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FIRST UPDATE TO THE 2010 REGISTRATION DOCUMENT

Registration document filed with the AMF (French Securities Regulator) on March 4, 2010
under No. D.10-0087

This document is a full translation of the original French text.

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Only the French version is legally binding

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I. CHAPTER 2: GROUP STRATEGY AND BUSINESSES

1.1 RECENT PRESS RELEASES AND EVENTS SUBSEQUENT TO THE SUBMISSION OF THE REGISTRATION DOCUMENT

1.1.1 EXTRACT FROM THE PRESS RELEASE DATED APRIL 23, 2010: CHANGES IN THE RULES FOR THE ALLOCATION OF NORMATIVE CAPITAL AND THE CALCULATION OF THE COMMERCIAL COST OF RISK

- **Allocation of normative capital to the businesses**

  Since January 1, 2010, the normative capital allocated to businesses corresponds to 7% of Basel II risk-weighted assets at the beginning of the period (vs. 6% previously on average assets for the period), supplemented by the additional consumption of prudential capital generated by each business (deductions impacting Basel II Tier 1 capital[*]) and, if necessary, requirements specific to the insurance activities.

  The capital allocated to the Corporate Centre corresponds to the sum of the regulatory requirement with respect to its assets (essentially the equity and property portfolios) and the surplus (or lack) of capital available at Group level (difference between the total capital allocated to the businesses as defined above and average Group shareholders' equity under IFRS after dividend payment).

- **Boursorama's activity transferred to the French Networks**

  Since January 1, 2010, Retail Banking in France includes three networks: Societe Generale network, Crédit du Nord network and Boursorama (previously part of "Private Banking, Global Investment Management and Services" division).

- **Transfer of the "Private Banking, Global Investment Management and Services" division's structured products, index tracking products and alternative investment activities to SG CIB.**

  SGAM Alternative Investments' structured products, index tracking products and alternative investment activities are merged with those of Lyxor Asset Management, and therefore incorporated in Corporate and Investment Banking as from January 1, 2010.

- **Commercial cost of risk in basis points**

  As from January 1, 2010, cost of risk in basis points is computed by dividing the commercial cost of risk by loans and receivables outstandings beginning of period.

[*] First securitisation losses, bank shareholdings > 10%, EL – portfolio based provisions, EL on Equity portfolio

- **Consequence of the setting up of Amundi on the financial presentation of the "Private Banking, Global Investment Management and Services" division**

  As from January 1, 2010, the financial contribution of Amundi (the asset management division 25%-owned by Societe Generale and 75%-owned by Crédit Agricole) will be presented under "Net income from companies accounted for by the equity method".

1.1.2 PRESS RELEASE DATED MAY 5, 2010: Q1 2010 RESULTS

See Chapter 10, page 23.

II. CHAPTER 3 : THE COMPANY AND ITS SHAREHOLDERS

2.1 INFORMATION ON SHARE CAPITAL

2.1.1 OPERATION IN PROGRESS: CAPITAL INCREASE RESERVED FOR EMPLOYEES

On April 20, 2010, the Board of Directors decided on a capital increase involving a maximum of 10,162,726 shares reserved for employees and former employees of entities belonging to the Societe Generale Group's savings plans. Subscription will be open from May 11 to May 26, 2010. Implementation of the capital increase is scheduled for July 19, 2010. The information document related to the capital increase is available online on the website www.societegenerale.com under the heading "regulated information".

III. Chapter 5: Corporate governance

3.1 Board of Directors

3.1.1 Message from the Board of Directors Meeting of April 20, 2010 concerning the proposed resolution for the Annual General Meeting of May 25, 2010 to impose the dissociation of the roles of Chairman and Chief Executive Officer

1. The Board of Directors of Societe Generale considers that the proposed resolution of PhiTrust to dissociate the roles of Chairman and Chief Executive Officer by modifying its articles of incorporation is inadmissible, as this would be contrary to the law which reserves this authority solely to the Board of Directors. The proposed resolution will in consequence not be added to the agenda for the consideration of the Annual General Meeting.

At the instigation of PhiTrust Active Investors, Societe Generale shareholders representing 1.36% of the group's capital have requested the addition of this proposed resolution to the agenda of the May 25, 2010 Annual General Meeting.

The Board of Directors, which examined in detail the proposed resolution as well as the legal opinions it has received, has determined that according to article L 225-51-1 of the French Commercial Code, it alone has the right to choose to dissociate or not the roles of Chairman and Chief Executive Officer. The Board has therefore concluded that the proposed resolution, which aims to modify article 13 of the articles of incorporation in order to impose the dissociation of the roles of Chief Executive Officer and Chairman, is contrary to the law. The proposed resolution cannot, therefore, be added to the agenda of the Annual General Meeting to be held on May 25, 2010.

2. The Board of Directors reiterates that in May 2009, it opted to unite the two roles to provide Societe Generale with a governance which would be better able to respond to the challenges of the economic crisis and to implement a strategy to transform the company.

At that time, the Board also wanted to establish a balanced organisation of power reinforcing the supervisory control of the Board over the executive function. It decided to create the position of Vice-Chairman and named Antony Wyand, Chairman of the Audit Committee since 2004, to this role. The internal rules of the Board confer on Antony Wyand specific responsibilities particularly in terms of the organisation and operating procedures of the Board and its committees, and the supervision of corporate governance, internal control and risk management.

3.2 REMUNERATION FOR CHIEF EXECUTIVE OFFICERS

3.2.1 BOARD OF DIRECTORS' DECISIONS REGARDING CHIEF EXECUTIVE OFFICERS REMUNERATION, APRIL 20, 2010

■ Remuneration of Chief Executive Officers

Remuneration in 2009

Since Mr. Frédéric Oudéa, Chairman and Chief Executive Officer, had previously declared his wish to waive all performance-linked remuneration in respect of 2009, the Board of Directors agreed that he would not receive that to which he would have been entitled.

On proposal of the Compensation Committee, the Board of Directors at the meeting of April 20, 2010 approved performance-linked remuneration for Deputy Chief Executive Officers Didier Alix and Séverin Cabannes in respect of 2009.

This remuneration was in accordance with the pre-defined packages set by the Board, published in 2008 and detailed in the 2010 registration document. The Board of Directors verified the results of applying the rules prescribed for the quantitative component of performance-linked remuneration for Chief Executive Officers. It considered that the general management team had comprehensively achieved the qualitative targets laid down by the Board for 2009, particularly as regards the renewal of the management team, the adjustment of the business model to reflect the impact and lessons of the crisis, the ongoing transformation of the Bank's operational model and the strengthening of internal controls and risk management, while complying with the commitments made to financing the economy. The Board of Directors also noted the success of the capital increase which allowed the rapid redemption of all the preference shares subscribed by the French government.

The Board therefore authorised performance-linked remuneration of 375,000 euros for Didier Alix and 320,000 euros for Séverin Cabannes.

It acknowledged the decision of Societe Generale's Chief Executive Officers to waive their entitlement to stock options in 2010 in respect of their performance in 2009.

Remuneration in 2010

The Board of Directors left unchanged the basic salary of Mr. Frédéric Oudéa, Chairman and Chief Executive Officer, and reviewed that of other members of the general management team following the changes made on January 1, 2010. It authorised, as of that date, a basic salary of 550,000 euros for Séverin Cabannes and Jean-François Sammarcelli and 650,000 euros for Bernardo Sanchez Incera.

The Board of Directors decided to amend the principles governing performance-linked remuneration of Chief Executive Officers as from 2010, to reflect the new standards applying to bank executives. It therefore reduced the amount paid in cash and based on short-term performance as a proportion of both fixed and performance-linked components. It decided to increase the deferred portion, granted in instruments linked to the Societe Generale share, which will now make up at least 60% of all performance-linked

remuneration. This remuneration structure is designed to reward the effective contribution of Chief Executive Officers to Societe Generale's performance, not only over the previous year but also in the medium term.

Short-term performance-linked remuneration paid in cash

The cash component of performance-linked pay will continue to be determined as a proportion of basic salary, based on quantitative criteria for Group performance and the achievement of qualitative targets during the previous year.

Quantitative targets for Group performance

Quantitative measures used for performance will depend on achieving targets tied to the Group's intrinsic performance over the previous year. The quantitative component of performance-linked remuneration will depend on the level of performance compared to the targets set: achieving the targets entitles the recipient to remuneration corresponding to 67.5% of their basic salary. Only an exceptional performance would entitle them to receive the maximum 90% of the basic salary. Below a floor level of performance, no performance-linked pay will be awarded.

The performance indicators for 2010 are the following:

Chairman and Chief Executive Officer

- Achievement of the budgeted target for Earnings per share (50%)
- Achievement of the budgeted target for the Group's Gross operating income (50%).

Deputy Chief Executive Officers

- Achievement of the budgeted target for Earnings per share (25%)
- Achievement of the budgeted target for the Group's Gross operating income (25%).
- Other indicators relating to their specific areas of responsibility (50%)
- Achievement of the budgeted target for Cost to income ratio (for the Deputy CEO responsible for the operating model)
- Achievement of the budgeted target for Gross operating income.
- Achievement of the budgeted target for Group share of net income before tax.

Qualitative targets

Qualitative targets are set each year by the Board. They define explicit expectations for the managers in the areas of strategy, personnel management, internal control, risk management, improvements to operational efficiency and corporate social responsibility. The Board of Directors decides whether these aims have been met on proposal from the Compensation Committee at a meeting dedicated to assessing the Chief Executive Officers, chaired by the Vice-Chairman of the Board in the absence of interested parties. The performance-linked component governed by these targets varies between zero and 60% of basic salary.

Therefore, the target level for the performance-linked component of Chief Executive Officers' remuneration, based on both quantitative and qualitative criteria, is around 120% of their basic salary rising to a maximum of 150% in the event of exceptional performance, compared to 200% previously.

Long-term remuneration

Since Societe Generale's Chief Executive Officers have waived the stock options to which they were entitled in 2010 based on their 2009 performance, no long-term remuneration arrangements will be put in place in 2010. However, the Board decided that as from 2011 Chief Executive Officers will be entitled, in addition to short-term performance-linked remuneration, to allocations of stock options and shares based on performance. All such allocations will be subject to performance conditions, locked in for at least four years, and will make up at least 60% of total performance-linked remuneration, in cash and share equivalents, based on the values reported in the company's financial statements under applicable accounting standards. Chief Executive Officers will also be subject to lock-in obligations regarding shares in the Company.

- **Supplementary retirement scheme in favour of Messrs. Sammarcelli and Sanchez-Incera**

On January 12, 2010, the Board of Directors authorised retirement benefit commitments covered by article L.225-42-1 of the French Commercial Code, in favour of Mr. Jean-François Sammarcelli.

According to this agreement, the supplementary retirement scheme for senior group managers, introduced on January 1, 1986 and from which Mr. Jean-François Sammarcelli benefited as an employee before his appointment as Chief Executive Officer, is maintained.

It is noted that at December 31, 2009, Mr. Jean-François Sammarcelli has acquired, as an employee, pension rights payable by Societe Generale equal to 43% of his 2009 basic salary. From January 1, 2010, the calculation base for his pension rights remains unchanged and will be equal to his last basic salary before his appointment as a Chief Executive Officer. The annuities retained will include the period of his mandate as a Chief Executive Officer and each year will increase the aforementioned percentage by 1.66%.

The same Board of Directors' meeting also authorised retirement benefit commitments covered by article L.225-42-1 of the French Commercial Code, in favour of Mr. Bernardo Sanchez Incera.

In accordance with this agreement, Mr. Bernardo Sanchez Incera retains the benefit of the supplementary pension plan introduced in 1991 for the Company's senior managers, which applied to him as an employee prior to his appointment as Chief Executive Officer.

This supplementary pension is equal to the product of the following:

- the average, over the last ten years of his career, of the proportions of basic salaries exceeding "Tranche B" of the AGIRC pension augmented by a variable component limited to 5% of basic salary;
- the rate equal to the ratio between a number of annuities corresponding to the years of professional service within Societe Generale and 60.

The AGIRC "Tranche C" pension acquired in respect of their professional service within Societe Generale is deducted from this total pension. The additional allocation to be paid by Societe Generale is increased for beneficiaries who have brought up at least three children, as well as for those retiring after 60. It may not be less than a third of the full rate service value of the AGIRC "Tranche B" points acquired by the executive concerned since gaining "Outside Classification" status.

The rights are subject to the employee being present in the Company upon liquidation of his pension. No right is acquired before this triggering event.

These pension schemes are detailed in the 2010 Registration Document.

IV. CHAPTER 9: RISK FACTORS

4.1 CREDIT RISKS (CORRECTED INFORMATION)

■ **Exposures to emerging markets - Pages 171-172 of the 2010 Registration Document**

There was an error in the calculation of emerging country exposure at December 31, 2008 mentioned in the 2010 Registration Document filed on March 4, 2010.

Group exposure to emerging countries excluding the EU at December 31, 2008 was as follows:

- EUR 73.2 billion (instead of EUR 72.3 billion) for all customers;
- EUR 53.2 billion (instead of EUR 52.3 billion) for Retail Banking customers (International Retail Banking and Specialised Financing);
- EUR 36.6 billion (instead of EUR 35.7 billion) for Central and Eastern Europe;
- EUR 9.5 billion (instead of EUR 8.6 billion) for Central and Eastern Europe (excluding Russia).

■ **Provisions for credit risks at December 31, 2009 - Page 173 of the 2010 Registration Document**

The method for calculating the cost of risk in basis points will change as from January 1, 2010. See Chapter 2, page 4.

Unhedged CDOs exposed to the US residential mortgage sector

In EUR m	CDO Super senior & senior tranches	
	L&R Portfolios	Trading Portfolios
Gross exposure at 31/12/09 (1)	4,686	1,456
Gross exposure at 31/03/10 (1) (2)	5,634	1,538
Underlying	high grade / mezzanine (4)	mezzanine
Attachment point at 31/12/09	12%	11%
Attachment point at 31/03/10 (3)	11%	9%
At 31/03/10		
% of underlying subprime assets	44%	74%
o.w. 2004 and earlier	*3%*	*19%*
o.w. 2005	*26%*	*40%*
o.w. 2006	*8%*	*3%*
o.w. 2007	*5%*	*8%*
% of Mid-prime and Alt-A underlying assets	15%	13%
% of Prime underlying assets	17%	9%
% of other underlying assets	25%	4%
Total impairments & write-downs (Flow in Q1 10)	-1,847 (o.w. 0 in Q1 10)	-1,231 (o.w. -53 in Q1 10)
Total provisions for credit risk (Flow in Q1 10)	-1,295* (o.w. -195* in Q1 10)	—
% of total CDO write-downs at 31/03/10	56%	80%
Net exposure at 31/03/10 (1)	2,492	307

As the exposures classified as **AFS** (gross exposures of EUR 102m) have been fully written down, they are no longer included in the reporting.

(1) Exposure at closing price
(2) The changes in outstandings vs. 31/12/09 are mainly due to the foreign exchange effect. In addition, for the L&R portfolio, the increase is the result of the inclusion of two CDOs following the termination of protection acquired from a monoline insurer.
(3) The change in attachment points results:
- upwards: from early redemptions at par value
- downwards: from defaults of some underlying assets

(4) 28% of the gross exposure classified as L&R relates to mezzanine underlying assets.
* Specific provision booked for the portfolios of US RMBS CDOs classified as L&R.

CDOs of RMBS' (trading): cumulative loss rates

- **Cumulative loss rates* for subprimes (calculated based on the initial nominal value)**

	2004	2005	2006	2007
Q4 09	6.1%	16.5%	39.6%	49.5%
Q1 10	6.1%	16.5%	39.6%	49.5%

(*) including liquidity write-down

  - Alignment with the ABX for 2006 and 2007 vintages

- **The effective prime and midprime/Alt-A cumulative loss assumptions represent an average of 38% and 77% respectively of the assumptions applied for subprimes**

- **100% write-down of CDO-type underlying assets**

Impact of change in cumulative losses

on NBI		In EUR m
+10% cumulative losses for each year of production	⇒	-70

Protection purchased to hedge exposures to CDOs and other assets

■ From monoline insurers

In EUR m	Gross notional amount of hedged instruments		Gross notional amount of protection purchased	Mar 31st 10 Fair value of hedged instruments	Fair value of protection before value adjustments
Protection purchased from monolines (a)					
against CDOs (US residential mortgage market)	4,041	(1)	4,041	2,159	1,882
against CDOs (excl. US residential mortgage market)	2,360		2,360	1,999	361
against corporate credits (CLOs)	7,864		7,864	7,551	313
against structured and infrastructure finance	1,378		1,378	1,168	210
Other replacement risks					541
				Total	3,307

(1) O.w. EUR 2.3 bn of underlying subprime assets (vintage: 2007: 4%, 2006: 14%, 2005 and before: 82%)
(a) In Q1 10, EUR 0.5bn of protection acquired from a monoline insurer was terminated

■ From other counterparties

- Fair value of protection purchased from other large financial institutions (multiline insurers and international banks): EUR 181m mainly corresponding to corporate bonds and hedges of CDOs of structured RMBS' until the end of 2005.
- Other replacement risks (CDPCs): net residual exposure: EUR 0.1bn
  - Fair value of protection before adjustments: EUR 0.2bn for a nominal amount of EUR 3.0bn
  - Value adjustments for credit risk: EUR 74m
  - Purchase of hedge covering $^{2}/_{3}$ of the underlying

Protection purchased to hedge exposures to CDOs and other assets: valuation method

■ CDOs on the US residential mortgage market

- Application of the same methodologies and criteria as those used to value unhedged CDOs

■ Corporate loan CLOs

- Rating of tranches hedged by monolines: 9% AAA – 66% AA – 17% A
- Distribution of underlying assets by rating: 4% BBB and above – 20% BB – 62% B – 14% CCC and below
- Cumulative loss rate over 5 years applied to underlying assets:
  - Rated on the most negative events observed over the last 30 years
  - According to underlying asset ratings:
    5% for BBB – 17% for BB – 31% for B – 51% for CCC – 100% below
- Weighted loss rate scenario for underlying assets: 27% after considering the maturity of assets at risk
- Weighted attachment point: 31% (36% after deduction of the cash available in the CLO)
- Weighted write-down scenario of the SG portfolio: around 4%

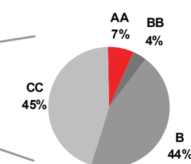
■ Other assets (CDOs excluding US residential mortgage market, infrastructure finance and other structured assets)

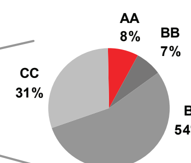
- Application of methods similar to those used for CLOs

■ Liquidity add-on for all hedged assets, reflecting the changes in the indices or spreads

Exposure to counterparty risk on monoline insurers (a)
Hedging of CDOs and other assets

In EUR bn	Dec 31st 08	Dec 31st 09	Mar 31st 10
Fair value of protection before value adjustments	4.2	3.9	3.3
Nominal amount of hedges purchased*	-0.9	-0.7	-0.8
Fair value of protection net of hedges and before value adjustments	3.3	3.2	2.5
Value adjustments for credit risk on monolines (booked under protection)	-2.1	-2.3	-1.8
Residual exposure to counterparty risk on monolines	1.2	0.9	0.8
Total fair value hedging rate	*73%*	*77%*	*77%*





(a) Excluding defaulting counterparties: ACA from end-2007, Bluepoint at September 30th 2008

* The nominal amount of hedges purchased from bank counterparties had a EUR +288m Marked-to-Market impact at March 31st 2010, which has been neutralised since 2008 in the income statement.

