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Societe Generale Johannesburg Branch

Pillar 3 Disclosures

31 December 2013

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**Introduction:**

The table below illustrates the capital structure of the Bank at the reporting period end and related Capital ratios:

<b>Details</b>	<b>31-Dec-13 ZAR '000</b>
Paid up capital	295,599
Reserves	148,384
Regulatory adjustments	(13,802)
<b>Total Tier 1 Capital</b>	<b>430,181</b>
Total amount of Tier 2 capital before deduction of non qualifying amounts	-
Regulatory adjustments	-
Total Tier 2 Capital	-
<b>Total Qualifying Capital and Reserves</b>	<b>430,181</b>

<b>Risk Weighted Assets (RWA)</b>	<b>31-Dec-13 ZAR '000</b>
Credit risk	1,863,900
Counterparty credit risk	341,110
Operational risk	249,212
Market risk	14,350
Equity risk	-
Other risk	158,535
<b>Total Risk Weighted Assets (RWA)</b>	<b>2,627,107</b>

<b>Capital Ratios</b>	<b>31-Dec-13</b>
Tier 1 Capital Adequacy Ratio (CAR)	16.37%
Total Capital Adequacy Ratio (CAR)	16.37%

The following table presents the Branch's Governance structure.



The below table presents the minimum regulatory Credit Risk capital requirements, the related Risk Weighted Assets, and related exposures as at 31 December 2013, calculated in line with local statutory requirements for the Advanced IRB approach for the majority of the branch's exposures.

31 December 2013 (ZAR '000)				
Sector	Exposure at Default	Gross Credit Exposure	Risk Weighted Assets	Regulatory Capital Requirement
Banks	7,564,080	7,935,253	1,763,801	167,561
Corporate	342,866	2,605,277	248,565	23,614
Sovereign	885,802	885,802	84,591	8,036
<b>Total AIRB approach:</b>	<b>8,792,748</b>	<b>11,426,332</b>	<b>2,096,957</b>	<b>199,211</b>

The below table presents the minimum regulatory Credit Risk capital requirements, the related Risk Weighted Assets, and related exposures as at 31 December 2013, calculated in line with local statutory requirements for the Standardised Approach for certain of the branch's exposures.

31 December 2013 (ZAR '000)				
Sector	Exposure at Default	Gross Credit Exposure	Risk Weighted Assets	Regulatory Capital Requirement
Retail exposure - other (Unsecured lending <= R30,000)	176	176	264	25
<b>Total Standardised approach:</b>	<b>176</b>	<b>176</b>	<b>264</b>	<b>25</b>

The following table reflects the maturity analysis of Exposure at Default (EAD) by principal category of asset class for the AIRB approach as at 31 December 2013:

Maturity analysis of Exposure at Default (EAD) - 31 December 2013				
Asset class	ZAR '000	ZAR '000	ZAR '000	ZAR '000
	Less than 1 year	1-5 years	5-10 years	Total
Banks	6 475 470	1 088 610		<b>7 564 080</b>
Corporate	478 387			<b>478 387</b>
Sovereign	581 583	77 191	227 028	<b>885 802</b>
<b>Total AIRB approach:</b>	<b>7 535 440</b>	<b>1 165 801</b>	<b>227 028</b>	<b>8 928 269</b>

The following table reflects the maturity analysis of Exposure at Default (EAD) by principal category of asset class for the Standardised portfolio as at 31 December 2013:

Maturity analysis of Exposure at Default (EAD) - 31 December 2013				
	ZAR '000	ZAR '000	ZAR '000	ZAR '000
Asset class	Less than 1 year	1-5 years	5-10 years	Total
Retail exposure - other			176	176
(Unsecured lending <= R30,000)				-
				-
<b>Total Standardised approach:</b>	-	-	176	176

The following table reflects Expected Loss (EL) by principal category of asset class for the AIRB portfolio as at 31 December 2013:

31 December 2013		
AIRB Approach		
Analysis of Expected Loss and Specific Credit Impairments		
	ZAR '000	ZAR '000
Asset class	Expected Loss	Specific Credit Impairments
Banks	6,802	-
Corporate	3,125	-
Sovereign	109	-
<b>Total:</b>	<b>10,036</b>	-

The following table sets out the analysis of EAD by Internal Credit Grading and Basel II exposure (asset) class category as at 31 December 2013:

EAD by Internal Credit Grade - 31 December 2013								
	ZAR '000	ZAR '000	ZAR '000	ZAR '000	ZAR '000	ZAR '000	ZAR '000	ZAR '000
Asset class	From 1 to 2-	From 3+ to 3-	From 4+ to 4-	From 5+ to 5-	From 6+ to 6-	From 7+ to 7-	From 8 to 10 (Default)	Total
Banks	805,932	27,217	6,554,249		176,682			7,564,080
Corporate		138,204	165,292	3,217	171,674			478,387
Sovereign		885,802						885,802
<b>Total AIRB approach:</b>	<b>805,932</b>	<b>1,051,223</b>	<b>6,719,541</b>	<b>3,217</b>	<b>348,356</b>	-	-	<b>8,928,269</b>

