating items***	-529	-878	11	711	633
Pre-tax income	1,542	4,111	5,844	800	4,008
(-)Taxes	334	1,323	1,542	-308	1,235
(-)Other After-tax Items (Reported)	0	0	0	0	0
(+)Discontinued Operations (Reported)	0	0	0	0	0
(-)Minority interest	434	403	385	430	763
Net income	**774**	**2,385**	**3,917**	**678**	**2,010**
Net income (USD)	995	3,320	5,194	946	2,957

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

Société Générale S.A.

Report Date:
26 July 2013

Société Générale SA	31/12/2012	31/12/2011	31/12/2010	31/12/2009	31/12/2008
Off-balance sheet and other items					
Asset under management	192,700	175,700	172,000	344,000	336,100
Derivatives (notional amount)	19,230,915	20,309,335	18,334,639	15,866,176	15,632,590
BIS Risk-w eighted assets (RWA)	324,092	349,275	334,795	324,081	345,519
No. of employees (end-period)	154,009	159,616	155,617	156,681	163,082
Earnings and Expenses					
Earnings					
Net interest margin [1]	1.02%	1.16%	1.18%	1.19%	0.82%
Yield on average earning assets	2.64%	3.00%	2.75%	3.08%	3.97%
Cost of interest bearing liabilities	2.76%	3.42%	2.61%	3.22%	5.64%
Pre-provision earning capacity (total assets basis) [2]	0.57%	0.77%	0.92%	0.73%	0.64%
Pre-provision earning capacity (risk-w eighted basis) [3]	2.06%	2.68%	3.10%	2.36%	2.11%
Net Interest Income / Risk Weighted Assets	3.49%	3.49%	3.58%	3.59%	2.30%
Non-Interest Income / Total Revenues	51.79%	53.12%	55.26%	50.59%	64.82%
Post-provision earning capacity (risk-w eighted basis)	0.85%	1.56%	1.77%	0.07%	1.10%
Expenses					
Efficiency ratio (operating expenses / operating income)	70.06%	65.47%	61.83%	66.56%	68.63%
All inclusive costs to revenues [4]	71.68%	68.81%	61.81%	64.99%	66.85%
Operating expenses by employee	106,741	106,794	106,293	100,025	95,093
Loan loss provision / pre-provision operating income	58.54%	41.68%	42.86%	97.14%	47.86%
Provision coverage by net interest income	275.10%	325.69%	273.47%	152.09%	234.32%
Profitability Returns					
Pre-tax return on Tier 1 (excl. hybrids)	3.20%	11.75%	19.62%	1.38%	14.23%
Return on equity	1.55%	5.07%	8.44%	1.61%	5.57%
Return on average total assets	0.06%	0.20%	0.35%	0.06%	0.18%
Return on average risk-w eighted assets	0.23%	0.71%	1.19%	0.20%	0.60%
Dividend payout ratio [5]	0.00%	54.81%	4.63%	120.59%	25.11%
Internal capital generation [6]	1.51%	2.11%	7.98%	-0.34%	4.81%
Growth					
Loans	-4.50%	-1.04%	7.40%	-2.54%	15.33%
Deposits	-0.86%	0.81%	12.46%	6.21%	4.38%
Net interest income	-7.33%	1.98%	2.88%	46.39%	217.67%
Fees and commissions	-2.81%	-4.09%	-4.19%	5.35%	-1.50%
Expenses	-3.56%	3.05%	5.54%	1.06%	8.46%
Pre-provision earning capacity	-21.89%	-11.96%	29.69%	11.12%	-9.00%
Loan-loss provisions	9.71%	-14.37%	-42.78%	125.53%	230.93%
Net income	-67.55%	-39.11%	477.73%	-66.27%	112.25%
Risks					
RWA% total assets	25.91%	29.57%	29.57%	31.66%	30.58%
Credit Risks					
Impaired loans % gross loans	6.82%	6.70%	6.34%	6.16%	3.74%
Loss loan provisions % impaired loans	58.84%	60.49%	57.91%	51.08%	62.77%
income [7]	173.92%	136.10%	126.45%	161.94%	96.26%
Impaired loans (net of LLPs) % equity	22.58%	23.94%	25.33%	27.23%	16.69%
Liquidity and Funding					
Customer deposits % total funding	44.90%	48.12%	48.65%	46.60%	45.10%
Total w holesale funding % total funding [8]	55.10%	51.88%	51.35%	53.40%	54.90%
- Interbank % total funding	18.31%	18.68%	12.54%	15.45%	20.80%
- Debt securities % total funding	35.75%	31.45%	36.92%	35.86%	31.73%
- Subordinated debt % total funding	1.04%	1.75%	1.88%	2.10%	2.38%
Short-term w holesale funding % total w holesale funding	33.23%	36.00%	24.43%	28.93%	37.88%
Liquid assets % total assets	43.14%	37.02%	40.14%	38.83%	30.57%
Net short-term w holesale funding reliance [9]	-58.38%	-43.70%	-55.25%	-48.71%	-28.52%
Adjusted net short-term w holesale funding reliance [10]	-58.38%	-43.70%	-55.25%	-48.71%	-45.39%
Customer deposits % gross loans	77.29%	69.90%	74.62%	72.42%	67.30%
Capital [11]					
Tier 1	12.50%	10.73%	10.56%	10.71%	8.78%
Tier 1 excl. All Hybrids	10.68%	9.03%	8.31%	8.29%	6.60%
Core Tier 1 (As-reported)	10.70%	9.00%	8.50%	8.40%	6.70%
Tangible Common Equity / Tangible Assets	2.90%	2.74%	2.69%	2.66%	1.89%
Total Capital	12.75%	11.86%	12.10%	12.96%	11.64%
Retained earnings % Tier 1	105.29%	112.51%	113.33%	106.64%	105.87%

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

Société Générale S.A.