The rating used is the lowest issued by Moody's or S&P (at March 31st 2010)

AA: Assured Guaranty

BB: Radian, Syncora Capital Assurance

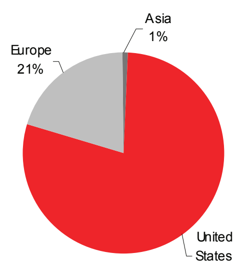
B: MBIA

CC: Ambac, CIFG, FGIC

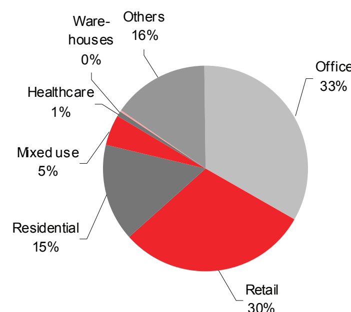
Exposure to CMBS' (a)

In EUR m	At Dec 31st 2009	Mar 31st 2010					Q1 10		
	Net exposure (1)	Net exposure (1)	*Gross exposure (2)* Amount	*Gross exposure (2)* % net exposure	%AAA*	%AA & A*	Net Banking Income	Cost of Risk	Equity
'Held for Trading' portfolio	46	61	*280*	*22%*	*0%*	*13%*	15	-	-
'Available For Sale' portfolio	130	148	*281*	*53%*	*16%*	*57%*	-1	-	22
'Loans & Receivables' portfolio	6,796	7,170	*7,675*	*93%*	*64%*	*28%*	80	-	-
'Held To Maturity' portfolio	51	49	*51*	*96%*	*35%*	*46%*	0	-	-
TOTAL	7,024	7,428	*8,287*	*90%*	*60%*	*29%*	94	-	22

Geographic breakdown *



Sector breakdown *



(a): Excluding "exotic credit derivative portfolio" presented below

* As a % of remaining capital

(1) Net of hedging and impairments

(2) Remaining capital of assets before hedging

Exposure to US residential mortgage market: residential loans and RMBS'

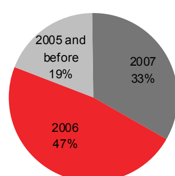
- **Societe Generale has no residential mortgage loan origination activity in the US**

- **US RMBS'(a)**

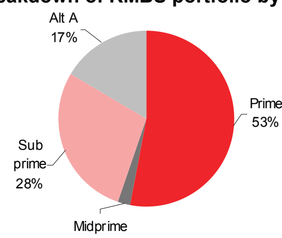
In EUR m	At Dec 31st 2009	Mar 31st 2010					Q1 10		
	Net exposure (1)	Net exposure (1)	Gross exposure (2) Amount	Gross exposure (2) % net exposure	%AAA*	%AA & A*	Net Banking Income	Cost of Risk	Equity
'Held for Trading' portfolio	- 36	- 76	282	NM	4%	1%	13	-	-
'Available For Sale' portfolio	281	345	673	51%	4%	12%	- 5	- 8	56
'Loans & Receivables' portfolio	566	584	685	85%	10%	16%	4	-	-
TOTAL	811	853	1,641	52%	6%	12%	12	- 8	56

(a) Excluding "exotic credit derivative portfolio" presented below
(1) Net of hedging and impairments
* As a % of remaining capital
(2) Remaining capital of assets before hedging

Breakdown of subprime assets by vintage*



Breakdown of RMBS portfolio by type*



NB: Societe Generale has a portfolio of mid-prime loans purchased from an originator who defaulted (EUR 238m in the banking book net of write-downs)

Exposure to residential mortgage markets in Spain and the UK

- **Societe Generale has no origination activity in Spain or the UK**

- **Spain RMBS'(a)**

In EUR m	At Dec 31st 2009	Mar 31st 2010					Q1 10		
	Net exposure (1)	Net exposure (1)	Gross exposure (2) Amount	Gross exposure (2) % net exposure	%AAA*	%AA & A*	Net Banking Income	Cost of Risk	Equity
'Held for Trading' portfolio	2	3	24	12%	42%	6%	2	-	-
'Available For Sale' portfolio	122	131	174	76%	42%	53%	1	-	15
'Loans & Receivables' portfolio	269	257	307	84%	33%	67%	1	-	-
'Held To Maturity' portfolio	7	6	6	100%	9%	91%	- 0	-	-
TOTAL	399	397	511	78%	36%	60%	3	-	15

- **UK RMBS'(a)**

In EUR m	At Dec 31st 2009	Mar 31st 2010					Q1 10		
	Net exposure (1)	Net exposure (1)	Gross exposure (2) Amount	Gross exposure (2) % net exposure	%AAA*	%AA & A*	Net Banking Income	Cost of Risk	Equity
'Held for Trading' portfolio	17	22	72	31%	0%	79%	4	-	-
'Available For Sale' portfolio	70	66	128	51%	37%	43%	0	-	21
'Loans & Receivables' portfolio	118	113	128	89%	88%	12%	1	-	-
'Held To Maturity' portfolio	18	11	11	98%	5%	95%	0	-	-
TOTAL	223	211	338	62%	47%	41%	6	-	21

(a) Excluding "exotic credit derivative portfolio" presented below
(1) Net of hedging and impairments
* As a % of remaining capital
(2) Remaining capital of assets before hedging

Commercial conduits (1/2)

Description of 4 commercial conduits sponsored by Societe Generale by type of asset

In EUR m	Asset total	Nationality of assets	Breakdown of assets							Contractual maturity of assets			Amount of CP issued	Rating of CP issued
			Auto loans	Trade receivables	Consumer loans	Equipment loans	Other loans	RMBS	CMBS (AAA)	0-6 months	6-12 months	> 12 months		
ANTALIS (France)	3,077	Europe(1)	12%	83%	0%	0%	0%	0%	5%	83%	0%	17%	3,127	P-1 / A-1
BARTON (United States)	5,139	US - 96% Switzerland - 4%	31%	10%	48%	7%	4%	0%	0%	10%	31%	58%	5,139	P-1 / A-1
ACE AUSTRALIA (Australia)	901	Australia	0%	0%	0%	0%	8%	92% (2)	0%	0%	0%	100%	821	P-1 / A-1+
HOMES (Australia)	879	Australia	0%	0%	0%	0%	0%	100% (3)	0%	0%	0%	100%	883	P-1 / A-1+
TOTAL	9,996		19%	31%	25%	4%	3%	17%	2%	31%	16%	53%	9,970	

() Conduit country of issuance

(1) 40% France, 20% Italy, 11% Germany, 16% UK, 5% Spain, 3% Singapore, 1% Netherlands, 3% Others
(2) 95% AAA - 5% AA
(3) 96% AAA - 4% AA

NB: the RMBS' of conduits are rated, while the other underlying assets are retail assets with no external rating.

Commercial conduits (2/2)

Societe Generale's exposure at March 31st 2010 as a sponsor of these conduits(1)

In EUR m	Available liquidity line granted by Societe Generale	Letter of credit granted by Societe Generale	Commercial paper held by Societe Generale
ANTALIS (France)	4,195	246	0
BARTON (United States)	6,894	742	0
ACE AUSTRALIA (Australia)	850	23	0
HOMES (Australia)	914	22	0
TOTAL	12,853	1,033	0

Conduits sponsored by a third-party

- Total available liquidity lines: EUR 0.4bn through 5 conduits
- Total Commercial Papers purchased: EUR 0.05bn

(1) No liquidity lines granted by Societe Generale were drawn down in Q1 10

Exotic credit derivatives

- **Business portfolio linked to client-driven activity**
  - Securities indexed on ABS credit portfolios marketed to investors
  - Hedging of credit protection generated in SG's accounts by the purchase of the underlying ABS portfolio and the sale of indices
  - Dynamic hedge management based on changes in credit spreads by adjusting the portfolio of ABS' held, positions on indices and the marketed securities
- **Net position as 5-yr equivalent: EUR -1.5bn**
  - No securities disposed of in Q1 10
  - No accounting reclassification in Q1 10
  - Partial inclusion of monoline hedges (46%) following the fall in the monolines' credit ratings (stable vs. Q4 09)
  - 38% of residual portfolio made up of A-rated securities and above

Net exposure as 5-yr risk equivalent (in EUR m)

In EUR m	At Dec 31st 2009	Mar 31st 2010
US ABS'	**-2,254**	**-1,232**
RMBS' (1)	-62	-24
o.w. Prime	139	170
o.w. Midprime	404	498
o.w. Subprime	-605	-693
CMBS' (2)	-2,313	-1,299
Others	121	91
European ABS'	**-333**	**-313**
RMBS' (3)	-204	-205
o.w. UK	-101	-110
o.w. Spain	-53	-55
o.w. others	-50	-39
CMBS' (4)	-107	-87
Others	-22	-21
Total	**-2,587**	**-1,545**

(1) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 1.2bn, o.w. EUR 0.2bn Prime, EUR 0.6bn Midprime and EUR 0.3bn Subprime
(2) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 2.1bn
(3) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 37m
(4) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 17m

Portfolio of assets bought back from SGAM

- **Excluding RMBS' in the UK and Spain, and CMBS' included in the aforementioned exposures**

In EUR m	'Held for Trading' portfolio						'Available For Sale' portfolio					
	Dec 31st 09	Mar 31st 2010					Dec 31st 09	Mar 31st 2010				
	Net exposure (1)	Net exposure (1)	Gross exposure (2) Amount	Gross exposure (2) % net exposure	%AAA*	% AA & A*	Net exposure (1)	Net exposure (1)	Gross exposure (2) Amount	Gross exposure (2) % net exposure	%AAA*	% AA & A*
Banking and Corporate bonds	419	421	429	98%	0%	1%						
Other RMBS	54	58	94	62%	19%	26%	216	208	249	83%	57%	23%
Other ABS	8	11	34	31%	0%	0%	160	159	196	81%	23%	47%
CDO	66	68	167	41%	0%	42%	225	193	297	65%	0%	38%
CLO	204	206	313	66%	7%	44%	375	316	394	80%	13%	67%
Other	9	15	31	50%	0%	19%	16	20	25	79%	0%	0%
Total	760	779	1,067	73%	4%	23%	991	896	1,161	77%	21%	45%

In EUR m	'Loans & Receivables' portfolio						'Held To Maturity' portfolio					
	Dec 31st 09	Mar 31st 2010					Dec 31st 09	Mar 31st 2010				
	Net exposure (1)	Net exposure (1)	Gross exposure (2) Amount	Gross exposure (2) % net exposure	%AAA*	% AA & A*	Net exposure (1)	Net exposure (1)	Gross exposure (2) Amount	Gross exposure (2) % net exposure	%AAA*	% AA & A*
Banking and Corporate bonds	124	43	52	82%	0%	60%						
Other RMBS	159	148	170	87%	58%	42%	30	28	28	98%	40%	18%
Other ABS	119	102	121	84%	35%	41%	69	60	60	98%	16%	64%
CDO	57	56	90	63%	0%	0%	50	50	55	91%	0%	0%
CLO	141	132	163	81%	19%	45%	61	56	57	98%	9%	67%
Total	600	481	596	81%	29%	38%	210	194	201	96%	13%	41%

* As a % of remaining capital (1) Net of hedging and impairments (2) Remaining capital of assets before hedging

Exposure to LBO financing (total final take and for sale) (1/2)

In EUR bn	Corporate and Investment Banking		French Networks	
	Dec 31st 09	Mar 31st 10	Dec 31st 09	Mar 31st 10
Final take				
Number of accounts	*127*	*122*	*63*	*61*
Commitments*	3.3	3.4	1.7	1.7
Units for sale				
Number of accounts	*0*	*0*	*1*	*1*
Commitments*	0.0	0.0	0.0	0.0
Total	**3.3**	**3.4**	**1.7**	**1.7**

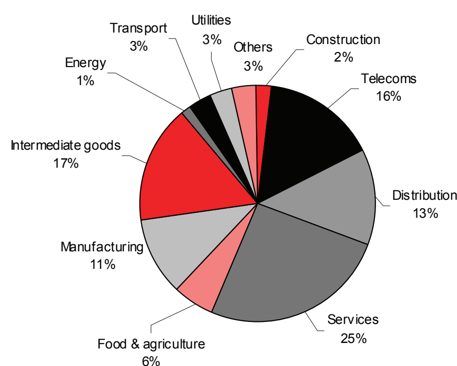
* Commitments net of specific provisions

- **Corporate and Investment Banking**
  - Portfolio-based provision for final take at March 31st 2009: EUR 140m
  - Specific provisions for LBO accounts: EUR 165m

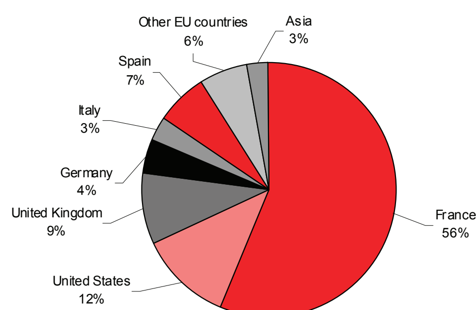
Exposure to LBO financing (total final take and for sale) (2/2)

EUR 5.1bn

Sector breakdown



Geographic breakdown



4.3 REGULATORY RATIOS

- **Prudential ratio management**

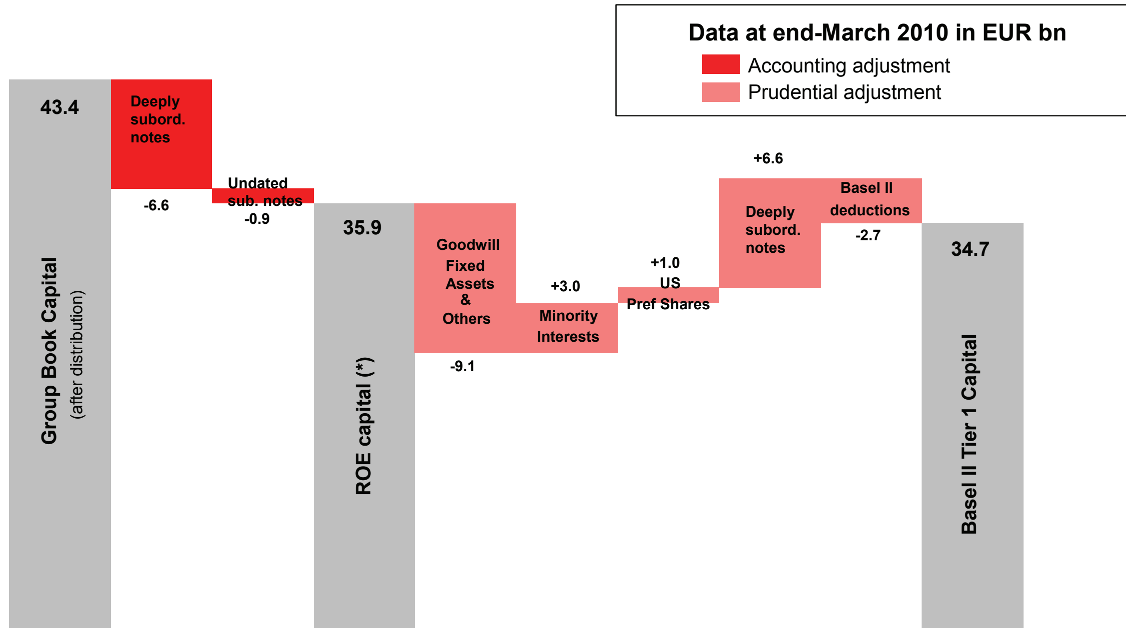
During Q1 2010, Societe Generale undertook no new subordinated notes issue as part of the management of its prudential ratios, with the last transactions of this type being carried out in August and October 2009. However, Societe Generale redeemed the Tier 1 issue (launched on February 8, 2000) of EUR 500 million of US preference shares on February 22, 2010, the first call date.

- **Extract from the presentation dated May 5, 2010: First quarter 2010 results (and supplements)**

Basel II risk-weighted assets at end-March 2010 (in EUR bn)

	Credit	Market	Operational	Total
French Networks	78.2	0.0	2.6	80.8
International Retail Banking	66.3	0.3	3.6	70.2
Specialised Financing & Insurance	38.3	0.0	2.2	40.5
Private Banking, Global Investment Management and Services	12.0	0.7	3.0	15.7
Corporate & Investment Banking	68.6	11.1	30.2	110.0
Corporate Centre	3.5	0.6	4.9	9.0
Group total	266.9	12.8	46.5	326.2

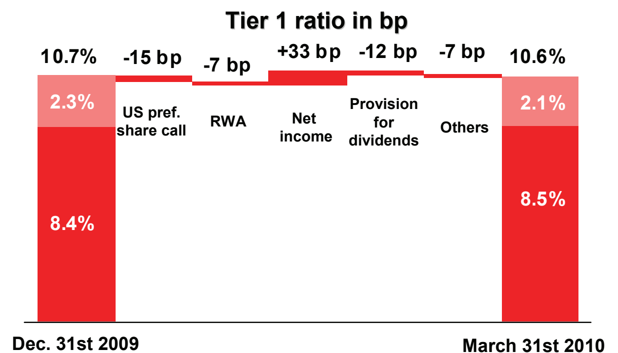
Calculation of ROE Capital and the Tier 1 ratio

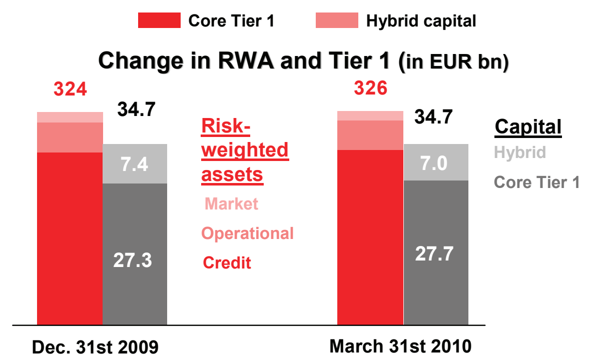


(*) Data at the end of the period; ROE is calculated based on the average capital at the end of the period

Solid financial structure

- **Tier 1 ratio of 10.6% and Core Tier 1 ratio of 8.5% at end-March 2010**
- **Risk-weighted assets: EUR 326bn (+0.7% vs. end-2009)**
  - Growth in Group's loan outstandings: +1.5% vs. end-2009
  - Continued prudent approach of Corporate and Investment Banking to market risks: -8.3% vs. end-2009





4.4 PILLAR III REPORT (INFORMATION AT DECEMBER 31, 2009)

The Pillar III report is presented in Appendix 1 of the present update of the 2010 Registration Document , page 49.

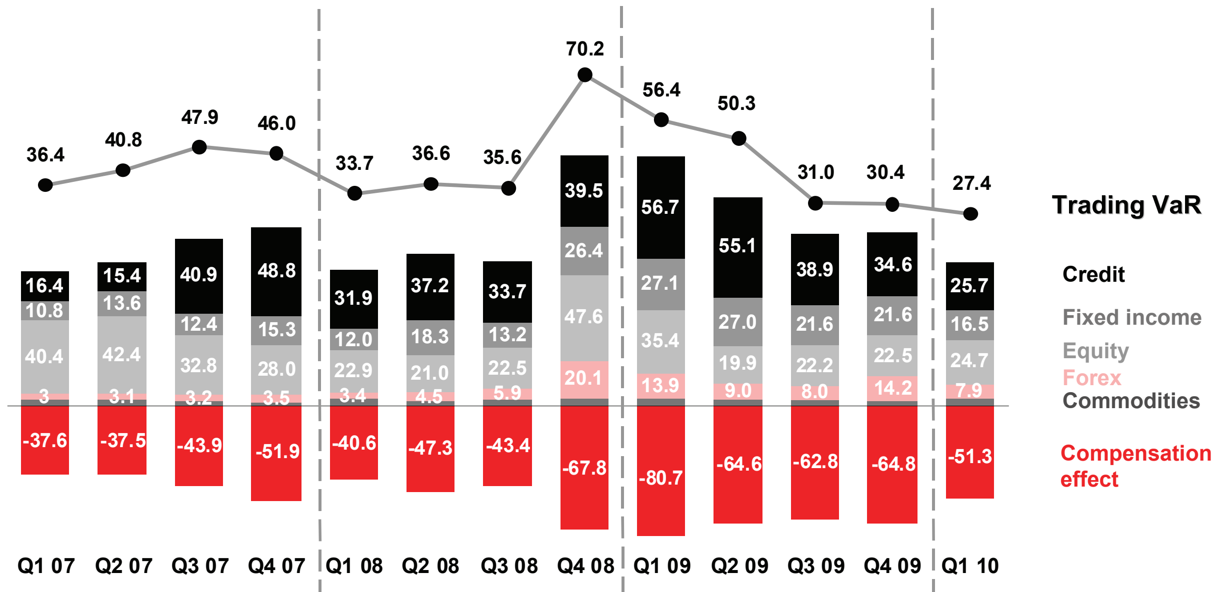
4.5 PROVISIONING OF DOUBTFUL LOANS

	Group		
	31/12/08	**31/12/09**	**31/03/10**
Customer loans in EUR bn *	**411.7**	**400.4**	**405.4**
*Doubtful loans in EUR bn **	*14.8*	*20.8*	*22.5*
*Collateral relating to loans written down in EUR bn **	*2.4*	*3.4*	*4.1*
Provisionable commitments in EUR bn *	**12.5**	**17.4**	**18.4**
Provisionable commitments / Customer loans *	***3.0%***	***4.3%***	***4.5%***
Provisions in EUR bn *	**8.3**	**10.6**	**11.3**
Specific provisions / Provisionable commitments *	***66%***	***61%***	***62%***
Portfolio-based provisions in EUR bn *	**1.1**	**1.2**	**1.3**
Overall provisions / Provisionable commitments *	***75%***	***68%***	***69%***

* Excluding legacy assets

4.6 CHANGE IN TRADING VAR

Quarterly average 99% Value at Risk (VaR), a composite indicator used to monitor the bank’s daily risk exposure, notably for its trading activities, in millions of euros:



Since January 1, 2007, the Group has incorporated variations in equity volatility (in the place of variations in index volatility).

Since January 1, 2008, the parameters for Credit VaR exclude positions on hybrid CDOs, which are now accounted for prudentially in the banking book.

5.1 FIRST QUARTER 2010 RESULTS *(PRESS RELEASE DATED MAY 5, 2010)*

Satisfactory first quarter: commercial and financial performances reinforcing full-year targets

- **Group revenues: +32.6%* vs. Q1 09**
- **Cost to income ratio: 60.8%**
- **First signs of improvement in the cost of risk: 91 bp****
- **Group ROE: 11.1%**
- **Group net income: EUR 1.06bn**
- **Solid capital position**

  Tier 1 Ratio (Basel II): 10.6% o/w 8.5% Core Tier 1

* When adjusted for changes in Group structure and at constant exchange rates. For the Group and the "Private Banking, Global Investment Management and Services" division, changes in Group structure means excluding the "Asset Management" activity following the setting up of Amundi.

** Cost of risk excluding litigation issues and Legacy assets

At its May 4th, 2010 meeting, the Board of Directors of Societe Generale approved the financial statements for Q1 2010. Group net income totalled EUR 1.06 billion and reflects:

(i) the commercial dynamism of retail banking activities and the quality of Corporate and Investment Banking's customer franchises,

(ii) the gradual recovery in the profitability of Specialised Financing activities,

(iii) signs of improvement in the cost of risk even though it remains high.

The beginning of 2010 has provided further evidence of the improvement in the global economic outlook, albeit with considerable disparities from one region to another. The pick-up in activity in developed European countries is much less pronounced than in the other areas of the world and is likely to be constrained by the indispensable measures to reduce public deficits and debt. There is also continuing uncertainty regarding the new regulatory and prudential environment applicable to the banking sector.

Against this backdrop and with solid customer franchises, an operating infrastructure in the process of being streamlined and a robust capital position, the Societe Generale Group has continued to develop its businesses and produced satisfactory Q1 results that reinforce the targets announced when the 2009 full-year results were published.

1. GROUP CONSOLIDATED RESULTS

In EUR m	Q1 09	Q1 10	Change Q1/Q1
Net banking income	**4,913**	**6,581**	**+34.0%**
On a like-for-like basis*			***+32.6%***
Operating expenses	**(3,777)**	**(4,001)**	**+5.9%**
On a like-for-like basis*			***+4.0%***
Gross operating income	**1,136**	**2,580**	**x2.3**
On a like-for-like basis*			***x 2,3***
Net allocation to provisions	**(1,354)**	**(1,132)**	**-16.4%**
Operating income	**(218)**	**1,448**	**NM**
On a like-for-like basis*			***NM***
Group share of net income	**(278)**	**1,063**	**NM**

	Q1 09	Q1 10
Group ROE after tax	**NM**	**11.1%**
ROE of core businesses after tax	**3.6%**	**17.3%**

Net banking income

Societe Generale's revenues were up 32.6%* in Q1 2010 (+34.0% in absolute terms) at EUR 6.6 billion, confirming the announced rebound.

The Group's three core businesses (French Networks, International Retail Banking and Corporate and Investment Banking) posted good commercial and financial performances. The significant growth in the net banking income of **Retail Banking in France** (+6.9%[a] to EUR 1.9 billion) testifies to the attractiveness and complementary nature of its brands (Societe Generale, Crédit du Nord and Boursorama). **International Retail Banking** revenues (EUR 1.2 billion, stable vs. Q1 09) reflect the quality of the customer franchises in an environment marked by significant economic disparities.

[a] Excluding PEL/CEL provision

Finally, there was a sharp rebound in the revenues of **Corporate and Investment Banking's** core activities in Q1 10 compared with Q4 09 (+34.8%*).