The following table sets out the analysis of Undrawn Commitments by Internal Credit Grading and Basel II exposure (asset) class category as at 31 December 2013:

Undrawn Commitments by Internal Credit Grade - 31 December 2013								
	ZAR '000	ZAR '000	ZAR '000	ZAR '000	ZAR '000	ZAR '000	ZAR '000	ZAR '000
Asset class	From 1 to 2-	From 3+ to 3-	From 4+ to 4-	From 5+ to 5-	From 6+ to 6-	From 7+ to 7-	From 8 to 10 (Default)	Total
Banks					56,399			56,399
Corporate								-
Sovereign								-
<b>Total AIRB approach:</b>	-	-	-	-	56,399	-	-	56,399

The following table sets out Exposure Weighted Average LGD as at 31 December 2013:

Exposure Weighted LGD (%) - 31 December 2013								
	%	%	%	%	%	%	%	%
Asset class	From 1 to 2-	From 3+ to 3-	From 4+ to 4-	From 5+ to 5-	From 6+ to 6-	From 7+ to 7-	From 8 to 10 (Default)	Total
Banks	21.38%	20.00%	35.00%					33.50%
Corporate		35.00%	35.00%	35.00%	35.00%			35.00%
Sovereign		20.00%						20.00%
SME								0.00%
<b>Total AIRB approach:</b>	21.38%	21.97%	35.00%	35.00%	35.00%	0.00%	0.00%	32.24%

The following table sets out Risk Weighted EAD as at 31 December 2013:

Risk Weighted EAD (%) - 31 December 2013								
	%	%	%	%	%	%	%	%
Asset class	From 1 to 2-	From 3+ to 3-	From 4+ to 4-	From 5+ to 5-	From 6+ to 6-	From 7+ to 7-	From 8 to 10 (Default)	Total
Banks		3.78%	21.72%		111.77%			21.45%
Corporate		11.43%	30.77%	85.44%	113.39%			55.20%
Sovereign		9.55%						9.55%
SME								0.00%
<b>Total AIRB approach:</b>	0.00%	9.65%	21.95%	85.44%	112.57%	0.00%	0.00%	25.69%

The following table provides the breakdown of Loans and Advances per Industry as at the end of 31 December 2013:

	31-Dec-13
Loans and Advances to customers	ZAR '000
<i>Consumer banking:</i>	
Mortgages	-
Credit Cards	-
Vehicle finance	-
<b>Total - Consumer banking:</b>	<b>-</b>
<i>Wholesale banking:</i>	
Agriculture, hunting, forestry and fishing	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas and water supply	-
Construction	-
Wholesale and retail trade, repair of specified items, hotels and restaurants	-
Transport, storage and communication	-
Financial intermediation and insurance	1,292,000
Real estate	-
Business services	-
Community, social and personal services	-
Private households	176
Other	-
<b>Total - Wholesale banking:</b>	<b>1,292,176</b>
Total gross loans and advances to customers	1,292,176
Less:	
Specific allowance for impairment losses	-
Portfolio allowance for impairment losses	-
<b>Loans and advances to customers net of allowances for impairment</b>	<b>1,292,176</b>
<i>Of which:</i>	
Repayable on demand	598,597
Loans and advances with agreed maturity dates or periods of notice	693,579
<b>Loans and advances to customers net of allowances for impairment</b>	<b>1,292,176</b>

## Impairment Losses

Currently the Bank does not have any portfolio of specific impairments on loans and advances to disclose.

## Measurement of Market Risk

The branch uses the Standardised Approach to assess its regulatory and internal Capital Requirements for Market Risk. Under the Standardised Approach, a pre-determined beta is applied to the Risk Weighted Assets of all portfolios to determine the Market Risk capital requirement. The table below details the Market Risk capital requirement for the branch and the related Risk Weighted Equivalent (RWE) amount:

	31 December 2013	
	Standardised Approach	
	Regulatory Capital Requirement	Risk Weighted Assets
Market Risk requirements for the Banking Book	ZAR '000	ZAR '000
Foreign Exchange risk	1,363	14,350
<b>Total:</b>	<b>1,363</b>	<b>14,350</b>

## Measurement of Operational Risk

The branch uses the Basic Indicator Approach (BIA) to assess its regulatory and internal capital requirements for Operational Risk. Under the Basic Indicator Approach (BIA), a pre-determined beta is applied to the average of the gross operating income for the previous three years to determine the Operational Risk capital requirement. The table below details the Operational Risk capital requirement for the branch as at 31 December 2013:

	31 December 2013	
	Basic Indicator Approach	
	Regulatory Capital Requirement	Risk Weighted Assets
Operational Risk requirements	ZAR '000	ZAR '000
Operational risk	23,675	249,212
<b>Total:</b>	<b>23,675</b>	<b>249,212</b>