Report Date:
26 July 2013

Ratings

Issuer	Debt Rated	Rating	Trend
Société Générale S.A.	Senior Unsecured Debt and Deposits	AA (low)	Negative
Société Générale S.A.	Short-Term Instruments	R-1 (middle)	Stable
Société Générale (Canada)	Senior Unsecured Debt and Deposits	AA (low)	Negative
Société Générale (Canada)	Short-Term Instruments	R-1 (middle)	Stable
Société Générale (Canada Branch)	Senior Unsecured Debt and Deposits	AA (low)	Negative
Société Générale (Canada Branch)	Short-Term Instruments	R-1 (middle)	Stable
Société Générale (New York Branch)	Senior Unsecured Debt and Deposits	AA (low)	Negative
Société Générale (NewYork Branch)	Short-Term Instruments	R-1 (middle)	Stable
Société Générale (Singapore Branch)	Senior Unsecured Debt and Deposits	AA (low)	Negative
Société Générale (Singapore Branch)	Short-Term Instruments	R-1 (middle)	Stable
Société Générale (Hong Kong Branch)	Senior Unsecured Debt and Deposits	AA (low)	Negative
Société Générale (Hong Kong Branch)	Short-Term Instruments	R-1 (middle)	Stable
Société Générale (Australia Branch)	Senior Unsecured Debt and Deposits	AA (low)	Negative
Société Générale (Australia Branch)	Short-Term Instruments	R-1 (middle)	Stable
Société Générale Acceptance NV	Senior Unsecured Debt and Deposits	AA (low)	Negative
Société Générale Acceptance NV	Short-Term Instruments	R-1 (middle)	Stable
Société Générale Option Europe	Senior Unsecured Debt and Deposits	AA (low)	Negative
Société Générale Option Europe	Short-Term Instruments	R-1 (middle)	Stable
Société Générale Issuer S.A.	Senior Unsecured Debt and Deposits	AA (low)	Negative
Société Générale Issuer S.A.	Short-Term Instruments	R-1 (middle)	Stable
Société Générale North America Inc	Short-Term Instruments	R-1 (middle)	Stable

Ratings History

Issuer	Debt Rated	Current	2012	2011	2010
Société Générale S.A.	Senior Unsecured Debt and Deposits	AA (low)	-	-	-
Société Générale S.A.	Short-Term Instruments	R-1 (middle)	-	-	-
Société Générale (Canada)	Senior Unsecured Debt and Deposits	AA (low)	-	-	-
Société Générale (Canada)	Short-Term Instruments	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)
Société Générale (Canada Branch)	Senior Unsecured Debt and Deposits	AA (low)	-	-	-
Société Générale (Canada Branch)	Short-Term Instruments	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (middle)
Société Générale (New York Branch)	Senior Unsecured Debt and Deposits	AA (low)	-	-	-
Société Générale (NewYork Branch)	Short-Term Instruments	R-1 (middle)	-	-	-
Société Générale (Singapore Branch)	Senior Unsecured Debt and Deposits	AA (low)	-	-	-
Société Générale (Singapore Branch)	Short-Term Instruments	R-1 (middle)	-	-	-
Société Générale (Hong Kong Branch)	Senior Unsecured Debt and Deposits	AA (low)	-	-	-
Société Générale (Hong Kong Branch)	Short-Term Instruments	R-1 (middle)	-	-	-
Société Générale (Australia Branch)	Senior Unsecured Debt and Deposits	AA (low)	-	-	-
Société Générale (Australia Branch)	Short-Term Instruments	R-1 (middle)	-	-	-
Société Générale Acceptance NV	Senior Unsecured Debt and Deposits	AA (low)	-	-	-
Société Générale Acceptance NV	Short-Term Instruments	R-1 (middle)	-	-	-
Société Générale Option Europe	Senior Unsecured Debt and Deposits	AA (low)	-	-	-
Société Générale Option Europe	Short-Term Instruments	R-1 (middle)	-	-	-
Société Générale Issuer S.A.	Senior Unsecured Debt and Deposits	AA (low)	-	-	-
Société Générale Issuer S.A.	Short-Term Instruments	R-1 (middle)	-	-	-
Société Générale North America Inc	Short-Term Instruments	R-1 (middle)	-	-	-

Notes:
All figures are in Euros (EUR) unless otherwise noted.

This rating is endorsed by DBRS Ratings Limited for use in the European Union.

Société Générale S.A.

Report Date:
26 July 2013