With Q1 net inflow of EUR +1.4 billion, **Private Banking** continues to grow. Finally, **Specialised Financing & Insurance** and **Securities Services & Brokers** posted Q1 revenues of respectively EUR 0.8 billion and EUR 0.3 billion.

Operating expenses

The Group's operating expenses totalled EUR 4.0 billion in Q1, up +4.0%* vs. Q1 09 (+5.9% in absolute terms).

As a result, Societe Generale's Q1 cost to income ratio was 60.8% (76.9% in Q1 09).

Operating income

The Group's Q1 gross operating income was sharply higher than in Q1 09 (x2.3*) at EUR 2.6 billion, with legacy assets having a limited negative impact (EUR -35 million in Q1 10 vs. EUR -1,601 million in Q1 09).

At 91 basis points in Q1 10, risk provisions divided by loans and receivables show a significant improvement compared with the previous quarter (110 basis points in Q4 09). The cost of risk remains at a high level but reflects the first signs of improvement.

- The French Networks' cost of risk amounted to EUR -232 million (54 basis points vs. 74 basis points in Q4 09). The decrease reflects the decline in the cost of risk for business customers, even though the level remains high. The loss rate for individual customers remains low.
- International Retail Banking's cost of risk was higher in Q1 10, at 225 basis points vs. 209 basis points in Q4 09. This includes specific and collective provision allocations for Greece of EUR -48 and -101 million respectively (to take account of the deterioration in the macro-economic situation), which conceal the decline in the cost of risk particularly in Russia and the Czech Republic.
- There was an improvement in Specialised Financing's cost of risk at 237 basis points in Q1 10 (vs. 294 basis points in Q4 09). Equipment finance posted a lower cost of risk whereas the figure was still high for consumer finance.
- The cost of risk related to Corporate and Investment Banking's core activities was particularly low at EUR -19 million, or 8 basis points (vs. 35 basis points in Q4 09), confirming the excellent performance of the Corporate clients portfolio. Legacy assets generated a cost of risk of EUR -214 million.

Moreover, in addition to its 54% stake in Geniki Bank, the Group's exposure to Greece in all its banking and insurance subsidiaries represented (at end-April) around EUR 3 billion for the Greek state and an insignificant amount for banking and corporate counterparties.

The Group's Q1 operating income totalled EUR 1.4 billion.

Net income

After tax (the Group's effective tax rate was 25.7%) and minority interests, Group net income totalled EUR 1.06 billion.

Earnings per share amounts to EUR 1.36 for this period, after deducting the interest to be paid to holders of deeply subordinated notes and undated subordinated notes[1].

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[1] Interest net of the tax effect to be paid at end-March 2010 to holders of deeply subordinated notes (EUR 76 million) and undated subordinated notes (EUR 6 million).

2. THE GROUP'S FINANCIAL STRUCTURE

Group shareholders' equity totalled EUR 43.9 billion[1] at March 31st, 2010 and net asset value per share was EUR 51.23 (including EUR +0.01 of unrealised capital gains).

Societe Generale purchased 2.0 million shares in the first three months of 2010. As a result, at March 31st, 2010, Societe Generale possessed, directly and indirectly, 21.1 million shares (including 9.0 million treasury shares), representing 2.85% of the capital (excluding shares held for trading purposes). At this date, Societe Generale also held 7.5 million purchase options on its own shares to cover stock option plans allocated to its employees.

Basel II risk-weighted assets (EUR 326.2 billion at March 31st, 2010 vs. EUR 324.1 billion at December 31st, 2009) were slightly higher (+0.7%) in Q1. The Group maintained its prudent policy regarding Corporate and Investment Banking's market risks, with these down -8.3% vs. end-2009.

Societe Generale's Tier 1 and Core Tier 1 ratios were respectively 10.6% and 8.5% at March 31st, 2010, providing further evidence of the Group's solid capital position.

The Group is rated Aa2 by Moody's and A+ by S&P and Fitch.

[1] This figure includes notably (i) EUR 6.4 billion of deeply subordinated notes, EUR 0.8 billion of undated subordinated notes and (ii) EUR 0.01 billion of net unrealised capital gains.

3. FRENCH NETWORKS

In EUR m	Q1 09	Q1 10	Change Q1/Q1
Net banking income	**1,781**	**1,892**	**+6.2%**
NBI excl. PEL/CEL			***+6.9%***
Operating expenses	**(1,198)**	**(1,241)**	**+3.6%**
Gross operating income	**583**	**651**	**+11.7%**
GOI excl. PEL/CEL			***+13.6%***
Net allocation to provisions	**(230)**	**(232)**	**+0.9%**
Operating income	**353**	**419**	**+18.7%**
Group share of net income	**224**	**279**	**+24.6%**
Net income excl. PEL/CEL			***+27.7%***

	Q1 09	Q1 10
ROE (after tax)	**14.7%**	**17.0%**

In a still fragile economic environment, the French Networks (Societe Generale, Crédit du Nord, Boursorama) enjoyed an excellent Q1.

Commercial performances provided further evidence of the dynamic rebound that began in H2 2009: at EUR 117.2 billion(1), average outstanding deposits increased at the buoyant rate of +6.2% vs. Q1 09, reflecting the success of the commercial offerings. Against the backdrop of a still timid recovery in overall loan demand, average outstanding loans proved fairly resilient, growing +1.5% vs. Q1 09 to EUR 161.3 billion.

In terms of **individual customers**, net account openings remained robust and amounted to nearly 50,000 units in Q1, taking the total number of personal current accounts to approximately 6.6 million.

Helped by low interest rates, sight deposits continued to enjoy strong growth (+9.6% vs. Q1 09). Against this backdrop, the ongoing attractive offering, especially for the Home Ownership Savings Plan, has proved a success, resulting in buoyant overall growth in Special Savings Scheme outstandings (+6.1% vs. Q1 09). All in all, outstanding balance sheet deposits for individual customers rose +4.0% vs. Q1 09.

Off-balance sheet savings also testify to a good commercial momentum. Life insurance continued the recovery initiated in H2 2009, with gross inflow of EUR 2.8 billion, up +24.8% vs. Q1 09, and outstandings up +9.7% over the same period. Driven primarily by the dynamism of Boursorama, stock market orders were also higher (+4.7%) than in Q1 09.

In a still favourable environment for property investment, new housing loan business remained vigorous: at EUR 4.1 billion, it saw a return to pre-crisis levels, or double the new business in Q1 09 and was up +7.0% vs. Q4 09. As a result, outstanding housing loans rose +4.7% vs. Q1 09. Overall, outstanding loans to individuals were up +4.2% over the same period.

In the **business customer** market, uncertainty surrounding the conditions for an economic recovery is still adversely affecting activity. While deposits have maintained a healthy commercial momentum, outstanding loans are suffering from still weak demand.

(1) Including negotiable medium-term notes issued to French Network customers.

Testifying to the success of the campaigns for renewed commercial offerings, outstanding term deposits continued to enjoy dynamic growth (+49.5% vs. Q1 09) and were a major contributor to the 10.3% growth vs. Q1 09 in average outstanding deposits, with sight deposits remaining stable (+0.6%) over the same period.

However, on the loan front, demand has remained weak given the still lacklustre environment and the fact that companies have benefited from government measures aimed at relieving their cash situation. As a result, outstanding operating loans shrank by -8.9% vs. Q1 09, whereas investment loans managed to maintain growth of +3.3% over the same period. Overall, average outstanding corporate loans were stable (-0.2%) vs. Q1 09.

In terms of **financial results**, the French Networks posted an excellent performance. At EUR 1,892 million, net banking income rose +6.9%[a] vs. Q1 09. This was driven primarily by the increase in the interest margin generated with individual customers (+8.9%[a] vs. Q1 09) and by the renewed rise in financial commissions (+8.2% vs. Q1 09), which have benefited from the good performances of life insurance and the recovery of stock market indexes year-on-year. This excellent start to the year reinforces the full-year growth target for net banking income of around 3% for 2010.

The controlled increase (+3.6% vs. Q1 09) in operating expenses has also helped to significantly improve the French Networks' cost to income ratio which, at 65.3%[a], is down -2.0 points vs. Q1 09.

After a sharp rise in Q4 09 (74 basis points), mainly due to significant provision allocations on a limited number of accounts, the French Networks' cost of risk fell to 54 basis points in Q1 10. Although still low for individual customers, the cost remains high for business customers, but is generally returning to a level in line with the division's guidance.

In Q1 10, the French Networks' contribution to Group net income totalled EUR 279 million and ROE (excluding the PEL/CEL effect) was 17.4%, vs. respectively EUR 224 million and 14.7% in Q1 09.

[a] Excluding the PEL/CEL effect

4. INTERNATIONAL RETAIL BANKING

In EUR m	Q1 09	Q1 10	Change Q1/Q1
Net banking income	**1,167**	**1,183**	**+1.4%**
On a like-for-like basis*			***-1.8%***
Operating expenses	**(663)**	**(658)**	**-0.8%**
On a like-for-like basis*			***-4.1%***
Gross operating income	**504**	**525**	**+4.2%**
On a like-for-like basis*			***+1.4%***
Net allocation to provisions	**(299)**	**(366)**	**+22.4%**
Operating income	**205**	**159**	**-22.4%**
On a like-for-like basis*			***-22.0%***
Group share of net income	**121**	**114**	**-5.8%**

	Q1 09	Q1 10
ROE (after tax)	**13.6%**	**12.7%**

In an environment still marked by substantial economic disparities across geographical regions, International Retail Banking has capitalised on the implementation of differentiated strategies and achieved generally satisfactory results.

Expansion of the commercial operation continued, albeit at a slower pace (11 net branch openings in Q1 10). The Mediterranean Basin, Sub-Saharan Africa and French overseas departments/territories were the main beneficiaries.

The overall good resilience of outstandings, with a limited decline of -4.2%* for loans and growth of +2.0%* for deposits vs. Q1 09, reflects the combined effects of the measures to adapt loan approval policies and reinforce deposit inflow implemented since end-2008 in order to deal with the deterioration in the environment. These trends reflect contrasting situations across regions.

The crisis has had a considerable impact in Greece, with a decline in the performance of Geniki Bank. In light of this situation, the Group has implemented a number of precautionary measures, in particular tightening its loan approval conditions and cutting costs.

In the other Central and Eastern European countries and in Russia, there is a trend towards the gradual normalisation of the economic environment. Accordingly, the slowdown remains marked in Russia, despite the first encouraging signs of recovery at the end of Q1 for individual customers. Other countries exhibited good overall resilience (-1.8%* for loans and +1.6%* for deposits vs. Q1 09), reflecting the robustness of the customer franchises in the region.

Much less affected by the economic slowdown, the Mediterranean Basin continued to demonstrate considerable commercial dynamism. Outstandings were up +6.4%* for loans and +12.0%* for deposits vs. Q1 09. Sub-Saharan Africa and French overseas departments/territories provided further evidence of their good performances and continued to consolidate their customer franchises.

Overall, International Retail Banking's outstanding loans and deposits amounted to respectively EUR 61.8 billion and EUR 64.2 billion at end-March 2010, i.e. a loan/deposit ratio that remains satisfactory at 96%.

Against this backdrop, International Retail Banking revenues proved highly resilient (-1.8%* vs. Q1 09), at EUR 1,183 million.

Effective control of operating expenses (-4.1%* vs. Q1 09 at EUR -658 million) reflects the efforts that have already been undertaken for several quarters to streamline the infrastructure, pool costs and seek out synergies.

Overall, gross operating income rose +1.4%* vs. Q1 09 to EUR 525 million. The cost to income ratio improved by 1.2 point vs. Q1 09 to 55.6% in Q1 10.

International Retail Banking's cost of risk was EUR -366 million in Q1 10, or 225 basis points vs. 209 basis points in Q4 09. The increase is due primarily to the high level of provisions for Greece, including a substantial portfolio-based provision to take account of the deterioration in the macro-economic situation (EUR -101 million). If Greece is stripped out, International Retail Banking's cost of risk amounts to 144 basis points. This is lower than in Q4 09, especially for Russia (371 basis points vs. 490 basis points in Q4 09), and the Czech Republic (93 basis points vs. 107 basis points in Q4 09).

International Retail Banking's contribution to Group net income totalled EUR 114 million in Q1 10, representing ROE of 12.7%.

5. SPECIALISED FINANCING AND INSURANCE

In EUR m	Q1 09	Q1 10	Change Q1/Q1
Net banking income	**740**	**849**	**+14.7%**
On a like-for-like basis*			***+10.5%***
Operating expenses	**(430)**	**(446)**	**+3.7%**
On a like-for-like basis*			***-0.7%***
Gross operating income	**310**	**403**	**+30.0%**
On a like-for-like basis*			***+25.9%***
Net allocation to provisions	**(234)**	**(299)**	**+27.8%**
Operating income	**76**	**104**	**+36.8%**
On a like-for-like basis*			***+41.6%***
Group share of net income	**33**	**70**	**x2.1**

	Q1 09	Q1 10
ROE (after tax)	**3.0%**	**5.9%**

The **Specialised Financing and Insurance** division comprises:

(i) **Specialised Financing** (consumer finance, equipment finance, operational vehicle leasing and fleet management, IT leasing and management)

(ii) **Life** and **Non-Life Insurance**.

After posting substantially lower performances in 2009 due to the economic environment, **Specialised Financing and Insurance** started to see a recovery in its financial results in Q1 2010.

Consumer finance's new business amounted to EUR 2.8 billion in Q1, or -4.5%* (+1.1% in absolute terms) vs. Q1 09, due to the combination of a selective loan approval policy and the lacklustre economic environment. The slowdown results from contrasting situations: stability in Germany despite the ending of car scrappage schemes, resumption of a positive commercial momentum in Russia, slowdown in the downward trend observed in France, decline in Italy in a difficult market.
Outstanding loans totalled EUR 23.4 billion at March 31st, 2010 vs. EUR 23.1 billion at end-Q4 09.
New business margins remained stable vs. Q4 09, continuing to be positively impacted by the tariff adjustments introduced during 2009 and the optimisation of refinancing conditions.

Against a general backdrop of low production capacity utilisation, **Equipment Finance** witnessed a slowdown in Q1, with new financing (excluding factoring) lower vs. Q1 09 (EUR 1.5 billion in Q1 10 vs. EUR 2.0 billion in Q1 09), whereas new financing margins continued to hold up well in Q1. In Germany, difficulties in the transport sector had a particularly adverse effect on new financing in Q1 (-36.9%* vs. Q1 09). Meanwhile, the decline in France was less marked (-19.8%* vs. Q1 09) since activity is more focused on high-tech financing.

At end-March, outstanding loans (excluding factoring) totalled EUR 18.7 billion, vs. EUR 18.9 billion in Q4 09.

With more than 70,000 leased vehicles in Q1, new business in **operational vehicle leasing and fleet management** was up +17.5% vs. Q1 09. At end-March 2010, the number of vehicles passed the 800,000 mark (including more than 600,000 in operational vehicle leasing), up +2.4% at constant structure vs. Q1 09 (+1.6% in Q1 10). The slight improvement observed in Q4 09 in the used vehicles market was confirmed in Q1 10. Against this backdrop, the activity's financial performances started to see a significant recovery in Q1 10.

Specialised Financing revenues totalled EUR 723 million, up +9.3%* (+14.2% in absolute terms) vs. Q1 09. Measures to control operating expenses continued to have an effect in Q1, resulting in substantially higher gross operating income of EUR 327 million (+26.7%* and +31.9% in absolute terms vs. Q1 09).

The cost of risk started to fall in Q1 to EUR -299 million vs. EUR -359 million in Q4 09. The decline was more marked for corporate financing, with consumer finance hit by a still deteriorated situation in Poland and Italy.

There was further evidence in Q1 10 of the recovery observed at end-2009 in the **Insurance** activity. Gross life insurance inflow was significantly higher in Q1 (+53.4%* vs. Q1 09) at EUR 3.2 billion, driven by with-profits vehicles and due to a still favourable environment. Non-life insurance continued to make substantial advances, with an increase of +28.7%* in net new business in Q1 and strong growth in the home and car insurance segments.

Insurance revenues totalled EUR 126 million in Q1, or +17.8%* vs. Q1 09**.**

Specialised Financing and Insurance's financial contribution was substantially higher in Q1 10 than in Q1 09. Operating income totalled EUR 104 million in Q1 and the division's contribution to Group net income was EUR 70 million (vs. EUR 33 million in Q1 09).

6. PRIVATE BANKING, GLOBAL INVESTMENT MANAGEMENT AND SERVICES

In EUR m	Q1 09	Q1 10	Change Q1/Q1
Net banking income	**588**	**504**	**-14.3%**
On a like-for-like basis*			***-11.9%***
Operating expenses	**(554)**	**(466)**	**-15.9%**
On a like-for-like basis*			***-7.9%***
Operating income	**16**	**38**	**x2.4**
On a like-for-like basis*			***-12.5%***
Group share of net income	**15**	**55**	**x3.7**
o.w. Private Banking	38	24	***-36.8%***
o.w. Asset Management	(26)	19	***NM***
o.w. SG SS & Brokers	3	12	***x4.0***

In EUR bn	Q1 09	Q1 10
Net inflow for period	**-1.6** [(a)]	**-11.2**[(b)]
AuM at end of period	**332** [(a)]	**164** [(b)]

(a) Excluding assets managed by Lyxor

(b) Excluding assets managed by Lyxor and Amundi

The **Private Banking, Global Investment Management and Services** division consists of three major activities:

- **(i) private banking** (Societe Generale Private Banking)
- **(ii) asset management** (Amundi, TCW)
- **(iii) Societe Generale Securities Services** (SGSS) and **Brokers** (Newedge).

In an environment of low interest rates, the activity of the **Private Banking, Global Investment Management and Services** division reflects mixed performances.

Private Banking provided further evidence of the quality of its customer franchise in Q1 10. Assets under management were up EUR +3.7 billion compared to December 31st, 2009 on the back of healthy Q1 inflow. **Securities Services'** assets under administration were 2.0% higher than at end-2009 at EUR 459 billion. Assets under custody totalled EUR 3,246 billion, up +5.6% vs. end-2009. **Newedge** continued to gain market share in Q1 (11.9% or +30 basis points vs. Q1 09). Since January 2010, Societe Generale's **Asset Management** arm consists of 80% of TCW (EUR 85.2 billion of assets under management) and 25% of Amundi.

At EUR 504 million, the division's Q1 revenues were down -14.3% (-11.9%[(1)] when adjusted for changes in Group structure and at constant exchange rates) vs. Q1 09. Operating expenses were down -15.9% (-7.9%[(1)] when adjusted for changes in Group structure and at constant exchange rates) vs. Q1 09, reflecting the cost-cutting measures implemented under the infrastructure optimisation plan. Gross operating income totalled EUR 38 million. The division made a profitable EUR 55 million contribution to Group net income.

(1) Excluding SGAM effect

Private Banking

Private Banking posted a good commercial performance in Q1 2010.

Benefiting in particular from the successful partnership with the French Networks, Q1 net inflow amounted to EUR +1.4 billion. After factoring in a positive market effect (EUR +0.9 billion) and currency impact (EUR +1.4 billion), Private Banking's assets under management amounted to EUR 79.1 billion, 4.9% higher than at end-2009.

The improvement in the economic and financial environment has prompted a return to risk-taking, with liquid assets reduced in favour of equity assets, structured products and bonds. This reallocation of assets under management has had a downward impact on treasury revenues, adversely affecting Private Banking activity. At EUR 162 million, the business line's net banking income was down -18.6%* (-17.8% in absolute terms) vs. Q1 09. This decline includes, in particular, an exceptional provision related to an isolated case (EUR -27 million) and a smaller contribution from treasury revenues in Q1.

Operating expenses continued to fall to EUR 130 million, representing a decline of -1.5%* (-0.8% in absolute terms) vs. Q1 09, due to the ongoing cost-cutting plan.

Q1 gross operating income totalled EUR 32 million and the business line's contribution to Group net income was EUR 24 million vs. EUR 38 million in Q1 09.

Asset Management

As expected, the restructuring undertaken at TCW at end-2009 resulted in a significant outflow in Q1 10. Accordingly, out of total withdrawals of EUR -12.6 billion, EUR -10.8 billion are attributable to the restructured MBS activity, whereas the outflow in other asset classes amounted to only EUR -1.8 billion. Going forward, the restructured MBS activity will be affected by further withdrawals, mainly by institutional clients, most of which have already been announced (EUR -4 billion). April suggests a more favourable trend for the rest of the activity scope, with a positive inflow of EUR +0.9 billion.

The business line's net banking income totalled EUR 83 million on the back of the growth in performance commissions and management fees, underpinned by improved market conditions.

Operating expenses were down -3%(1) vs. Q1 09, at EUR -94 million. Gross operating income was EUR -11 million in Q1 10 vs. EUR -39 million in Q1 09.

Amundi's contribution of EUR 26 million takes the contribution to Group net income to EUR 19 million.

Societe Generale Securities Services (SGSS) and Brokers (Newedge)

Despite a lacklustre banking sector, **Securities Services** shows signs of recovery with growth of +2.0% vs. end-December 2009 in assets under administration (EUR 459 billion at end-March 2010) and +5.6% in assets under custody (EUR 3,246 billion at end-March 2010).

Newedge's trading volumes rebounded 13% in Q1 10, which exceeded the growth in the market (+11%). As a result, its market share increased by +30 basis points vs. Q1 09 to 11.9%, enabling it to maintain its leadership position in the market (No. 2 ranking in the Futures Commission Merchants' classification in the USA).

In an environment of historically low interest rates, SGSS and Newedge posted slightly lower net banking income (-7.2%* and -6.8% in absolute terms) vs. Q1 09.

The 11.0%* decline (-10.7% in absolute terms) in operating expenses vs. Q1 09 contributed to the improvement in gross operating income, which amounted to EUR 17 million in Q1 10 vs. EUR 7 million in Q1 09.

The business line's contribution to Group net income has improved, at EUR 12 million vs. EUR 3 million a year earlier.

(1) Excluding SGAM effect

7. CORPORATE AND INVESTMENT BANKING

In EUR m	Q1 09	Q1 10	Change Q1/Q1
Net banking income	**1,232**	**2,144**	**+74.0%**
On a like-for-like basis*			***+78.5%***
Financing and Advisory	**578**	**602**	**+4.2%**
Global Markets (1)	**2,246**	**1,565**	**-30.3%**
Legacy assets	**(1,592)**	**(23)**	**+98.6%**
Operating expenses	**(937)**	**(1,152)**	**+22.9%**
On a like-for-like basis*			***+20.3%***
Gross operating income	**295**	**992**	**x3.4**
On a like-for-like basis*			***x 3,9***
Net allocation to provisions	**(569)**	**(233)**	**-59.1%**
O.w. Legacy assets	**(221)**	**(214)**	**-3.2%**
Operating income	**(274)**	**759**	**NM**
On a like-for-like basis*			***NM***
Group share of net income	**(171)**	**541**	**NM**

(1) O.w. "Equities" EUR 786m in Q1 10 (EUR 647m in Q1 09) and
"Fixed income, Currencies and Commodities" EUR 779m in Q1 10 (EUR 1,599m in Q1 09)

	Q1 09	Q1 10
ROE (after tax)	**NM**	**26.4%**

Against the backdrop of a gradual return to market conditions generally similar to those prevailing before the Lehman Brothers' collapse, Corporate and Investment Banking posted good performances with Q1 results in line with targets.

At EUR 2,144 million, the division's revenues were sharply higher (+78.5%*, +74.0% in absolute terms) vs. Q1 09, which included both substantial losses for legacy assets and also record revenues for core activities given the exceptional market conditions. As a result, although Q1 10 was a good quarter for core activities, their revenues (EUR 2,167 million) were down -23.6%* (-23.3% in absolute terms) vs. Q1 09. However, they were up +34.8%* (+37.7% in absolute terms) vs. Q4 09.

The **Global Markets** business line made a good start to the year. At EUR 1,565 million, revenues were admittedly lower (-29.4%* and -30.3% in absolute terms) than in Q1 09 due primarily to the return to normal levels of activity and market conditions for Fixed Income, Currencies & Commodities. However, revenues rose +61.1%* (+64.8% in absolute terms) vs. Q4 09. This positive revenue trend was also achieved with contained risk-taking, as testified by VaR's return to pre-crisis levels (EUR 27 million vs. EUR 30 million in Q4 09).

Equities generated solid results, up +21.5% vs. Q1 09 at EUR 786 million. Against a backdrop of low volumes and moderate volatility, client-driven activities held up well, driven by good sales performances for flow products in Asia and the United States as well as distributor demand for structured products. Accordingly, SG CIB confirmed its leading positions in the warrants market (global No. 1 with a market share of 12.9% at end-Q1 10) and ETF market (European No. 2 with a market share of 21.3%). With positive net inflow and assets up +3.0% vs. Q4 09 at EUR 88.9 billion, Lyxor continues to grow and saw its expertise once again rewarded with the title of "Best Managed Account Platform" (*Hedgeweek Awards*, March 2010).

Fixed Income, Currencies & Commodities generated Q1 revenues of EUR 779 million in a mixed market environment in Europe (decline in volatility, less favourable volumes in the European market than in the US market, Greek sovereign debt tensions), contrasting with the exceptional conditions in Q1 09. Down -51.3% vs. Q1 09, these revenues were nevertheless sharply higher (x3.0) than in Q4 09. Client-driven activities experienced a rebound vs. Q4 09, notably for flow products (fixed income and foreign exchange, essentially emerging countries), reflecting the quality of the customer franchises. As a result, SG CIB recorded market share gains (+1.0 point vs. Q1 09 to 4.1%) on electronic platforms for foreign exchange products.

Financing & Advisory generated stable revenues of EUR 602 million, -1.2%* (+4.2% in absolute terms) vs. Q1 09. Structured financing enjoyed good overall performances (+15% vs. Q1 09), and especially for natural resources financing (+28% vs. Q1 09). The business line also participated in several large-scale operations, demonstrating once again the quality of its expertise. In particular, SG CIB was the lead manager in the financing (EUR 5.5 billion) of a gas pipeline between Russia and the European Union for Nord Stream AG. SG CIB has also consolidated its leading positions in euro bond issues (No. 2 in Corporate issues). It was also the co-lead manager for the first time in a number of significant USD issues (Kraft, USD 9.5 billion), as well as its third significant GBP issue (Dong Energy, GBP 500 million), after Enel and BAT in 2009.

Legacy Assets' negative revenues were very limited at EUR -23 million (vs. EUR -1,592 million in Q1 09).

Corporate and Investment Banking's operating expenses amounted to EUR 1,152 million in Q1 10, up +20.3%* (+22.9% in absolute terms) vs. Q1 09. This was substantially lower than the growth in division revenues over the same period (+78.5%*, +74.0% in absolute terms). The Q1 cost to income ratio was 53.7% and gross operating income amounted to EUR 992 million compared with EUR 295 million in Q1 09.

Corporate and Investment Banking's cost of risk was EUR -233 million in Q1 10, including EUR -214 million for legacy assets. When restated for this amount and litigation issues, the division's cost of risk is 8 basis points for 2009, vs. 35 basis points in Q4 09, reflecting the excellent quality of the portfolio.

Corporate and Investment Banking's operating income totalled EUR 759 million in Q1. Its contribution to Group net income was EUR 541 million.

8. CORPORATE CENTRE

The Corporate Centre recorded substantially improved gross operating income in Q1 2010 (EUR -29 million vs. EUR -590 million in Q1 09), due primarily to:

- the absence of permanent impairment on the equity portfolio in Q1 10 (EUR -71 million in Q1 09),
- and a limited accounting effect on the revaluation of credit derivative instruments used to hedge the loans and receivables portfolios (EUR +3 million in Q1 10 vs. EUR -472 million in Q1 09).

The revaluation of debts linked specifically to Societe Generale's credit risk also contributed EUR +102 million (vs. EUR +127 million in Q1 09) to gross operating income.

At end-March 2010, the IFRS net book value of the industrial equity portfolio, excluding unrealised capital gains, amounted to EUR 0.69 billion, representing market value of EUR 0.92 billion.

9. CONCLUSION

With Q1 Group net income of EUR 1.06 billion, Societe Generale is confident of being able to achieve its targets for 2010. It anticipates a sustainable rebound in the financial results in light of the commercial momentum of its core businesses in Q1 2010 and the ongoing streamlining of the operating model. Thus the Group has reaffirmed the validity of its "universal bank" strategy based on its core retail banking (in France and in regions with considerable potential) and corporate and investment banking businesses.

2010 financial communication calendar

May 25th 2010	**Annual General Meeting**
June 1st 2010	**Dividend detachment**
June 15th 2010	**Investor Day**
June 23rd 2010	**Dividend payment**
August 4th 2010	**Publication of second quarter 2010 results**
November 3rd 2010	**Publication of third quarter 2010 results**

This document contains a number of forecasts and comments relating to the targets and strategies of the Societe Generale Group. These forecasts are based on a series of assumptions, both general and specific. As a result, there is a risk that these projections will not be met. Readers are therefore advised not to rely on these figures more than is justified as the Group's future results are liable to be affected by a number of factors and may therefore differ from current estimates.

Investors are advised to take into account factors of uncertainty and risk when basing their investment decisions on information provided in this document. Neither Societe Generale nor its representatives may be held liable for any loss resulting from the use of this presentation or its contents, or anything relating to them, or any document or information to which the presentation may refer.

Unless otherwise specified, the sources for the rankings are internal.

APPENDIX 1: FIGURES AND QUARTERLY RESULTS BY CORE BUSINESS

CONSOLIDATED INCOME STATEMENT (in EUR millions)	1st quarter			
	Q1 09	Q1 10	Change Q1/Q1	
Net banking income	4,913	6,581	+34.0%	+32.6%(*)
Operating expenses	(3,777)	(4,001)	+5.9%	+4.0%(*)
Gross operating income	**1,136**	**2,580**	**x2.3**	**x 2,3(*)**
Net allocation to provisions	(1,354)	(1,132)	-16.4%	-17.8%(*)
Operating income	**(218)**	**1,448**	**NM**	**NM(*)**
Net profits or losses from other assets	3	12	x4.0	
Net income from companies accounted for by the equity method	(16)	40	NM	
Impairment losses on goodwill	0	0	NM	
Income tax	60	(375)	NM	
Net income before minority interests	**(171)**	**1,125**	**NM**	
O.w. minority interests	107	62	-42.1%	
Group share of net income	**(278)**	**1,063**	**NM**	
Annualised Group ROE after tax (as %)	NM	11.1%		
Tier 1 ratio at end of period	8.7%	10.6%		

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

NET INCOME AFTER TAX BY CORE BUSINESS (in EUR millions)	1st quarter		
	Q1 09	Q1 10	Change Q1/Q1
French Networks	**224**	**279**	**+24.6%**
International Retail Banking	**121**	**114**	**-5.8%**
Specialised Financing & Insurance	**33**	**70**	**x2.1**
Private Banking, Global Investment Management and Services	**15**	**55**	**x3.7**
o.w. Private Banking	38	24	-36.8%
o.w. Asset Management	(26)	19	NM
o.w. SG SS & Brokers	3	12	x4.0
Corporate & Investment Banking	**(171)**	**541**	**NM**
CORE BUSINESSES	**222**	**1,059**	**x4.8**
Corporate Centre	**(500)**	**4**	**NM**
GROUP	**(278)**	**1,063**	**NM**

CONSOLIDATED BALANCE SHEET

Assets (in billions of euros)	December 31, 2009	**March 31, 2010**	% change
Cash, due from central banks	14.4	**9.9**	-31%
Financial assets measured at fair value through profit or loss	400.2	**458.6**	+15%
Hedging derivatives	5.6	**7.0**	+26%
Available-for-sale financial assets	90.4	**98.6**	+9%
Due from banks	67.6	**68.8**	+2%
Customer loans	344.5	**350.4**	+2%
Lease financing and similar agreements	28.9	**28.8**	-0%
Revaluation differences on portfolios hedged against interest rate risk	2.6	**3.1**	+22%
Held-to-maturity financial assets	2.1	**2.0**	-3%
Tax assets and other assets	42.9	**46.9**	+9%
Non current assets held for sale	0.4	**0.1**	-83%
Deferred profit sharing	0.3	**0.0**	-100%
Tangible, intangible fixed assets and other	23.8	**24.3**	+2%
Total	1,023.7	**1,098.5**	+7%

Liabilities (in billions of euros)	December 31, 2009	**March 31, 2010**	% change
Due to central banks	3.1	**1.8**	-41%
Financial liabilities measured at fair value through profit or loss	302.8	**354.9**	+17%
Hedging derivatives	7.3	**8.7**	+19%
Due to banks	90.1	**89.9**	-0%
Customer deposits	300.1	**304.7**	+2%
Securitised debt payables	133.2	**140.4**	+5%
Revaluation differences on portfolios hedged against interest rate risk	0.8	**1.4**	+76%
Tax liabilities and other liabilities	50.2	**55.6**	+11%
Non current liabilities held for sale	0.3	**0.0**	-97%
Underwriting reserves of insurance companies	74.4	**77.8**	+5%
Provisions	2.3	**2.4**	+3%
Subordinated debt	12.3	**12.8**	+5%
Shareholders' equity	42.2	**43.9**	+4%
Minority interests	4.6	**4.2**	-8%
Total	1,023.7	**1,098.5**	+7%

QUARTERLY RESULTS BY CORE BUSINESSES

(in EUR millions)	2008 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2009 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2010 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
French Networks												
Net banking income	1,801	1,817	1,829	1,964	1,781	1,875	1,867	1,943	1,892			
Operating expenses	-1,213	-1,195	-1,176	-1,290	-1,198	-1,206	-1,181	-1,326	-1,241			
Gross operating income	*588*	*622*	*653*	*674*	*583*	*669*	*686*	*617*	*651*			
Net allocation to provisions	-87	-98	-115	-195	-230	-214	-220	-306	-232			
Operating income	*501*	*524*	*538*	*479*	*353*	*455*	*466*	*311*	*419*			
Net income from other assets	0	1	-1	0	0	1	0	1	4			
Net income from companies accounted for by the equity method	6	1	4	-2	2	2	3	6	3			
Income tax	-172	-179	-183	-162	-120	-155	-158	-107	-144			
Net income before minority interests	*335*	*347*	*358*	*315*	*235*	*303*	*311*	*211*	*282*			
O.w. minority interests	18	17	16	17	11	13	15	14	3			
Group share of net income	*317*	*330*	*342*	*298*	*224*	*290*	*296*	*197*	*279*			
Average allocated capital	5,769	6,010	6,118	6,125	6,078	6,160	6,224	6,291	6,569			
ROE (after tax)	22.0%	22.0%	22.4%	19.5%	14.7%	18.8%	19.0%	12.5%	17.0%			
International Retail Banking												
Net banking income	1,129	1,222	1,310	1,357	1,167	1,189	1,174	1,219	1,183			
Operating expenses	-648	-694	-668	-742	-663	-681	-657	-680	-658			
Gross operating income	*481*	*528*	*642*	*615*	*504*	*508*	*517*	*539*	*525*			
Net allocation to provisions	-88	-78	-127	-207	-299	-310	-336	-353	-366			
Operating income	*393*	*450*	*515*	*408*	*205*	*198*	*181*	*186*	*159*			
Net income from other assets	-3	13	1	4	1	10	0	-4	4			
Net income from companies accounted for by the equity method	4	1	2	1	1	2	2	1	3			
Impairment losses on goodwill	0	0	0	-300	0	0	0	0	0			
Income tax	-82	-97	-109	-86	-41	-42	-36	-36	-31			
Net income before minority interests	*312*	*367*	*409*	*27*	*166*	*168*	*147*	*147*	*135*			
O.w. minority interests	113	123	148	98	45	42	35	47	21			
Group share of net income	*199*	*244*	*261*	*-71*	*121*	*126*	*112*	*100*	*114*			
Average allocated capital	3,112	3,136	3,411	3,535	3,559	3,611	3,562	3,574	3,603			
ROE (after tax)	25.6%	31.1%	30.6%	NM	13.6%	14.0%	12.6%	11.2%	12.7%			
Specialised Financing & Insurance												
Net banking income	775	824	805	712	740	805	810	884	849			
Operating expenses	-428	-455	-454	-458	-430	-441	-446	-501	-446			
Gross operating income	*347*	*369*	*351*	*254*	*310*	*364*	*364*	*383*	*403*			
Net allocation to provisions	-113	-134	-149	-191	-234	-293	-338	-359	-299			
Operating income	*234*	*235*	*202*	*63*	*76*	*71*	*26*	*24*	*104*			
Net income from other assets	0	0	-1	0	0	1	1	-18	0			
Net income from companies accounted for by the equity method	-3	8	-2	-24	-18	-13	-7	-16	-1			
Impairment losses on goodwill	0	0	0	0	0	-19	1	-26	0			
Income tax	-72	-72	-61	-20	-22	-18	-8	0	-30			
Net income before minority interests	*159*	*171*	*138*	*19*	*36*	*22*	*13*	*-36*	*73*			
O.w. minority interests	5	4	5	4	3	2	3	1	3			
Group share of net income	*154*	*167*	*133*	*15*	*33*	*20*	*10*	*-37*	*70*			
Average allocated capital	4,048	4,158	4,345	4,385	4,423	4,511	4,611	4,712	4,739			
ROE (after tax)	15.2%	16.1%	12.2%	1.4%	3.0%	1.8%	0.9%	NM	5.9%			

	2008 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2009 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2010 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Private Banking, Global Investment Management and Services												
Net banking income	696	785	698	666	588	670	636	640	504			
Operating expenses	-582	-596	-574	-611	-554	-562	-557	-555	-466			
Gross operating income	*114*	*189*	*124*	*55*	*34*	*108*	*79*	*85*	*38*			
Net allocation to provisions	0	-1	-14	-30	-18	-9	-12	-1	0			
Operating income	*114*	*188*	*110*	*25*	*16*	*99*	*67*	*84*	*38*			
Net income from other assets	0	0	0	0	-1	2	-1	-1	0			
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	26			
Income tax	-29	-56	-30	4	1	-26	-15	-20	-9			
Net income before minority interests	*85*	*132*	*80*	*29*	*16*	*75*	*51*	*63*	*55*			
O.w. minority interests	-5	4	-4	2	1	1	1	1	0			
Group share of net income	*90*	*128*	*84*	*27*	*15*	*74*	*50*	*62*	*55*			
Average allocated capital	1,720	1,502	1,470	1,458	1,368	1,327	1,323	1,352	1,391			
ROE (after tax)	20.9%	34.1%	22.9%	7.4%	4.4%	22.3%	15.1%	18.3%	15.8%			
o.w. Private Banking												
Net banking income	213	203	196	225	197	222	206	204	162			
Operating expenses	-133	-133	-134	-139	-131	-132	-131	-132	-130			
Gross operating income	*80*	*70*	*62*	*86*	*66*	*90*	*75*	*72*	*32*			
Net allocation to provisions	-1	-1	-10	-20	-17	-9	-11	-1	0			
Operating income	*79*	*69*	*52*	*66*	*49*	*81*	*64*	*71*	*32*			
Net income from other assets	1	-2	1	0	0	0	0	0	0			
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0			
Income tax	-18	-15	-13	-9	-11	-18	-15	-16	-8			
Net income before minority interests	*62*	*52*	*40*	*57*	*38*	*63*	*49*	*55*	*24*			
O.w. minority interests	3	2	-5	0	0	0	0	0	0			
Group share of net income	*59*	*50*	*45*	*57*	*38*	*63*	*49*	*55*	*24*			
Average allocated capital	391	442	493	491	452	436	443	427	405			
ROE (after tax)	60.4%	45.2%	36.5%	46.4%	33.6%	57.8%	44.2%	51.5%	23.7%			
o.w. Asset Management												
Net banking income	131	217	183	99	113	169	171	193	83			
Operating expenses	-166	-174	-161	-171	-152	-151	-174	-179	-94			
Gross operating income	*-35*	*43*	*22*	*-72*	*-39*	*18*	*-3*	*14*	*-11*			
Net allocation to provisions	0	1	0	-1	0	0	0	0	0			
Operating income	*-35*	*44*	*22*	*-73*	*-39*	*18*	*-3*	*14*	*-11*			
Net income from other assets	0	0	0	-1	0	-1	1	-1	0			
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	26			
Income tax	12	-15	-7	24	13	-5	0	-4	4			
Net income before minority interests	*-23*	*29*	*15*	*-50*	*-26*	*12*	*-2*	*9*	*19*			
O.w. minority interests	-8	1	1	1	0	2	0	1	0			
Group share of net income	*-15*	*28*	*14*	*-51*	*-26*	*10*	*-2*	*8*	*19*			
Average allocated capital	694	511	413	422	402	375	355	418	491			
ROE (after tax)	NM	21.9%	13.6%	NM	NM	10.7%	NM	7.7%	15.5%			
o.w. SG SS & Brokers												
Net banking income	352	365	319	342	278	279	259	243	259			
Operating expenses	-283	-289	-279	-301	-271	-279	-252	-244	-242			
Gross operating income	*69*	*76*	*40*	*41*	*7*	*0*	*7*	*-1*	*17*			
Net allocation to provisions	1	-1	-4	-9	-1	0	-1	0	0			
Operating income	*70*	*75*	*36*	*32*	*6*	*0*	*6*	*-1*	*17*			
Net income from other assets	-1	2	-1	1	-1	3	-2	0	0			
Net income from companies accounted for by the equity method	0	0	0	0	0	0	0	0	0			
Income tax	-23	-26	-10	-11	-1	-3	0	0	-5			
Net income before minority interests	*46*	*51*	*25*	*22*	*4*	*0*	*4*	*-1*	*12*			
O.w. minority interests	0	1	0	1	1	-1	1	0	0			
Group share of net income	*46*	*50*	*25*	*21*	*3*	*1*	*3*	*-1*	*12*			
Average allocated capital	635	549	564	545	514	516	525	507	495			
ROE (after tax)	29.0%	36.4%	17.7%	15.4%	2.3%	0.8%	2.3%	NM	9.7%			

	2008 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2009 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2010 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Corporate and Investment Banking												
Net banking income	160	1,344	338	-461	1,232	2,645	2,348	803	2,144			
Operating expenses	-1,022	-971	-795	-761	-937	-1,162	-1,037	-845	-1,152			
Gross operating income	*-862*	*373*	*-457*	*-1,222*	*295*	*1,483*	*1,311*	*-42*	*992*			
Net allocation to provisions	-312	-82	-281	-365	-569	-257	-605	-889	-233			
Operating income	*-1,174*	*291*	*-738*	*-1,587*	*-274*	*1,226*	*706*	*-931*	*759*			
Net income from other assets	-2	8	5	0	0	-2	1	-6	1			
Net income from companies accounted for by the equity method	0	0	0	0	0	21	13	18	9			
Impairment losses on goodwill	0	0	0	0	0	0	0	0	0			
Income tax	358	-42	263	564	108	-361	-200	360	-225			
Net income before minority interests	*-818*	*257*	*-470*	*-1,023*	*-166*	*884*	*520*	*-559*	*544*			
O.w. minority interests	0	1	3	4	5	6	2	3	3			
Group share of net income	*-818*	*256*	*-473*	*-1,027*	*-171*	*878*	*518*	*-562*	*541*			
Average allocated capital	8,705	9,113	8,862	8,831	9,336	9,229	8,877	8,401	8,196			
ROE (after tax)	NM	11.2%	NM	NM	NM	38.1%	23.3%	NM	26.4%			
Core activities												
Net banking income	1,298	2,005	1,252	159	2,824	2,810	2,635	1,579	2,167			
Financing and Advisory	271	465	317	758	578	661	642	629	602			
Global Markets	1,027	1,540	935	-599	2,246	2,149	1,993	950	1,565			
o.w. Equities	*401*	*825*	*509*	*-623*	*647*	*1,034*	*1,057*	*693*	*786*			
o.w. Fixed income, Currencies and Commodities	*626*	*715*	*426*	*24*	*1,599*	*1,115*	*936*	*257*	*779*			
Operating expenses	-1,016	-967	-790	-749	-928	-1,153	-1,026	-834	-1,140			
Gross operating income	*282*	*1,038*	*462*	*-590*	*1,896*	*1,657*	*1,609*	*745*	*1,027*			
Net allocation to provisions	-281	-59	-157	-348	-348	-239	-249	-86	-19			
Operating income	*1*	*979*	*305*	*-938*	*1,548*	*1,418*	*1,360*	*659*	*1,008*			
Net income from other assets	-1	6	6	0	0	-1	0	-6	1			
Net income from companies accounted for by the equity method	0	0	0	0	0	21	14	18	9			
Impairment losses on goodwill	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*			
Income tax	-31	-268	-84	348	-494	-424	-416	-165	-305			
Net income before minority interests	*-31*	*717*	*227*	*-590*	*1,054*	*1,014*	*958*	*506*	*713*			
O.w. minority interests	0	2	1	4	5	6	3	2	3			
Group share of net income	*-31*	*715*	*226*	*-594*	*1,049*	*1,008*	*955*	*504*	*710*			
Average allocated capital	8,480	8,412	8,293	8,146	7,936	7,427	6,882	6,557	6,486			
Legacy assets												
Net banking income	-1,138	-661	-914	-620	-1,592	-165	-287	-776	-23			
Operating expenses	-6	-4	-5	-12	-9	-9	-11	-11	-12			
Gross operating income	*-1,144*	*-665*	*-919*	*-632*	*-1,601*	*-174*	*-298*	*-787*	*-35*			
Net allocation to provisions	-31	-23	-124	-17	-221	-18	-356	-803	-214			
Operating income	*-1,175*	*-688*	*-1,043*	*-649*	*-1,822*	*-192*	*-654*	*-1,590*	*-249*			
Net income from other assets	-1	2	-1	0	0	-1	1	0	0			
Net income from companies accounted for by the equity method	0	0	0	0	0	0	-1	0	0			
Impairment losses on goodwill	0	0	0	0	0	0	0	0	0			
Income tax	389	226	347	216	602	63	216	525	80			
Net income before minority interests	*-787*	*-460*	*-697*	*-433*	*-1,220*	*-130*	*-438*	*-1,065*	*-169*			
O.w. minority interests	0	-1	2	0	0	0	-1	1	0			
Group share of net income	*-787*	*-459*	*-699*	*-433*	*-1,220*	*-130*	*-437*	*-1,066*	*-169*			
Average allocated capital	225	701	569	685	1,400	1,802	1,995	1,844	1,710			

	2008 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2009 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)				2010 Basel II - IFRS (inc. IAS 32 & 39 and IFRS 4)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Corporate Centre												
Net banking income	1,118	-408	128	1,257	-595	-1,468	-865	-358	9			
Operating expenses	-12	-46	-30	-107	5	-55	-20	-77	-38			
Gross operating income	*1,106*	*-454*	*98*	*1,150*	*-590*	*-1,523*	*-885*	*-435*	*-29*			
Net allocation to provisions	2	6	-1	5	-4	8	-2	2	-2			
Operating income	*1,108*	*-448*	*97*	*1,155*	*-594*	*-1,515*	*-887*	*-433*	*-31*			
Net income from other assets	611	13	14	-30	3	-1	-1	725	3			
Net income from companies accounted for by the equity method	-2	-3	-2	3	-1	-2	1	0	0			
Impairment losses on goodwill	0	0	0	0	0	1	-1	2	0			
Income tax	-522	14	-213	-251	134	480	377	213	64			
Net income before minority interests	*1,195*	*-424*	*-104*	*877*	*-458*	*-1,037*	*-511*	*507*	*36*			
O.w. minority interests	41	57	60	32	42	42	49	46	32			
Group share of net income	*1,154*	*-481*	*-164*	*845*	*-500*	*-1,079*	*-560*	*461*	*4*			
Group												
Net banking income	5,679	5,584	5,108	5,495	4,913	5,716	5,970	5,131	6,581			
Operating expenses	-3,905	-3,957	-3,697	-3,969	-3,777	-4,107	-3,898	-3,984	-4,001			
Gross operating income	*1,774*	*1,627*	*1,411*	*1,526*	*1,136*	*1,609*	*2,072*	*1,147*	*2,580*			
Net allocation to provisions	-598	-387	-687	-983	-1,354	-1,075	-1,513	-1,906	-1,132			
Operating income	*1,176*	*1,240*	*724*	*543*	*-218*	*534*	*559*	*-759*	*1,448*			
Net income from other assets	*606*	*35*	*18*	*-26*	*3*	*11*	*0*	*697*	*12*			
Net income from companies accounted for by the equity method	5	7	2	-22	-16	10	12	9	40			
Impairment losses on goodwill	0	0	0	-300	0	-18	0	-24	0			
Income tax	-519	-432	-333	49	60	-122	-40	410	-375			
Net income before minority interests	*1,268*	*850*	*411*	*244*	*-171*	*415*	*531*	*333*	*1,125*			
O.w. minority interests	*172*	*206*	*228*	*157*	*107*	*106*	*105*	*112*	*62*			
Group share of net income	*1,096*	*644*	*183*	*87*	*-278*	*309*	*426*	*221*	*1,063*			
Average allocated capital	25,431	29,029	29,611	29,630	29,274	29,373	29,889	32,442	35,339			
ROE (after tax)	16.8%	8.3%	1.7%	0.4%	NM	2.9%	4.1%	1.5%	11.1%			

APPENDIX 2: METHODOLOGY

1- The Group's quarterly results as at March 31st, 2010 were approved by the Board of Directors on May 4th, 2010. These results are audited by the Statutory Auditors.

The financial information presented for Q1 2010 has been prepared in accordance with IFRS as adopted in the European Union. This financial information does not constitute a set of financial statements for an interim period as defined by IAS 34 "Interim Financial Reporting". Societe Generale's Management intends to publish summary interim consolidated financial statements for the six-month period ended June 30th, 2010.

2- Group ROE is calculated on the basis of average Group shareholders' equity under IFRS excluding (i) unrealised or deferred capital gains or losses booked directly under shareholders' equity excluding conversion reserves, (ii) deeply subordinated notes, (iii) undated subordinated notes recognised as shareholders' equity, and deducting (iv) interest to be paid to holders of deeply subordinated notes and of the restated, undated subordinated notes. The net income used to calculate ROE excludes interest, net of tax impact, to be paid to holders of deeply subordinated notes for the period and, since 2006, holders of restated, undated subordinated notes (EUR 82 million in Q1 2010).

3- For the calculation of **earnings per share**, "Group net income for the period" is corrected (reduced in the case of a profit and increased in the case of a loss) for interest, net of tax impact, to be paid to holders of:

(i) deeply subordinated notes (EUR 76 million in Q1 10),
(ii) undated subordinated notes recognised as shareholders' equity (EUR 6 million in Q1 10).

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

4- Net assets are comprised of Group shareholders' equity, excluding (i) deeply subordinated notes (EUR 6.4 billion), undated subordinated notes previously recognised as debt (EUR 0.8 billion) and (ii) interest to be paid to holders of deeply subordinated notes and undated subordinated notes, but reinstating the book value of trading shares held by the Group and shares held under the liquidity contract. The number of shares used to calculate book value per share is the number of shares issued at March 31st, 2010, excluding treasury shares but including (a) trading shares held by the Group and (b) shares held under the liquidity contract.

Changes in financial communication:

(i) Since January 1st, 2010, the normative capital allocated to businesses corresponds to 7% of Basel II risk-weighted assets at the beginning of the period (vs. 6% previously on average assets for the period), supplemented by the additional consumption of prudential capital generated by each business (deductions impacting Basel II Tier 1 capital) and, if necessary, requirements specific to the insurance activities.

(ii) Since January 1st, 2010, Retail Banking in France includes three networks: Société Générale network, Crédit du Nord network and Boursorama (previously part of the "Private Banking, Global Investment Management and Services" division).

(iii) SGAM Alternative Investments' structured products, index tracking products and alternative investment activities are merged with those of Lyxor Asset Management, and therefore incorporated in Corporate and Investment Banking as from January 1st, 2010.

(iv) As from January 1st, 2010, the cost of risk in basis points is calculated by dividing the commercial cost of risk by loans and receivables outstandings beginning of period.

VI. Chapter 12: Person responsible for updating the Registration Document

6.1 Person responsible for updating the Registration Document

Mr. Fréderic OUDEA, Chairman and Chief Executive Officer of Societe Generale

6.2 Statement of the person responsible for updating the Registration Document

I hereby certify, having taken all reasonable measures to this effect and to the best of my knowledge, that the information contained in the present update of the 2010 Registration Document is in accordance with the facts and that it makes no omission likely to affect its import.

I have received a completion letter from the Statutory Auditors, stating that they have verified the information contained in the present update about the Group's financial position and accounts and that they have read the 2010 Registration Document and its update A-01 (including corrected information) in their entirety.

The historical financial information presented in the 2010 Registration Document has been discussed in the Statutory Auditors' reports found on pages 331 to 332 and 404 to 405 of the 2010 Registration Document, and those enclosed for reference purposes for the financial years 2007 and 2008, found on pages 266 to 267 and 330 to 331 of the 2008 Registration Document and on pages 310 to 311 and 382 to 383 of the 2009 Registration Document. The Statutory Auditors' reports on the 2009 parent company and consolidated financial statements, the 2008 parent company and consolidated financial statements and the 2007 parent company and consolidated financial statements contain remarks.

Paris, May 6, 2010

Mr. Fréderic OUDEA
Chairman and Chief Executive Officer of Societe Generale

6.3 PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

STATUTORY AUDITORS

Name: Cabinet Ernst & Young Audit
represented by Philippe Peuch-Lestrade
Address: Faubourg de l'Arche – 11, allée de l'Arche - 92037 Paris - La Défense
Date of first appointment: April 18, 2000
Term of mandate: 6 fiscal years
End of current mandate: at the close of the Ordinary General Meeting which will approve the financial statements for the year ended December 31, 2011.

Name: Société Deloitte et Associés
represented by Jean-Marc Mickeler and Damien Leurent
Address: 185, avenue Charles-de-Gaulle - B.P. 136 - 92524 Neuilly-sur-Seine Cedex
Date of first appointment: April 22, 2003
Term of mandate: 6 fiscal years
End of current mandate: at the close of the Ordinary General Meeting which will approve the financial statements for the year ended December 31, 2011.

SUBSTITUTE STATUTORY AUDITORS

Name: Robert Gabriel Galet
Address: Faubourg de l'Arche – 11, allée de l'Arche - 92037 Paris - La Défense
Date of first appointment: May 30, 2006
Term of mandate: 6 fiscal years

Name: Alain Pons
Address: 185, avenue Charles-de-Gaulle - B.P. 136 - 92524 Neuilly-sur-Seine Cedex
Date of first appointment: April 22, 2003
Term of mandate: 6 fiscal years

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PILLAR III REPORT

Disclosures as of December 31, 2009.

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Except where indicated otherwise, all figures provided in this report are as of December 31, 2009 and stated in millions of Euros. The drawing-up process of Societe Generale's Pillar III report and the data contained in it are not subject to review by the Group's statutory auditors.

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THE BASEL II FRAMEWORK

According to the regulatory framework enacted in 1988 by the Basel Committee on Banking Supervision (the Basel II framework), regulatory supervision of banks' capital is based on three, interrelated pillars:

- **Pillar I** sets minimum solvency requirements and defines the rules that banks must use to measure risks and calculate associated capital needs, according to standard or more advanced methods.
- **Pillar II** relates to the discretionary supervision implemented by national banking supervisors, which allows them – based on a constant dialogue with supervised credit institutions – to assess the adequacy of capital requirements as calculated under Pillar I, and to calibrate additional capital needs with regard to risks.
- **Pillar III** encourages market discipline by developing a set of qualitative or quantitative disclosure requirements which will allow market participants to make a better assessment of capital, risk exposure, risk assessment processes and hence capital adequacy of the institution.

The Basel II framework was enshrined into European legislation with the enactment of the Capital Requirement Directive (CRD), which was eventually transposed into French regulations through the February 20th, 2007 Decree.

SOCIETE GENERALE'S PILLAR III REPORT

Published under the joint responsibility of the Group's Finance Department and Risk Department, Societe Generale's Pillar III report intends to provide valuable insight into the Group's capital and risk management, as well as to provide detailed quantitative information in relation to the calculation of Group's consolidated solvency ratios, as they result from the implementation of Pillar I.

Published yearly, on the basis of the year-end figures, Societe Generale's Pillar III report is available on the Group's investor relation website www.investor.socgen.com.

SCOPE OF PRUDENTIAL REPORTING

Societe Generale is subject to consolidated regulatory reporting to its home supervisor, the French Banking Commission (*Autorité de Contrôle Prudentiel*). Accordingly, the Pillar III report is based on the Group's consolidated regulatory solvency reporting. In addition, the contribution to the Group's total risk-weighted assets of selected key Group subsidiaries are appended to the Group report.

The Group's prudential reporting scope includes all fully consolidated subsidiaries and proportionally consolidated subsidiaries, the list of which is available in the Group's registration document available on www.investor.socgen.com, with the exception of insurance subsidiaries, which are subject to separate insurance capital reporting requirements. For regulatory purposes, Societe Generale's investments in insurances companies, as well as affiliates consolidated according to the equity method, are deducted from the Group's total regulatory capital.

The main Group companies outside the prudential reporting scope are as follows:

INSURANCE ACTIVITIES

Génécar	France
Oradéa Vie	France
Sogécap	France
Sogéssur	France
Antarius	France
Généras	Luxembourg
Sogelife	Luxembourg
Inora Life	Ireland
Komercni Pojstovna	Czech Republic
La Marocaine Vie	Morocco
Sogecap Life Insurance	Russia

BANKING ACTIVITIES

Gazelys	France
SG Banque au Liban	Lebanon

FINANCIAL COMPANY

Amundi	France

STATUS OF CONSOLIDATED SUBSIDIARIES

Regulated financial subsidiaries and affiliates outside Societe Generale's prudential consolidation scope are all in compliance with their respective solvency requirements.

More generally, all regulated Group undertakings are subject to solvency requirements set by their respective regulators.

1 CAPITAL MANAGEMENT POLICY

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CAPITAL MANAGEMENT OBJECTIVES AND STRATEGY

Societe Generale's capital management ensures that its solvency level is always consistent with its objectives of:

i) maintaining a high level of financial strength, closely correlated to the Group's overall risk profile and risk appetite,

ii) preserving financial flexibility for funding internal and external growth,

iii) ensuring the optimal deployment of capital across its various businesses to optimise the risk/reward balance

iv) achieving a satisfactory resilience of the group in case of adverse stress scenarios, and,

v) satisfying the expectations of various stakeholders: counterparties, debt obligors, ratings agencies and shareholders.

The group's internal solvency target is expressed in reference to its regulatory Core Tier 1 and Tier 1 ratio. Under the Pillar I framework, capital requirements arising from credit risk, market risk and operational risk are determined according to quantitative rules, which are further described in this Pillar III report.

CAPITAL MANAGEMENT PROCESS

The Group's capital management process is administered by the Finance Division and is subject to the overall guidance and control of the Board. Fully integrated within the Group's financial and strategic planning, the capital management process take into account the group's regulatory capital constraints set by the Regulator as well as its own internal assessment of the amount of capital required to adequately cover risks , including in adverse scenarios.

Ensuring a strong involvement from senior management throughout the process, the bank's ICAAP is based on a multi-pronged approach, which considers primarily:

- Business and risks cyclicality, to explicitly factor in the effect of the credit cycles, while also taking into account risks outside the scope of Pillar I (e.g. business risk, interest rate risk etc.).
- Global stress tests, performed at least annually and on an ad-hoc basis, where Societe Generale's resilience to macro-economic scenarios is evaluated in a top-down approach.

Furthermore, using a Group-wide simulation tool, capital planning is updated at regular intervals (e.g. budget and financial planning, growth funding plans), and helps making sure at all times that sources and application of capital fit well with the Group's overall objectives and business needs.

Finally, in order to vet the outcome of its the capital management process, the bank supplements its results by performing benchmarking with relevant peers, as well as by maintaining a constant dialogue with investors, equity analysts and rating agencies.

2 RISK MANAGEMENT POLICY

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RISK MANAGEMENT STRATEGY

Given the diversity of businesses, markets and regions in which Societe Generale operates, the implementation of a high performance and efficient risk management structure is a critical undertaking for the bank. Specifically, the main objectives of the Group risk management are:

- to contribute to the development of the Group's various businesses by optimising their overall risk-adjusted profitability;
- to guarantee the Group's sustainability as a going concern, through the implementation of a high quality infrastructure for risk measurement and monitoring.

In defining the Group's overall risk appetite, the management takes various considerations and variables into account, including:

- the relative risk/reward of the bank's various activities;
- earnings sensitivity to economic cycles and credit or market events;
- sovereign and macro-economic risks, notably in emerging markets;
- the aim of achieving a well-balanced portfolio of earnings streams.

PRINCIPLES OF RISK MANAGEMENT GOVERNANCE, CONTROL AND ORGANISATION

The Societe Generale Group's risk management governance is based on:

- strong managerial involvement, throughout the entire organisation, from the Board of Directors down to operational field management teams;
- a tight framework of internal procedures and guidelines;
- continuous supervision by an independent body to monitor risks and to enforce rules and procedures.

The Group's risk management is organised around two key principles:

- independence of risk assessment departments from the business divisions;
- a consistent approach to risk assessment and monitoring applied throughout the Group.

Compliance with these principles forms part of the integration plans for subsidiaries acquired by the Group.

Group risk management is governed by two main bodies: the Board of Directors, via the Audit, Internal Control and Risk Committee, and the Risk Committee. Under the authority of the General Management, the Group's Functional Divisions such as the Risk Division and Finance Division, independent from the Business Divisions, are dedicated to permanent risk management and control.

THE BOARD OF DIRECTORS

The Board of Directors defines the Group's strategy and supervises risk control. In particular, it ensures the adequacy of the Group's risk management infrastructures, monitors the global risk exposure of its activities and approves the annual risk limits for market and credit risk. Presentations on the main aspects of, and notable changes to, the Group's risk management strategy, are regularly made to the Board by the General Management.

THE AUDIT, INTERNAL CONTROL AND RISK COMMITTEE

Within the Board of Directors, the Audit, Internal Control and Risk Committee plays a crucial role in the assessment of the Group's internal control quality. More specifically it is responsible for examining the consistency and compliance of the internal risk monitoring framework with existing procedures, laws and regulations. With the benefit of specific presentations made by the General Management, the Committee reviews the

procedures for controlling market risks as well as structural interest rate risk, and is consulted about the setting of the related risk limits. It also issues an opinion on the Group's overall provisioning policy as well as on significant specific provisions. Lastly, it examines the risk and control procedure assessment report which is submitted each year to the French Banking Commission (*Autorité de Contrôle Prudentiel*).

RISK COMMITTEE

The Risk Committee (CORISQ) is chaired by the General Management and meets at least once a month with the Group's Executive Committee. The mandate of the committee is to define the framework required to manage risk, review changes in the characteristics and risks of the Group portfolio and decide on any necessary strategic changes. The Group also has a Large Exposures Committee, which focuses on reviewing large individual exposures.

THE RISK DIVISION

The Group Risk Division is in charge of credit, market and operational risks. It is completely separate from the business entities and reports directly to the General Management. Its role is to contribute to the development and profitability of the Group by ensuring that the risk management system is adequate and effective by overseeing all transactions carried out within the Group.

Accordingly, the Risk Division is responsible for:

- Identifying the financial (credit and market risks) and operational risks borne by the Group;
- Defining or validating risk analysis, assessment, approval and monitoring methods and procedures;
- Assessing the risks incurred on transactions proposed by the Group's sales managers and analysing portfolios;
- Ensuring the adequacy of information systems and risk investment tools;
- Anticipating levels of risk provisioning for the Group.

THE FINANCE DIVISION

Structural interest rate, exchange rate and liquidity risks as well as the Group's long-term refinancing programme are managed within the Balance Sheet Management Department, whereas capital requirements and equity structure are managed within the Financial Management and Capital Department. Both of these departments report to the Group Finance Division.

The Finance Division is also responsible for assessing and managing the other major types of risk, namely strategic, business risks, etc.

The Finance Committee, a General Management body, validates the methods used to analyse and measure risks, as well as the exposure limits for each Group entity. It also provides advice to both the business divisions and entities.

Societe Generale's risk measurement and assessment processes are integrated in the bank's Internal Capital Adequacy Assessment Process (ICAAP). Alongside capital management, the ICAAP is aimed at providing guidance to both the CORISQ and the Finance Committee in defining the Group's overall risk appetite and setting risk limits.

In addition, the Internal Legal Counsel deals with compliance and legal risks.

Finally, the bank's risk management principles, procedures and infrastructures and their implementation are monitored by the Internal Audit team, the General Inspection Department and the Statutory Auditors.

RISK CATEGORIES

Given the diversity and changes in the Group's activities, risk management focuses on the following main categories:

- **credit risk** (including country risk): risk of losses arising from the inability of the bank's customers, sovereign issuers or other counterparties to meet their financial commitments. Credit risk also includes the **counterparty risk** linked to market transactions, as well as that stemming from the bank's securitisation activities. In addition, credit risk may be further increased by a **concentration risk**, which arises from a large exposure to a given risk or to certain groups of counterparties;
- **market risk**: risk of losses resulting from changes in the price of market products, in volatility and correlations;
- **operational risks** (including legal, accounting, environmental, compliance and reputational risks): risk of losses or sanctions due to inadequacies or failures in procedures and internal systems, human error or external events;
- **investment portfolio risk**: risk of negative fluctuations in the value of equity participation stakes in the bank's investment portfolio;
- **structural interest and exchange rate risk**: risk of loss or of depreciation in the bank's assets arising from variations in interest or exchange rates. Structural interest and exchange rate risk arises from commercial activities and Corporate Centre transactions (operations concerning equity capital, investments and bond issues);
- **liquidity risk**: risk of the Group not being able to meet its obligations as they come due;
- **strategic risk**: risks entailed by a chosen business strategy or resulting from the bank's inability to execute its strategy;
- **business risk**: risk of the earnings break-even point not being reached because of costs exceeding revenues;

Through its insurance subsidiaries, the Group is also exposed to a variety of risks linked to the insurance business (e.g. premium prices risk, mortality risk and structural risk of life and non-life insurance activities).

Through its Specialised Financing division, mainly its operational vehicle leasing subsidiary, the Group is exposed to residual value risk (estimated net resale value of an asset at the end of the leasing contract).

3 COMPOSITION OF REGULATORY CAPITAL AND CALCULATION OF REGULATORY RATIOS

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COMPOSITION OF REGULATORY CAPITAL BASE

Reported according to International Financial Reporting Standards (IFRS), Societe Generale's regulatory capital base includes the following components:

Tier 1 capital

Tier 1 capital comprises own funds elements less prudential deductions.

Definition of Tier 1 capital:

- Common stock (net of treasury stock).
- Retained earnings, including translation reserves and changes in the fair value of assets available for sale and hedging derivatives, net of tax.
- Minority interests.
- Certain deeply subordinated instruments – further described below – may also be included in Tier 1 capital subject to prior approval of the French Banking commission and within specific regulatory limits.

Less prudential deductions:

- Estimated dividend payment.
- Acquisition goodwill.
- Intangible assets.
- Unrealised capital gains and losses on cash flow hedges and Available For Sale (AFS) assets, except for losses on equity securities. Nevertheless 45% of unrealised gains on AFS securities and tangible assets are included in Tier 2 capital.

Moreover, under the Basel II capital framework, other deductions are made, equally from Tier 1 and from Tier 2:

1. Investments and subordinated claims towards non consolidated banks or financial institutions if the shares held represent an interest of more than 10% of the outstanding capital of this entity.
2. Securitization exposures weighted at 1250% where such exposures are not included in the calculation of total risk-weighted exposures.
3. Expected loss on equity exposures.
4. Negative difference, if any, between portfolio-based provisions and expected losses on performing loans risk-weighted under the Internal Ratings Based approach (IRB).

Tier 2 capital

Tier 2 capital (or supplementary capital) comprises:

- Undated subordinated debt (upper Tier 2 capital).
- The positive difference, if any, between portfolio-based provisions and expected losses on performing loans risk-weighted under the Internal Ratings Based approach (IRB) is also included in upper Tier 2 up to 0,6% of the total Risk-Weighted Assets.
- Dated subordinated debt (lower Tier 2 capital)

In addition, equity interests of more than 20% held in entities belonging to the insurance sector and any investment qualifying as regulatory capital for insurance solvency requirements are deducted from total own funds until December 31st, 2012 if acquired prior to January 1st, 2007.

INSTRUMENTS QUALIFYING AS TIER 1 CAPITAL FOR REGULATORY PURPOSES

Societe Generale's deeply subordinated notes and U.S. trust preferred shares issued through guaranteed indirect subsidiaries share the following features:

- These instruments are perpetual and constitute unsecured, deeply subordinated obligations, ranking junior to all other obligations including undated and dated subordinated debt, and senior only to common stock shareholders.
- In addition, Societe Generale may elect, and in certain circumstances may be required, not to pay the interest accrued on the instruments. Waived interest is not cumulative.
- Under certain circumstances, notably with regard to the bank's compliance with solvency requirements, the issuer has the right to use principal and interest to offset losses.
- Subject to the prior approval of the French Banking commission (*Autorité de Contrôle Prudentiel*), Societe Generale has the option to redeem these instruments at certain time intervals, but not earlier than five years after their issuance date.
- The combined outstanding amount of these instruments cannot exceed 35% of the bank's total Tier 1 capital base. In addition, the combined outstanding amount of instruments with a step-up clause (i.e. "innovative instruments"), cannot exceed 15% of the bank's total Tier 1 capital base.

U.S. Trust Preferred shares

- In the first half of 2000, Societe Generale issued EUR 500 million in preferred shares through a wholly-owned US subsidiary. These securities entitle the holder to a fixed non-cumulative dividend equal to 7.875% of nominal value payable annually, with a step-up clause that comes into effect after 10 years.
- In the fourth quarter of 2001, Societe Generale issued USD 425 million in preferred shares through a wholly-owned US subsidiary, with a step-up clause that comes into effect after 10 years. These shares entitle holders to a non-cumulative dividend, payable quarterly, at a fixed rate of 6.302% of nominal value on USD 335 million of the issue, and at a variable rate of Libor +0.92% on the other USD 90 million.
- In the fourth quarter of 2003, Societe Generale issued EUR 650 million of preferred shares through a wholly-owned US subsidiary (paying a non-cumulative dividend of 5.419% annually) with a step-up clause that comes into effect after 10 years.

From an accounting perspective, due to the discretionary nature of the decision to pay dividends to shareholders, preferred shares issued by the Group are classified as equity and recognized under *Minority interests*. Remuneration paid to preferred shareholders is recorded under minority interests in the income statement.

Deeply subordinated notes – Titres Super Subordonnés (TSS)

- In January 2005, the Group issued EUR 1 billion of deeply subordinated notes (Titres Super Subordonnés – TSS), paying 4.196% annually for 10 years and, after 2015, 3-month Euribor +1.53% per annum payable quarterly.
- In April 2007, the Group issued USD 200 million of deeply subordinated notes, paying 3-month USD Libor + 0.75% annually and then, from April 5, 2017, 3-month USD Libor +1.75% annually.
- In April 2007, the Group issued USD 1,100 million of deeply subordinated notes, paying 5.922% per annum payable quarterly and then, from April 5, 2017, 3-month USD Libor +1.75% annually.
- In December 2007, the Group issued EUR 600 million of deeply subordinated notes paying 6.999% annually and then, from 2018, 3-month Euribor +3.35% per annum payable quarterly.
- In May 2008, the Group issued EUR 1,000 million of deeply subordinated notes, paying 7.756% annually and then, from May 22, 2013, 3-month Euribor +3.35% per annum payable quarterly.
- In June 2008, the Group issued GBP 700 million of deeply subordinated notes, paying 8.875% annually and then, from September 16, 2019, 3-month Libor +3.40% per annum payable quarterly.
- In July 2008, the Group issued EUR 100 million of deeply subordinated notes, paying 7.715% annually and then, from May 22, 2013, 3-month Euribor +3.70% per annum payable quarterly.

- In December 2008, the Group issued EUR 1,700 of deeply subordinated notes, fully subscribed by the Société de Prises de Participation de l'Etat, an agency of the French government. Interest was 8.18% annually and then, from 2013, Euribor +4.98%. The bank had the option to redeem the notes after five years. These notes were fully redeemed in November 2009.
- In February 2009, the Group issued USD 450 million of deeply subordinated notes, paying 9.5045% annually and then, from February 29, 2016, 3-month Libor +6.77% per annum payable quarterly.
- In September 2009, the Group issued EUR 1,000 million of deeply subordinated notes, paying 9.375% annually and then, from September 4, 2019, 3-month Euribor +8.9% per annum payable quarterly.
- In October 2009, the Group issued USD 1,000 million of deeply subordinated notes, paying 8.75% semi-annually with no step up clause.

From an accounting perspective, given the discretionary nature of the decision to pay dividends to shareholders, deeply subordinated notes are classified as equity and recognized under *Equity instruments and associated reserves*.

Total amounts issued and outstanding at year-end 2008 and 2009

Date issued	Currency	Amount issued (million)	Amount in EUR million Year-end 2009	Amount in EUR million Year-end 2008
Preference shares				
mars-00*	EUR	500	500	500
oct-01*	USD	425	295	305
oct-03*	EUR	650	650	650
			1,445	**1,455**
Deeply subordinated notes				
janv-05*	EUR	1,000	1,000	1,000
avr-07*	USD	1,100	764	790
avr-07*	USD	200	139	144
déc-07*	EUR	600	600	600
mai-08	EUR	1,000	1,000	1,000
juin-08	GBP	700	788	735
juil-08*	EUR	100	100	100
déc-08	EUR	1,700		1,700
févr-09	USD	450	312	
sept-09*	EUR	1,000	1,000	
oct-09	USD	1,000	694	
			6,397	**6,069**
Amount at period-end			**7,842**	**7,524**

* *innovative instruments*

BASEL II REGULATORY RATIOS

During a transitional period until year-end 2009, the benefit of lower capital requirements associated with the implementation of the Basel II capital framework (as enshrined in the 2006 Capital Requirement Directive – CRD) is capped by regulations. Accordingly, the Group's total minimum capital requirement had to be at least 90% of the one calculated under the Basel I capital framework (as passed into law by the 1993 European Capital Adequacy Directive – CAD) on a parallel basis for 2008, and at least 80% of the Basel I number at year end 2009.

For the purpose of the calculation of this Basel II solvency floor in 2008 and 2009, own funds are fully adjusted to reflect differences in the calculation of own funds between the Basel I (CAD) and Basel II (CRD) frameworks.

The application of these transitional measures at year-end 2008 had the effect of reducing the Group's reported Tier 1 and total capital ratios of 0.35% and 0.51% respectively but do not affect the 2009 solvency ratios.

Risk capital, risk-weighted and Basel II solvency ratios

(in millions of Euros)	Dec. 2009	Dec. 2008
Shareholders' equity (IFRS)	**42,204**	**36,085**
Deeply subordinated notes	(6,252)	(5,969)
Perpetual subordinated notes	(824)	(812)
Shareholders' equity, net of proposed dividend, deeply subordinated and perpetual subordinated notes	**35,128**	**29,303**
Minority interests	2,930	3,035
Deeply subordinated notes	6,397	6,069
U.S. preferred shares	1,445	1,455
Intangible assets	(1,403)	(1,437)
Goodwill on acquisitions	(7,620)	(6,530)
Proposed dividends	(392)	(843)
Other regulatory adjustments	473	668
Total tier 1 capital	**36,957**	**31,721**
Basel II deductions*	(2,264)	(1,398)
Total tier 1 capital, net of deductions	**34,693**	**30,323**
Upper tier 2 capital**	1,159	1,188
Lower tier 2 capital	11,814	13,092
Total tier 2 capital	**12,974**	**14,280**
Basel II deductions	(2,264)	(1,398)
Insurance affiliates	(3,406)	(2,971)
Total regulatory capital	**41,996**	**40,234**
Total risk weighted assets with-out add-on for transitional measures	**324,080**	**345,518**
Credit risk	263,101	277,195
Market risk	13,900	23,068
Operational risk	47,080	45,256
Solvency ratios		
Tier 1 ratio***	10.7%	8.8%
Total capital ratio***	13.0%	11.6%

* *Basel II deductions are deducted 50% from Tier 1 capital and 50% from Total capital.*

** *Including Euro 145 million in 2008 on account of the positive difference between portfolio-based provisions and expected losses on IRB-weighted performing loans.*

*** *Does not reflect additional minimum capital requirements (in 2008, the Basel II requirement cannot be lower than 90% of CAD requirements).*

Risk-weighted assets by approach and exposure class

	2009			2008		
In millions of Euros	**IRB**	**Standard**	**Total**	**IRB**	**Standard**	**Total**
Sovereign	4,643	2,229	6,872	4,060	1,691	5,751
Institutions	10,396	4,151	14,547	12,757	6,162	18,920
Corporates	89,604	61,693	151,298	92,820	63,127	155,947
Retail	23,023	31,396	54,420	19,194	34,388	53,582
Securitisation	5,899	564	6,463	10,352	500	10,852
Equity	6,848	712	7,561	8,679	757	9,435
Other non credit-obligation assets	13,485	8,856	21,941	22,708	-	22,708
Risk-weighted assets for credit risk	153,899	109,202	263,101	170,570	106,625	277,195
Risk-weighted assets for market risk	10,979	2,921	13,900	20,532	2,536	23,068
Risk-weighted assets for operationnal risk	43,013	4,067	47,080	40,450	4,806	45,256
Total	**207,890**	**116,190**	**324,080**	**231,552**	**113,967**	**345,518**

Basel II deductions

in millions of Euros	**Dec. 2009**	**Dec. 2008**
Unconsolidated banking affiliates	(750)	(822)
Equity investments	(963)	(127)
Subordinated loans to financial institutions	(914)	(688)
Deductions on account of securitization positions	(1,864)	(1,114)
Expected loss on equity	(34)	(45)
Expected loss on performing loans net of provisions	(3)	146
Total	**(4,528)**	**(2,795)**

4 CREDIT AND COUNTERPARTY RISK – RISK MITIGATION

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CREDIT RISK MANAGEMENT: ORGANISATION AND STRUCTURE

The Risk Division has defined a control and monitoring system, in conjunction with the divisions and based on the credit risk policy, to provide a framework for the Group's credit risk management. The credit risk policy is periodically reviewed and validated by the Audit, Internal Control and Risk Committee.

Credit risk supervision is organised by division (French Networks, International Retail Banking, Specialised Financing and Insurance, Private Banking, Global Investment Management & Services and Corporate & Investment Banking) and is supplemented by departments with a more cross-business approach (monitoring of the country risk and the risk linked to financial institutions). The counterparty risk on market transactions is linked to the market risk.

Within the Risk Division, each of these departments is responsible for:

- setting global and individual credit limits by customer, customer group or transaction type;
- authorising transaction files submitted by the sales departments;
- validating credit score or internal customer rating criteria;
- monitoring and supervision of large exposures and various specific credit portfolios;
- reviewing specific and general provisioning policies.

In addition, a specific department performs comprehensive portfolio analyses and provides the associated reports, including those for the supervisory authorities. A monthly report on the Risk Division's activity is presented to CORISQ and specific analyses are submitted to the General Management.

RISK APPROVAL

Societe Generale's credit policy is based on the principle that approval of any credit risk undertaking must be based on sound knowledge of the client and a thorough understanding of the client's business, purpose and nature, the structure of the transaction and the sources of repayment. Credit decisions must also ensure that the securing of the transaction sufficiently reflects the risk of loss in case of default. Risk approval forms part of the Group's risk management strategy in line with its risk appetite.

The risk approval process is based on four core principles:

- all transactions involving counterparty risk (credit risk, non-settlement or non-delivery risk and issuer risk) must be pre-authorised;
- staff assessing credit risk are fully independent from the decision-making process;
- responsibility for analysing and approving risk lies with the most appropriate business line or risk unit. The business and risk unit examine all authorisation requests relating to a specific client or client group, to ensure a consistent approach to risk management;
- all credit decisions are based on internal counterparty risk ratings, as provided by the business lines and approved by the Risk Division.

The Risk Division submits recommendations to the CORISQ on the concentration limits it deems appropriate for particular countries, geographic regions, sectors, products or customer types, in order to reduce sector risks with strong correlations. The allocation of limits is subject to final approval by the Group's General Management and is based on a process that involves the Business Divisions exposed to risk and the Risk Division.

Finally, the supervision provided by the CORISQ is supplemented by the Large Exposure Risk Committee. This is an ad-hoc committee responsible for vetting the risk-taking and marketing policy vis-à-vis the bank's key large corporate client group, notably by proposing exposure limits.

RISK MONITORING AND AUDIT

The Group's risk information systems centralise the operating entities' commitments in a single database and reconcile total counterparty exposure with the corresponding authorisations. These systems constitute a data source for portfolio analysis.

All Group operating units, in particular the trading rooms, are equipped with information systems enabling them to check, on a daily basis, that the exposure limits set for each counterparty have not been exceeded.

The Risk Division and business lines regularly review the quality of commitments when validating credit scores or in the course of quarterly provisioning procedures.

Furthermore, the Risk Division also carries out regular credit file reviews or risk audits in the Group's Business Divisions. Finally, the Group's Internal Audit Department regularly performs audits and reports its conclusions to the General Management.

REPLACEMENT RISK

The counterparty or replacement risk corresponds to the marked-to-market value of transactions with counterparties. It represents the current cost to the Group of replacing transactions with a positive value should the counterparty default. Transactions giving rise to a counterparty risk are, inter alia, security repurchase agreements, security lending and borrowing and over-the-counter derivative contracts such as swaps, options and futures.

Replacement risk management

Societe Generale places great emphasis on carefully monitoring its replacement risk exposure in order to minimise its losses in case of default. Furthermore counterparty limits are assigned to all counterparties (banks, other financial institutions, corporates and public institutions).

In order to quantify the potential replacement risk, the future marked-to-market value of trading transactions with counterparties is modelled, taking into account any netting and correlation effects. Estimates are derived from Monte Carlo models developed by the Risk Division based on a historical analysis of market risk factors and take into account guarantees and collateral.

Societe Generale uses two indicators to characterise the subsequent distribution resulting from the Monte-Carlo simulations:

- the current average risk suited to analysing the risk exposure for a portfolio of clients;
- the credit VaR (or CVaR): the largest loss that would be incurred after eliminating the top 1% of the most adverse occurrences, used to set the risk limits for individual counterparties.

Societe Generale has also developed a series of stress tests scenarios used to calculate the instantaneous exposure linked to changes in the marked-to-market value of transactions with all of its counterparties in the event of an extreme shock to one or more market parameters.

Setting counterparty limits

The credit profile of counterparties, including financial institutions, is reviewed on a regular basis and limits are set, defined both by the type and maturity of the instruments concerned. In setting these limits, the bank considers both the intrinsic creditworthiness of the counterparties, as well as the robustness of any legal documentation, the Group's global exposure to financial institutions and the closeness of its commercial relations with the counterparties in question. Fundamental credit analysis is also supplemented by relevant peer comparisons and market surveillance.

IT trading systems allow both traders and the Risk Division to ensure that counterparty limits are not exceeded, on an on-going daily basis, or that incremental authorisations are obtained as needed.

A significant weakening of the bank's counterparties also prompts urgent internal rating reviews and a specific supervision and approval process for more sensitive counterparties or more complex trading instruments.

RISK MITIGATION OVERVIEW

Guarantees and collateral are used by the bank to partially or fully protect against the risk of debtor insolvency. Accordingly, whenever possible or deemed appropriate, Societe Generale tries to obtain collateral or guarantees as means of securing its credit exposures for its trading or commercial activities. Collateral includes physical securities such as property, commodities or bullion, as well as financial assets such as cash or high quality investments and securities, and also insurance policies. Appropriate haircuts are applied to the value of collateral, reflecting its quality and liquidity. Guarantees encompass commitments or protection provided by banks and similar credit institutions, specialized institutions such as mortgage guarantors (Crédit Logement in France), monoline or multiline insurers, public export agencies, etc. This category also includes Credit Default Swaps (CDS).

Guarantees and collateral

During the credit approval process, an assessment of the value of the collaterals and guarantees, their legal enforceability and the capacity of the guarantor to meet its obligations is undertaken. This process also ensures that the collateral or guarantee successfully meet the criteria required by the Capital Requirement Directive CRD.

The collateral's market value and the guarantor's financial strength are reviewed periodically at least once a year. Moreover, the bank monitors the diversification of collateral types, as well as the concentration risk brought upon by the providers of these same guarantees.

The consideration of personal guarantees in IRB or standard approach is based on the principle of substitution, thus enabling the calculation of the probability of default (PD) and/or the loss given default (LGD) whilst factoring in the protection in the computation of the related exposure.

Regarding collateral, the risk mitigation is accounted for in the LGD of the related exposure.

The amounts of guarantees and collaterals presented in the table below correspond to the amounts of Basel II eligible guarantees and collaterals, capped at the amounts remaining due. Some guarantees and collaterals, for instance personal guarantees provided by business owners and pledges over unlisted shares, are not included in these amounts.

The Risk department is responsible for validating the operational procedures established by the business divisions for the regular valuation of guarantees and collateral, be it automatically or based on an expert's opinion, and both during the credit decision for a new loan or upon the annual renewal of the credit application.

Guarantees and collateral for impaired outstanding loans and non-doubtful outstanding loans with past due installments

	December 31, 2009		December 31, 2008	
(In millions of euros)	Retail	Non-retail	Retail	Non-retail
Guarantees and collaterals related to past due, unimpaired outstanding loans	1,249	557	1,030	808
Guarantees and collaterals related to impaired outstanding loans	1,740	1,688	1,324	1,046

* *Accounting exposure ; exposure to counterparty risk not included.*

Use of credit derivatives

The Group uses credit derivatives in the management of its Corporate loan portfolio. They serve primarily to reduce individual, sector and geographic concentration and also to implement proactive risk and capital management. The Group's over concentration management policy has led it to take major individual hedging positions: for example, the ten most-hedged names account for 32% of the total amount of individual protection purchased.

The notional value of credit derivatives purchased for this purpose is booked in the off-balance sheet commitments under guarantee commitments received.

2009 was marked by the tightening of credit spreads after the significant widening recorded in 2008. To limit the sensitivity of the hedging portfolio, measures to reduce positions were introduced. In 2009, the Credit Default Swap (CDS) portfolio decreased from EUR 28.2 billion to EUR 13.0 billion at December 31, 2009.

Furthermore, the senior protection (synthetic Collateralised Debt Obligations, CDOs) purchased in recent years for the purpose of managing Regulatory Capital under Basel I, was unwound in 2009.

Almost all protection purchases were carried out with banking counterparties with ratings of A- or above, the average being between AA- and A+. Concentration with any particular counterparty is carefully monitored.

Mitigation of replacement risk

Societe Generale uses different techniques to reduce this risk. With regard to trading counterparties, the bank seeks to implement global closeout/netting agreements wherever it can. Netting agreements are used to net all of the amounts owed and due in case of default. The contracts usually call for the revaluation of required collateral at regular time intervals (often on a daily basis) and for the payment of the corresponding margin calls. Collateral is largely composed of cash and high-quality, liquid assets such as government bonds. Other tradable assets are also accepted, after any appropriate value adjustments ("haircuts") to reflect the lower quality and/or liquidity of the asset.

In order to reduce its credit risk exposure, Societe Generale has signed a number of master netting agreements with various counterparties (ISDA contracts governing financial derivative transactions). In the majority of cases, these agreements do not result in the netting of any assets or liabilities on the books, but the credit risk attached to the financial assets covered by a master netting agreement is reduced insofar as the amounts due are settled on the basis of their net value in the event of a default.

Finally, wider use of clearing houses, for exchange-traded products, and increasingly for over-the-counter transactions (e.g. foreign exchange), is another general measure allowing the reduction of counterparty risk.

EVALUATION OF CAPITAL REQUIREMENTS FOR CREDIT RISK

In December 2007, Societe Generale obtained authorization from its supervisory authorities to apply the internal ratings (AIRB) method for most of its exposures – this is the most advanced method for calculating capital requirements in respect of credit risk.

Societe Generale intends to progressively extend its transition to AIRB to include those activities and exposures which are currently using the Standardised Approach. A roll-out plan has been implemented to organise the transfer of the subsidiaries concerned to AIRB.

RISK MEASUREMENT AND INTERNAL RATINGS

The Group's rating system is based on three key pillars:

- the internal rating models used to measure both counterparty risk (expressed as a probability of default by the borrower within one year) and transaction risk (expressed as the amount that will be lost should a borrower default) in accordance with the Basel II principles;
- a set of procedures defining guidelines for the use of ratings (scope, frequency of rating revision, procedure for approving ratings, etc.), and for the supervision, back-testing and validation of models;
- reliance on human judgment to look critically at model results.

The main outputs from Societe Generale's credit risk models, which are used as key variables for the calculation of RWA under IRB and are selectively detailed further in this report, are:

- Probability of Default (PD), which measures the financial strength of a counterparty and the likelihood of its failing to make timely payments through its estimated one-year default probability.
- Maturity (M) of the exposure, which helps factor in the likelihood of the counterparty's rating migrating over time.
- Exposure at Default (EAD), which combines the drawn portion of loans as well as the conversion of off-balance sheet commitments into on-balance sheet exposure through the Credit Conversion Factor (CCF).
- Loss Given Default (LGD), which is an estimation of the loss incurred through exposure to a defaulting counterparty.
- Expected Loss (EL), which is the potential loss incurred, taking into account the quality of the transaction's structuring and any risk mitigation measures such as obtaining collateral. More simply put, EL equals EAD x PD x LGD (except for defaulted exposures).
- Exposure is defined as all assets (e.g. loans, receivables, accruals, etc.) associated with market or customer transactions, recorded on- and off-balance sheet.

The Group's internal models enable a quantitative assessment of the counterparty and transaction risk that is factored into loan applications for the measurement of the credit risk and the calculation of the risk-adjusted return on capital. They are used by staff (credit analysts and customer relationship managers) and decision-makers as a tool for structuring, pricing and approving transactions. As such, counterparty ratings are one of the criteria for determining the decision-making approval limits granted to operational staff.

These models used to estimate the Probability of Default (PD) in relation to counterparties and the Loss Given Default (LGD) cover the vast majority of the Group's credit portfolios (Retail Banking and Corporate & Investment Banking). Most of them were AIRB-validated (Advanced Internal Ratings Based Approach) in 2007 and have since undergone a regular performance assessment.

RISK-MODELLING GOVERNANCE

Modelling responsibility and process

Governance consists in developing, validating, monitoring and making decisions on changes with respect to internal rating models. A dedicated department within the Risk Division is specifically in charge of defining the bank's process for evaluating the key credit metrics used under AIRB (Probability of Default, PD; Loss Given Default, LGD; Credit Conversion Factor, CCF), and validating the internal rating models.

A decision-making committee, the Expert Committee authorizes changes in the internal model system. Sponsored by the Risk Division and the business line concerned, its role is to validate, from a banking perspective, the risk parameters proposed in Model Committee meetings and to establish work priorities.

The credit models used to model the bank's AIRB capital requirements are reviewed once a year in compliance with the related Basel II regulations, and may then be adjusted as needed. To do this, the modelling entities carry out annual back-testing and present their findings to the independent model control entity. The back-testing results and the audit opinion on the models' performance and risk indicator parameters are used as a basis for the discussions in the Model and Expert Committees. Finally, the CORISQ is regularly notified of the conclusions and decisions of the Expert Committees.

The results of the back tests presented in 2009 by and large confirmed the values adopted for parameters of the Large businesses portfolios and caused a slight increase of the values of the SME portfolios' LGD. The changes to the parameters of the retail portfolios capital requirements have a mixed impact, the increase in the default rates of certain portfolios being compensated by a decrease of the LGD.

Building blocks of Societe Generale's credit risk modelling

In June 2009, in addition to the PD and LGD models, the bank introduced internal Credit Conversion Factor (CCF) models to estimate exposure at the time of default for undrawn credit facilities.

With regard to the bank's corporate exposures, PD modelling has been calibrated on the basis of through-the-cycle assumptions and has been mapped using long-term default data, obtained from an external credit rating agency, and internal data.

For retail portfolios, PD modelling is based on a historical default database covering a medium-term time horizon, incorporating cautious assumptions.

Similarly, the bank's LGD and CCF modelled for large corporate portfolios are based on a historical database that includes a low point in the credit cycle.

With regard to counterparty risk Societe Generale uses the mark to market evaluation method.

The bank's EAD related to counterparty risk is determined by adding the positive marked-to-market value of all market transactions (replacement cost) and an "add-on". This add-on, established by the CRD regulations, is a fixed percentage that varies according to the transaction's type and residual maturity and is applied to the notional amount of the transaction. The effect of collateral and other risk mitigation measures is factored in by replacing the total gross exposure with the sum of all positive individual counterparty exposures, net of any collateral. The regulatory capital requirement then depends on the counterparty's internal obligor rating.

SOCIETE GENERALE'S INTERNAL RATING SCALE

The following table presents Societe Generale's internal rating scale and the corresponding mean estimated probability of default.

SG internal obligor rating scale	1 year Probability of default
1	0.01%
2	0.02%
3	0.04%
4	0.30%
5	2.16%
6	7.93%
7	20.67%
8, 9 and 10	100.00%

Societe Generale's definition of a default replicates the definition provided in the Basel II framework, whereby a borrower has defaulted if at least one of the three following conditions has been verified:

- A significant deterioration in the borrower's financial condition that would prevent them from fulfilling their unguaranteed or uncollateralized credit obligations, and that will therefore likely entail a high probability of loss, and/or,
- One or several arrears have been outstanding for more than 90 days (180 days for public obligors) and/or out-of-court settlement proceedings have been initiated, and/or,
- Legal insolvency proceedings are in progress (the obligor has been declared bankrupt or placed under similar conservatory or creditor protection measures).

Finally, Societe Generale applies a principle of contagion whereby any obligation declared in default will result in the classifying as in default of all the obligor's debts, possibly as well as those of all companies belonging to the same economic entity.

CAPITAL REQUIREMENTS AND QUANTITATIVE DISCLOSURES

The following tables set forth detailed information on the bank's global credit risk, notably with regard to total exposure, exposure at default and risk-weighted assets at year-end 2009. The information provided below is consistent with the bank's published financial statements at that date.

In most of the tables below, Societe Generale's credit risk exposures are laid out along the lines of the obligor categories defined in the Basel II framework (the "Basel exposure class"):

Sovereign:	Claims or contingent claims on central governments, regional governments, local authorities or public sector entities as well as on multilateral development banks and international organisations.
Institutions:	Claims or contingent claims on regulated credit institutions, as well as on governments, local authorities and other public sector entities that do not qualify as sovereign counterparties.
Corporates:	Claims or contingent claims on corporates, which include all exposures not covered in the portfolios defined above. In addition, Small- and Medium-sized Enterprises are included in this category as a sub-portfolio, and defined as entities with total annual sales below EUR 50 million.
Retail:	Claims or contingent claims on an individual or individuals, or on a small or medium-sized entity, provided in the latter case that the total amount owed to the credit institution does not exceed EUR 1 million. Retail exposure is further broken down into residential mortgages, revolving credit and other forms of credit to individuals, the remainder relating to exposures to very small entities and self-employed.
Securitization:	Claims relating to securitization transactions.
Equity:	Non-debt exposures entailing a subordinated, residual claim on the assets or income of the issuer.
Other*:	This category includes all non-credit obligation assets such as fixed assets, goodwill, other assets, prepaids and other miscellaneous items.

* *Other non-credit obligation assets.*

The following tables provide a breakdown of Societe Generale's credit exposures[1], their related exposures at default (EAD)[1] and the risk weighted assets[2] (RWA) relating to the Group's on- and off-balance sheet assets. Information is also provided for defaulted exposures.

These quantitative disclosures are presented according to their valuation approaches (Standard or IRB), exposure class and geographies, as needed.

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(1) After accounting nettings and before credit risk mitigation effects

(2) After accounting nettings and credit risk mitigation effects

Credit risk exposures, exposure at default (EAD) and risk weighted assets (RWA) by approach and exposure class

Global portfolio	IRB approach			Standard approach			Total			Average(1)		Total 31/12/2008		
In millions of euros – 31/12/2009	Exposure	EAD	RWA	Exposure	EAD	RWA	Exposure	EAD	RWA	Exposure	RWA	Exposure	EAD	RWA
Exposure Class														
Sovereign	58,884	56,879	4,643	4,123	4,143	2,229	63,007	61,022	6,872	62,010	6,636	59,161	56,992	5,751
Institutions	121,830	108,959	10,396	12,845	9,522	4,151	134,675	118,481	14,547	144,584	15,089	160,047	137,462	18,920
Corporates	271,807	213,674	89,604	107,139	66,229	61,693	378,945	279,904	151,298	400,893	154,373	412,973	305,753	155,947
Retail	121,103	118,400	23,023	52,966	46,325	31,396	174,069	164,725	54,420	170,919	53,963	168,048	160,051	53,582
Securitisation	42,475	41,436	5,899	1,092	1,092	564	43,567	42,528	6,463	49,110	10,483	54,683	39,136	10,852
Equity	3,047	2,090	6,848	707	645	712	3,753	2,734	7,561	3,975	8,017	4,289	3,907	9,435
Other non credit-obligation assets	13,485	13,485	13,485	15,355	15,355	8,456	28,840	28,840	21,941	22,195	20,344	26,583	26,583	22,708
TOTAL	**632,630**	**554,922**	**153,899**	**194,227**	**143,312**	**109,202**	**826,857**	**698,234**	**263,101**	**853,685**	**268,906**	**885,785**	**729,884**	**277,195**

(1) The average exposure and RWA are determined by aggregating the total gross exposure and RWA at the end of the last four quarters and dividing the result by four.

The credit risk exposure and the exposure at default (EAD) of the Group as at December 31st, 2009 are down from December 31st, 2008. The decrease, particularly on the Corporate and Institutions categories, is partially offset by the increase on the Sovereign and Retail categories.

The decline of the exposure at default (EAD) of the Corporate category was caused in particular by the implementation of internal credit conversion factors (CCF) as of September 2009 and the resulting decrease in the average CCF of this category as well as in IRB-treated exposures at default (EAD).

The increase of credit exposure to the category Retail was largely driven by mortgage loans in France.

In 2009, the Group received the approval from its regulator to use the Internal Assessment Approach (IAA) for the calculation of the regulatory capital requirement on ABCP conduits, thus reducing the risk weighted assets pertaining to securitisation exposures.

Retail credit risk exposure, exposure at default (EAD) and risk weighted assets (RWA) by approach and exposure class

Retail portfolio	IRB approach			Standard approach			Total			Average(1)		Total 31/12/2008		
In millions of euros – 31/12/2009	Exposure	EAD	RWA	Exposure	EAD	RWA	Exposure	EAD	RWA	Exposure	RWA	Exposure	EAD	RWA
Exposure class														
Residential mortgages	66,363	66,366	5,528	10,795	10,400	4,056	77,158	76,766	9,584	74,904	9,683	73,234	72,240	9,435
Revolving credits	10,850	7,490	2,958	4,405	3,055	2,355	15,255	10,545	5,313	14,607	4,725	13,873	9,283	4,471
Other credits to individuals	29,167	29,265	8,581	25,387	22,353	17,053	54,554	51,618	25,635	54,025	24,733	53,566	51,754	24,539
Other – small entities or self employed	14,724	15,279	5,956	12,378	10,518	7,932	27,102	25,797	13,887	27,383	14,823	27,375	26,774	15,138
TOTAL	**121,103**	**118,400**	**23,023**	**52,966**	**46,325**	**31,396**	**174,069**	**164,725**	**54,420**	**170,919**	**53,964**	**168,048**	**160,051**	**53,582**

(1) The average exposure and RWA are determined by aggregating the total gross exposure and RWA at the end of the last four quarters and dividing the result by four.

Credit risk exposure by approach and exposure class

Exposure class *In millions of euros 31/12/2009*	IRB			Standard			Total		
	Credit risk	Counterparty risk	Total	Credit risk	Counterparty risk	Total	Credit risk	Counterparty risk	Total
Sovereign	51,109	7,775	58,884	3,784	339	4,123	54,893	8,114	63,007
Institutions	69,505	52,325	121,830	11,882	963	12,845	81,388	53,287	134,675
Corporates	239,660	32,146	271,807	104,907	2,231	107,139	344,568	34,378	378,945
Retail	121,051	52	121,103	52,956	10	52,966	174,007	62	174,069
Securitisation	42,040	435	42,475	1,092	0	1,092	43,132	435	43,567
Sub-total 1	*523,365*	*92,733*	*616,099*	*174,622*	*3,542*	*178,165*	*697,987*	*96,276*	*794,263*
Equity	3,047	0	3,047	707	0	707	3,753	0	3,753
Other non credit-obligation assets	13,485	0	13,485	15,355	0	15,355	28,840	0	28,840
Sub-total 2	*16,532*	*0*	*16,532*	*16,062*	*0*	*16,062*	*32,593*	*0*	*32,594*
TOTAL	**539,897**	**92,733**	**632,630**	**190,684**	**3,542**	**194,227**	**730,581**	**96,276**	**826,857**

Exposure at default (EAD) by approach and exposure class

Exposure Class *In millions of euros 31/12/2009*	IRB			Standard			Total		
	Credit risk	Counterparty risk	Total	Credit risk	Counterparty risk	Total	Credit risk	Counterparty risk	Total
Sovereign	49,104	7,775	56,879	3,804	339	4,143	52,908	8,114	61,022
Institutions	56,788	52,171	108,959	8,560	963	9,522	65,348	53,133	118,481
Corporates	181,528	32,146	213,674	63,998	2,231	66,229	245,526	34,378	279,904
Retail	118,348	52	118,400	46,315	10	46,325	164,663	62	164,725
Securitisation	41,000	435	41,436	1,092	0	1,092	42,092	435	42,528
Sub-total 1	*446,768*	*92,579*	*539,347*	*123,769*	*3,542*	*127,312*	*570,537*	*96,122*	*666,659*
Equity	2,090	0	2,090	645	0	645	2,734	0	2,734
Other non credit-obligation assets	13,485	0	13,485	15,355	0	15,355	28,840	0	28,840
Sub-total 2	*15,575*	*0*	*15,575*	*16,000*	*0*	*16,000*	*31,575*	*0*	*31,575*
TOTAL	**462,343**	**92,579**	**554,922**	**139,769**	**3,542**	**143,312**	**602,112**	**96,122**	**698,234**

Exposure at default (EAD) by geographic area

EAD *In millions of euros – 31/12/2009*	Sovereign	Institutions	Corporates	SME	Retail	Securitisation	Total[1]	Breakdown in %	Total[1] 31/12/08	Equity	Other non credit-obligation assets	Total[2]	Breakdown in %	Total[2] 31/12/08
France	13,711	36,594	87,737	24,765	116,120	7,242	**286,169**	42.9%	**284,242**	2,203	14,900	**303,272**	43.4%	**301,356**
EU Countries (except France)	25,869	48,150	66,232	18,553	37,642	7,760	**204,206**	30.6%	**223,477**	333	9,513	**214,053**	30.7%	**233,911**
– of which Eastern Europe countries	*10,855*	*2,743*	*11,442*	*8,635*	*16,241*	*0*	**49,915**	*7.5%*	**49,302**	*59*	*1,232*	**51,207**	*7.3%*	**50,648**
Central and Eastern Europe (excluding EU)	4,389	2,772	12,090	1,642	5,123	0	**26,017**	3.9%	**29,788**	13	787	**26,817**	3.8%	**30,440**
Africa / Middle East	7,370	2,485	10,468	4,577	3,958	0	**28,858**	4.3%	**24,411**	70	1,145	**30,073**	4.3%	**25,513**
America	6,711	20,458	39,948	3,057	1,166	24,692	**96,032**	14.4%	**108,999**	102	2,127	**98,260**	14.1%	**109,885**
Asia	2,972	8,022	10,455	378	717	2,833	**25,378**	3.8%	**28,477**	13	367	**25,758**	3.7%	**28,779**
Total	**61,022**	**118,481**	**226,931**	**52,971**	**164,725**	**42,528**	**666,660**	**100%**	**699,394**	**2,734**	**28,839**	**698,233**	**100%**	**729,884**

(1) total without equity and other non credit obligation assets

(2) total including equity and other non credit obligation assets

Retail exposure at default (EAD) by geographic area

EAD *In millions of euros – 31/12/2009*	Residential mortgages	Revolving credits	Others credits to individuals	Others - small entities or self employed	Total	Breakdown in %	Total 31/12/2008
France	65,070	8,260	27,417	15,373	**116,120**	70%	**112,093**
EU Countries (except France)	8,934	2,264	17,337	9,106	**37,642**	23%	**35,926**
– of which Eastern Europe countries	*6,271*	*1,120*	*6,874*	*1,975*	***16,241***	10%	***15,200***
Central and Eastern Europe (excluding EU)	1,483	21	3,459	160	**5,123**	3%	**6,121**
Africa / Middle East	930	0	2,247	782	**3,958**	2%	**3,993**
America	234	0	932	0	**1,166**	0.71%	**1,099**
Asia	114	0	226	377	**717**	0.44%	**820**
Total	**76,766**	**10,545**	**51,619**	**25,797**	**164,725**	**100%**	**160,051**

Corporate credit exposure at default (EAD) by industry sector

EAD *In millions of euros – 31/12/2009*	Corporate EAD	 Breakdown in %
Finance & insurance	51,233	18.3%
Real estate	22,470	8.0%
Public administration	385	0.1%
Food & agriculture	13,127	4.7%
Consumer goods	7,420	2.7%
Chemicals, rubber, plastics	5,651	2.0%
Retail trade	13,226	4.7%
Wholesale trade	21,040	7.5%
Construction	12,515	4.5%
Transport equip. Manuf.	3,207	1.1%
Education and Associations	940	0.3%
Hotels and catering	5,122	1.8%
Automobiles	5,283	1.9%
Machinery and equipment	10,725	3.8%
Forestry, paper	1,995	0.7%
Metals, minerals	14,296	5.1%
Media	5,248	1.9%
Oil and Gas	13,623	4.9%
Health, social services	2,078	0.7%
Business services	22,643	8.1%
Collective services	17,565	6.3%
Personal & domectic services	270	0.1%
Telecoms	8,940	3.2%
Transport & logistics	20,899	7.5%
TOTAL	**279,904**	**100%**

Counterparty risk exposure at default (EAD) by exposure class

Exposure Class *in millions of EUR – 31/12/2009*	Counterparty Risk EAD	 RWA
Sovereign	8,114	220
Institutions	53,133	4,351
Corporates	34,378	15,216
Retail	62	27
Securitisation	435	235
TOTAL	**96,122**	**20,048**

Counterparty risk exposure at default (EAD) by geographic area

Counterparty risk *In millions of euros – 31/12/2009*	EAD
France	15,105
Western Europe (except France)	41,154
Eastern Europe	4,236
– of which EU member	*326*
Africa	668
America	33,860
Asia	5,009
Total	**96,122**

Counterparty risk exposure at default (EAD) by rating under the IRB approach

Counterparty risk – IRB *in millions of euros – 31/12/09*	EAD
Internal obligor rating	
1	6,587
2	29,905
3	38,160
4	9,793
5	3,456
6	2,421
7	466
8 to 10	1,792
Total	**92,579**

Credit risk exposure by residual maturity and exposure class

Exposure[1] *In millions of euros – 31/12/2009*	**Maturity analysis**			
	< 1 year	**1 to 5 years**	**5 to 10 years**	**> 10 years**
Sovereign	22,559	30,362	2,385	3,016
Institutions	24,861	65,107	3,890	11,858
Corporates	103,884	134,460	17,562	15,814
Securitisation	16,031	1,495	0	556
Total	**167,334**	**231,424**	**23,837**	**31,244**

(1) Scope: Non Retail IRB exposure, excluding equity and other non credit-obligation assets

Credit exposure, exposure at default (EAD) and risk weighted assets (RWA) by exposure class and external rating under the Standard approach*

In millions of euros – 31/12/2009	**External Rating**	**Gross exposure**	**EAD**	**RWA**
Sovereigns	AAA to AA-	667	691	-
	A+ to A-	154	153	32
	BBB+ to BBB-	2,204	2,204	1,102
	BB+ to B-	1,093	1,090	1,090
	<B-	3	3	5
	Without external rating	2	2	0
Sub-total		**4,123**	**4,143**	**2,229**
Institutions	AAA to AA-	9,672	6,650	1,390
	A+ to A-	345	300	150
	BBB+ to B-	2,765	2,520	2,559
	<B-	13	14	20
	Without external rating	49	39	33
Sub-total		**12,845**	**9,522**	**4,151**
Corporate	AAA to AA-	4,372	3,269	655
	A+ to A-	3,713	3,339	1,839
	BBB+ to B-	50,379	19,042	19,616
	<B-	3,097	2,853	4,278
	Without external rating	45,579	37,728	35,304
Sub-total		**107,139**	**66,229**	**61,693**
Retail	Without external rating	52,966	46,325	31,396
Total		**177,072**	**126,220**	**99,470**

* *Excluding Securitisation equity and other non credit-obligations assets*

Credit exposure (excluding defaulted exposure), exposure at default (EAD) and risk weighted assets (RWA) by exposure class and internal rating under the IRB approach

In millions of euros – 31/12/2009	SG internal obligor rating	Gross exposure	Balance-sheet exposure	Off-balance sheet exposure	Average CCF (Off-balance sheet)	EAD	RWA	Average LGD	Average RW*	Expected Loss
Sovereigns	1	32,745	27,024	5,721	80%	31,610	0	0%	0%	0
	2	10,227	9,634	593	89%	10,096	584	19%	6%	1
	3	2,240	1,982	258	78%	2,183	145	20%	7%	0
	4	10,009	8,293	1,716	76%	9,575	2,336	20%	24%	8
	5	2,152	1,505	647	72%	1,972	797	19%	40%	4
	6	1,185	859	326	78%	1,113	479	16%	43%	8
	7	256	255	1	75%	256	233	18%	91%	8
Sub-total		**58,813**	**49,552**	**9,261**	**78%**	**56,807**	**4,575**	**9%**	**8%**	**29**
Institutions	1	17,993	12,558	5,435	80%	16,431	483	6%	3%	0
	2	31,511	14,381	17,130	97%	30,561	1,272	13%	4%	1
	3	53,559	21,661	31,898	95%	47,027	2,682	13%	6%	3
	4	13,875	7,724	6,151	78%	11,318	2,908	31%	26%	7
	5	2,353	1,086	1,267	62%	1,873	1,524	37%	81%	11
	6	1,638	523	1,115	21%	744	811	32%	109%	15
	7	325	170	156	20%	202	185	25%	92%	7
Sub-total		**121,254**	**58,104**	**63,151**	**80%**	**108,155**	**9,864**	**14%**	**9%**	**43**
Corporate	1	7,083	5,019	2,064	68%	6,206	722	NA	12%	1
	2	29,106	12,614	16,492	66%	22,760	2,428	35%	11%	1
	3	52,922	22,340	30,582	62%	40,486	4,392	28%	11%	5
	4	88,140	41,088	47,052	54%	62,839	20,330	30%	32%	56
	5	58,065	38,230	19,835	55%	48,579	32,386	28%	67%	324
	6	18,246	12,413	5,833	67%	16,205	18,060	29%	111%	352
	7	4,799	3,028	1,771	57%	4,022	4,695	23%	117%	191
Sub-total		**258,361**	**134,732**	**123,629**	**54%**	**201,097**	**83,013**	**30%**	**41%**	**929**
Retail	1	1,738	1,494	245	99%	1,736	181	NA	10%	1
	2	1,509	1,387	123	92%	1,500	148	NA	10%	0
	3	24,599	23,701	898	123%	24,811	401	14%	2%	2
	4	37,845	33,581	4,264	56%	35,987	2,263	15%	6%	14
	5	32,233	28,236	3,997	60%	30,692	6,731	19%	22%	106
	6	11,419	10,551	868	102%	11,598	5,111	25%	44%	189
	7	6,273	6,097	176	249%	6,588	4,069	23%	62%	367
Sub-total		**115,617**	**105,047**	**10,570**	**74%**	**112,913**	**18,904**	**20%**	**17%**	**679**
Corporate in IRB slotting		3,504	2,448	1,056	60%	2,902	2,286		79%	24
Receivables		2,074	2,051	23	0%	2,129	1,353		64%	22
Total		**559,624**	**351,934**	**207,690**	**64%**	**484,002**	**119,994**	**19%**	**25%**	**1,728**

* *with consideration of the floor of PD*

Retail credit exposure (excluding defaulted exposure), exposure at default (EAD) and risk weighted assets (RWA) by exposure class and internal rating under the IRB approach

In millions of euros – 31/12/2009	SG internal obligor rating	Gross exposure	Balance-sheet exposure	Off-balance sheet exposure	EAD / Exposure	EAD	RWA	Average LGD	Average RW*	Expected Loss
Residential mortgage	1	118	114	3	100%	118	11	NA	10%	0
	2	1,327	1,258	69	100%	1,324	129	NA	10%	0
	3	20,541	19,876	665	100%	20,543	222	10%	1%	1
	4	24,674	24,072	601	100%	24,669	838	10%	3%	4
	5	12,921	12,559	362	100%	12,919	1,560	11%	12%	14
	6	3,559	3,330	229	100%	3,561	861	11%	24%	13
	7	2,284	2,237	48	100%	2,288	881	10%	39%	29
Sub-total		**65,424**	**63,447**	**1,978**	**100%**	**65,422**	**4,503**	**11%**	**7%**	**62**
Revolving credit	1	0	0	0		0	0			0
	2	0	0	0		0	0			0
	3	171	49	123	204%	349	4	43%	1%	0
	4	3,666	260	3,406	46%	1,703	110	43%	6%	2
	5	3,983	788	3,195	59%	2,347	508	37%	22%	15
	6	1,571	1,130	441	98%	1,538	830	37%	54%	36
	7	657	575	82	116%	762	847	41%	111%	73
Sub-total		**10,049**	**2,802**	**7,247**	**67%**	**6,700**	**2,299**	**39%**	**34%**	**125**
Other retail credit	1	1,621	1,380	241	100%	1,619	170	NA	10%	0
	2	182	129	53	97%	177	19	NA	10%	0
	3	3,877	3,767	111	101%	3,908	167	30%	4%	1
	4	6,411	6,221	190	101%	6,475	912	23%	14%	5
	5	8,949	8,726	224	100%	8,975	2,828	25%	32%	43
	6	4,105	3,985	120	99%	4,083	2,031	30%	50%	86
	7	1,797	1,771	26	100%	1,803	1,127	26%	62%	135
Sub-total		**26,942**	**25,978**	**964**	**100%**	**27,038**	**7,252**	**26%**	**27%**	**270**
Small entities or self-employed	1	0	0	0		0	0			0
	2	0	0	0		0	0			0
	3	9	9	0	113%	10	7	18%	71%	1
	4	3,094	3,028	67	101%	3,139	402	18%	13%	3
	5	6,380	6,164	216	101%	6,452	1,836	20%	28%	34
	6	2,184	2,107	78	111%	2,416	1,389	29%	57%	53
	7	1,534	1,514	21	113%	1,734	1,215	28%	70%	131
Sub-total		**13,202**	**12,821**	**381**	**104%**	**13,752**	**4,849**	**22%**	**35%**	**222**
Total		**115,617**	**105,047**	**10,570**	**98%**	**112,913**	**18,904**	**16%**	**17%**	**679**

* *with consideration of the floor of PD*

Impaired credit risk exposure and related value adjustments

In millions of euros – 31/12/2009	Total on balance sheet gross exposure	Impaired exposure *			Individual value adjustments *	Collective value adjustments *	Loan Loss provisions
		Standardized approach	IRB approach	Total			
Sovereign	63,007	90	101	191	23		
Institutions	134,675	25	459	484	157		
Corporates	378,945	3,423	5,424	8,847	3,903		
Retail	174,069	5,313	5,605	10,918	6,291		
Securitisation	42,409	0	210	210	139		
Total	**793,105**	**8,852**	**11,799**	**20,650**	**10,513**	**1,181**	**5,848**

* *excluding impaired credit exposures and related value adjustments on reclassified assets for an amount of EUR Bn 3,6 and EUR Bn 1,1 respectively, mainly classified in the securitisation category treated in IRB.*

Changes in value adjustments and general provisions *

In millions of euros – 31/12/2009	Asset depreciations at 31/12/2008	Reversals used	Impairment losses	Reversals available	Other value adjustments (currency and other effects)	Asset depreciations at 31/12/2009	recoveries associated with writen-off assets
Collective value adjustments (general provisions)	(1,070)	0	(394)	256	27	(1,181)	
Individual value adjustments	(8,292)	1,360	(5,517)	1,660	280	(10,513)	0
TOTAL	**(9,363)**	**1,360**	**(5,911)**	**1,916**	**306**	**(11,692)**	**0**

* *excluding own funds instruments and excluding value adjustments on reclassified assets for an amount of EUR Bn 1,1 that relates to 2009 impairment losses on individual value adjustments.*

Impaired credit risk exposure by geographic area

In millions of euros - 31/12/2009	Impaired exposure *	Impaired exposure 31/12/2008	Individual value adjustments **	Individual value adjustments 31/12/2008
France	9,111	6,570	3,975	3,463
EU (except France)	4,023	3,140	1,787	1,500
Central and Eastern Europe (except EU)	4,755	2,638	3,149	2,089
Africa / Middle East	1,394	1,463	1,131	1,164
America	1,005	872	298	414
Asia	363	226	172	98
TOTAL	**20,650**	**14,910**	**10,513**	**8,727**

* *excluding impaired credit exposures on reclassified assets as at 31/12/09 for an amount of EUR Bn 3,6, mainly in the Americas.*
** *excluding value adjustments on reclassified assets as at 31/12/09 for an amount of EUR Bn 1.1, mainly in the Americas.*

Impaired credit risk exposure by industry sector *

In millions of euros – 31/12/2009	Impaired	%
Finance & insurance	525	17%
Real Estate	1,099	5%
Public administration	255	1%
Food & agriculture	450	2%
Consumer goods	606	3%
Chemicals, rubber and plastics	265	1%
Retail trade	417	2%
Wholesale trade	1,122	5%
Construction	402	2%
Transport equip. Manuf.	153	1%
Education and Associations	6	0%
Hotels & Catering	227	1%
Automobiles	225	1%
Machinery and equipment	390	2%
Forestry, paper	139	1%
Metals, minerals	354	1%
Media	206	1%
Oil and Gas	23	0%
Health, social services	30	0%
Business services	396	2%
Collective services	354	1%
Personal and domestic services	7	0%
Telecom	17	0%
Transport & logistics	759	3%
Retail	10,802	45%
Others	1,421	6%
TOTAL	**20,650**	**100%**

* *Excluding impaired credit exposures on reclassified assets for an amount of EUR Bn 3,6.*

Expected loss by exposure class (excluding defaulted exposures)

Global in millions of euros - 31/12/2009	Expected losses (excluding defaulted exposures)	
	12/31/2009	12/31/2008
Sovereign	29	31
Institutions	43	56
Corporates	976	764
Retail	679	612
Securitisation	0	0
Equity	34	45
TOTAL	**1,762**	**1,508**

A comparison between Expected Loss (EL) and realised loss is not relevant in our opinion insofar as:

- the parameters of the expected loss calculation (PD, LGD, EAD) provide estimations throughout the cycle, whereas the realised loss presents a piece of accounting information pertaining to a particular year;
- the subsequent structural alterations to the portfolio during the year of the loss are not fully accounted for in the EL calculation.

5 SECURITIZATION EXPOSURES

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SOCIETE GENERALE'S SECURITIZATION STRATEGY AND ACTIVITIES

Definitions

For the purpose of this report, Societe Generale's securitization positions relate to credit exposures arising from securitization transactions included in the bank's assets and giving rise to Risk-Weighted Assets (RWA) and capital requirements in the bank's regulatory banking book.

As defined in the CRD, "securitization" means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched, having the following characteristics:

- the transaction achieves significant risk transfer,
- payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures,
- the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.

Purpose and strategy

Societe Generale is involved in the following securitization activities:

- **Agency business**: the bank intervenes in the structuring of securitization transactions on behalf of third parties, and in the placing of the ensuing notes or bonds. Generally speaking, Societe Generale does not assume direct credit risk in relation to its agency securitization business, which means that there are no consequent risk-weighted assets and capital requirements.
- **Commercial conduits (sponsor activity)**: Societe Generale has set up a number of bankruptcy-remote special purpose entities ("conduits"), with the intention of financing various asset classes (e.g. client receivables and consumer loans) through the issuance of short-term notes and commercial paper. This activity, which is closely integrated in its global commercial and investment banking franchise, helps finance the operating capital needs of some of the bank's major clients. The purpose of this business is to generate fees for structuring and managing these conduits (e.g. structuring, commitment, usage and administration fees). The credit risk related to the associated assets is transferred to third party investors, including the riskier tranches. This being said, Societe Generale may incur ancillary credit risk from this activity in its providing of committed back-up liquidity facilities, interest rates or foreign exchange SWAPs and letters of credit, or when it purchases commercial paper issued by the conduits. Ultimately, the underlying credit risk emerging from the pool of assets is guaranteed by strict underwriting standards, high granularity and diversification as well as by over-collateralization and other credit enhancement techniques.
- **On balance-sheet financing**: when conducting its origination, sponsoring or underwriting activities, associated with the securitization of various asset classes, the bank may retain some of the underlying asset risks. Additionally, as part of its global credit portfolio management strategy, Societe Generale may tranche specific pools of assets and sell some of the riskier tranches to third party investors, in order to reduce its overall risk exposure.

  Furthermore, while the Group primarily relies on its large and stable funding base to fund its operations, Societe Generale, as part of its broader liquidity management strategy, has set up three transactions backed by prime domestic residential mortgages, thereby boosting its inventory of assets eligible for central bank refinancing. Given that these transactions do not result in any risk transfer for the bank, their capital requirements are unaffected by the securitization.
- **Societe Generale as an investor**: in addition to assets arising from its main securitization activities described above, which may be held on its balance sheet, Societe Generale may occasionally hold securitized assets as an investor, seeking to lock-in a positive net interest margin and an adequate return on the capital employed. While the Group's insurance subsidiaries may also hold securitized assets in their investment portfolios, they are outside the scope of the Group's Basel II regulatory banking solvency, as noted in chapter III.

  In addition, as a result of the on-going financial crisis, a number of securitized assets have been transferred from the bank's trading books, or from money market funds managed by the bank's asset management arm, to its regulatory banking book, and now give rise to capital requirements on account of their related credit risk.

The Group's activity in securitization has been very limited in 2009, with no significant new transaction closed during the year. However, the Group has continued to optimize and run off its portfolios of riskier assets, while the asset turnover of its ABCP conduits was comparable to 2008.

Approach for calculating risk-weighted exposures

Whenever traditional or synthetic securitizations, in whose sponsoring, origination, structuring or management Societe Generale is involved, achieve a substantial and documented risk transfer complying with the CRD's framework, the underlying assets are excluded from the bank's calculation of risk-weighted exposures for traditional credit risk.

For the securitization positions that Societe Generale may retain, either on- or off-balance sheet, capital requirements are determined based on the bank's exposure, irrespective of its underlying strategy or role. Accordingly, risk-weighted exposure amounts on securitization positions are calculated by applying the relevant risk weights to the exposures' value. These are determined as follows.

The Group's securitization positions are predominantly valued using the Internal Ratings Based (IRB) approach, with less than 1% of the bank's capital exposures are calculated using the Standardized Approach (SA) whereby risk-weighted assets are determined on the basis of ratings assigned by rating agencies (e.g. 20 % for instruments rated between AAA and AA -, 50 % for those rated between A + and A-, etc.).

The IRB approach is subdivided into three possible calculations:

- First and foremost, the Ratings-Based Approach (RBA) must be applied to all rated exposures or those for which a rating can be inferred. Under this approach, finer risk weights are applied, notably reflecting the positions' seniority and granularity.
- The Supervisory Formula is a methodology for non-rated exposures, where the risk weight is based on five inputs associated with the nature and structure of the transaction.
- Finally, the positions arising from the Asset Backed Commercial Paper (ABCP) programmes' off-balance sheet exposures (such as liquidity facilities) and on-balance sheet exposures (such as drawn liquidity lines) are determined using appropriate Credit Conversion Factors (CCF) and are evaluated by the Internal Assessment Approach (IAA), which in substance allows to refer to the risk weights of the RBA.

Around 58% of the bank's IRB exposures are risk-weighted using the RBA (or similar) approach, 35% using the internal models approach and 8% through the Supervisory Formula.

External Credit Assessment Institutions used for evaluating credit risk

Societe Generale uses credit ratings to gauge credit risk on its securitization positions. These are assigned by rating agencies that have been granted External Credit Assessment Institution (ECAI) status by the Committee of European Banking Supervisors (CEBS) and the respective members of the bank's college of supervisors. The following credit rating agencies have been granted ECAI status: Standard & Poors, Moody's Investors Service, Fitch Ratings and DBRS.

CAPITAL REQUIREMENTS

At end-December 2009, Societe Generale's exposures to securitization totaled EUR 43.6 billion, of which EUR 25.9 billion related to on-balance sheet assets and EUR 17.7 billion consisted of off-balance sheet commitments, predominantly associated with liquidity facilities extended to the bank's sponsored commercial conduits. On-balance sheet exposures are accounted for by a variety of instruments, in which CDOs, CMBS and RMBS predominate.

The decline seen in securitization exposures compared to year-end 2008 reflects assets sales, redemptions as well as value impairments. At the same time, the first implementation of the Internal Assessment Approach in 2009 to risk weight exposures arising from sponsored ABCP resulted in diminished risk-weightings and capital requirements.

Under the standardized approach, the bank's risk-weighted exposures relative to securitization positions and related capital requirements are mainly evaluated based on a see-through method. At year-end 2009, Societe Generale's exposures under the standardized approach were as follows:

	Gross exposure	EAD	Evaluation method		RWA	Capital Requirement
Investor *In millions of euros*			Ratings based	See-through		
On-balance sheet	228	228	32	196	16	1
Off-balance sheet	-	-	-	-	-	-
Total	228	228	32	196	16	1

	Gross exposure	EAD	Evaluation method		RWA	Capital Requirement
Sponsor *In millions of euros*			Ratings based	See-through		
On-balance sheet	861	861	-	861	545	44
Off-balance sheet	2	2	-	2	3	0
Total	864	864	-	864	548	44
TOTAL 2009	**1,092**	**1,092**	**32**	**1,060**	**564**	**45**
TOTAL 2008	**734**	**666**	**-**	**666**	**500**	**40**

The bank's risk-weighted exposures and related capital requirements, evaluated based on the internal rating based approach, were as follows:

In millions of Euros	Gross exposure	EAD	Capital deduction	Evaluation method			RWA		
Originator				Ratings based[2]	Regulatory formula	IAA		of which classic securitization	of which synthetic securitization
Originator									
On-balance sheet	1,182	1,182	(5)	-	1,177	-	82	-	82
Off-balance sheet	-	-	-	-	-	-	-	-	-
Total	1,182	1,182	(5)	-	1,177	-	82	-	82
Investor									
On-balance sheet	20,808	20,809	(1,357)	19,452	-	-	3,356	3,356	-
Off-balance sheet	3,149	3,149	(24)	1,270	1,856	-	362	8	354
Total	23,958	23,958	(1,381)	20,721	1,856	-	3,719	3,365	354
Sponsor									
On-balance sheet	2,826	2,819	(478)	2,109	-	232	898	898	-
Off-balance sheet	14,510	13,476	-	54	-	13,422	1,200	1,200	-
Total	17,336	16,296	(478)	2,163	-	13,655	2,098	2,098	-
TOTAL	**42,475**	**41,436**	**(1,884)[1]**	**22,884**	**3,033**	**13,655**	**5,899**	**5,463**	**436**
of which classic securitization	38,247	37,208	(1,840)	21,614	-	13,655	5,463		
of which synthetic securitization	4,228	4,228	(24)	1,171	3,033	-	436		
TOTAL 2008	**53,948**	**38,470**	**(1,144)**	**28,844**	**2,990**	**5,523**	**10,352**		

1. *Exposures deducted from regulatory capital exclude provisioned exposures*
2. *Including provisioned exposures*

Under the Ratings based approach, the bank's EAD broken down per relevant risk weight bands, and gross of value adjustments, were as follows:

Risk weigth band	6% - 10%	12% - 18%	20% - 35%	50% - 75%	100%	250%	425%	650%	1250%	Total
31/12/2009	16,061	1,081	712	683	351	131	113	169	3,582[1]	22,884
31/12/2008	23,419	1,072	591	341	376	67	74	364	2,540[1]	28,844

1. *EAD risk weighted at 1250% include fully provisioned securitization positions. Exposures deducted from regulatory capital are provided in the IRB exposure table above.*

Furthermore, the overall quality of on- and off-balance sheet positions under IRB were as follows:

Rating *in millions of Euros – 31/12/2009*	**Total**
AAA/Aaa	8,547
AA/Aa	7,221
A/A	1,900
BBB/Baa	1,220
BB/Ba	414
B and below	264
Total rated	**19,565**
Non-rated	**3,319**
Total	**22,884**

At year-end 2009, securitization positions associated with the ABCP conduits sponsored by Societe Generale, assessed under the internal assessment approach IAA were as follows, broken down by rating band:

Rating *in millions of Euros – 31/12/2009*	**Total**
AAA/Aaa	9,629
AA/Aa	3,427
A/A	582
BBB/Baa	16
BB/Ba	0
Total	**13,654**

6 EQUITY RISK

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INVESTMENT STRATEGIES AND PURPOSES

Societe Generale's exposures to non-trading equity are associated with a number of the bank's strategies and activities. They include shares and similar instruments, shares in mutual funds invested in equities, as well as investments in non consolidated Group subsidiaries and affiliates that are not deducted from prudential own funds.

- Firstly, the Group has a portfolio of industrial holdings, which primarily reflect strong historical or strategic relationships with these companies.
- In addition, Societe Generale holds small minority stakes in selected banks, for strategic purposes, as a mean of fostering increased cooperation with these institutions.
- Furthermore, non-trading equity includes the Group's investments in small, unconsolidated subsidiaries, operating in France or abroad. It also encompasses a variety of holdings and investments, ancillary to the Group's main banking activities, notably in retail banking and security services.
- Finally, Societe Generale and some of its subsidiaries may hold equity investments arising from its involvement in asset management (notably seed money in mutual funds sponsored by Societe Generale).

VALUATION

Fair value of Available-for-sale equity holdings

From an accounting perspective, Societe Generale's exposures to non-trading equities are classified as Available-for-sale (AFS) financial assets, as they may be held for indeterminate periods of time and be sold at any time. Changes in fair value are recorded in the Group's shareholders' equity under Unrealized or deferred gains or losses. Changes in fair value are recorded in the income statement when assets are sold or impaired, in which case they are reported as Net gains or losses on AFS assets. Dividend income earned on these securities is booked in the income statement under Dividend income.

For listed shares, fair value is taken to be the quoted price on the balance sheet closing date. For unlisted shares, fair value is determined depending on the category of financial instrument and according to one of the following methods:

- share of adjusted net asset value held;
- valuation based on a recent transaction involving the company (third-party buying into the company's capital, appraisal by professional valuer, etc.);
- valuation based on a recent transaction in the same sector as the company (income multiple, asset multiples, etc.).

Impairment policy

Where there is objective evidence of prolonged impairment to a financial asset that is available for sale, an impairment loss is recognized through profit or loss. Impairments affecting AFS equity securities are irreversible.

For listed equity instruments, the prospect of booking a prolonged impairment is assessed whenever a material decline (over 20%) in the 12-month trailing average price compared to the security's acquisition cost occurs.

For unlisted equity instruments, a qualitative analysis of their potential impairment is carried out using the valuation methods described in Note 3 of Societe Generale's 2008 Registration document.

CAPITAL REQUIREMENTS

Societe Generale's exposures to non-trading equity correspond to their book value, net of provisions. The Group applies the simple Internal Ratings Based approach for the larger part of its non-trading equity portfolio. As such, unquoted equities in diversified portfolios are risk-weighted at 190%, quoted equities are risk-weighted at 290%, and other unquoted equities are risk-weighted at 370%.

Nevertheless, unquoted equity holdings in diversified portfolios acquired before January 2008 may be weighted at 150% (grandfathering) and equity exposures considered as ancillary services undertaking may be weighted at 100%.

At year-end 2009, the Group's exposure to equities not included in the trading book and the related risk-weighted assets were as follows:

	12/31/2009				12/31/2008
*Equity Portfolio (in millions of euros)**	**Portfolio**	**Gross exposure**	**EAD**	**RWA**	**RWA**
100% risk weighted	Ancillary Services	335	367	367	314
150% risk weighted	Private equity (grandfathering)	295	200	300	435
190% risk weighted	Quoted entities	151	100	190	
290% risk weighted	Quoted entities	1,248	879	2,549	2,954
370% risk weighted	Unquoted entities	1,648	1,111	4,109	5,674
Total		***3,676***	***2,657***	***7,515***	***9,377***

* *Excluding treasury investments.*

7 MARKET RISK

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ORGANISATION

Although primary responsibility for managing risk exposure lies with the front office managers, the supervision systems is based on an independent structure, the Market Risk Department of the Risk Division. The Department's key mission is to continuously monitor, independently from the front offices, the positions and risks generated by the Group's market activities, and to compare these positions and risks with the authorised limits.

It notably carries out the following tasks:

- daily analysis (independently from the front office) of the exposure and risks incurred by the Group's market activities and comparison of these exposures and risks with the approved limits;
- definition of the risk-measurement methods and control procedures, approval of the valuation models used to calculate risks and results and setting of provisions for market risks (reserves and adjustments to earnings);
- definition of the functionalities of the databases and systems used to assess market risks;
- approval of the limit applications submitted by the operating divisions, within the global authorisation limits set by the General Management, and monitoring of their use;
- centralisation, consolidation and reporting of the Group's market risks;
- proposal of authorised risk limits by type of activity to the Risk Committee.

Besides these specific market risk functions, the Department also monitors the gross notional value of trading exposures. This system, based on alert levels applying to all instruments and desks, contributes to the detection of possible rogue trading operations.

Within each entity that incurs market risk, risk managers are appointed to implement level 1 risk controls. The main tasks of these managers, who are independent from the front office, include:

- the ongoing analysis of exposure and results, in collaboration with the front office;
- the verification of the market parameters used to calculate risks and results;
- the daily calculation of market risks, based on a formal and secure procedure;
- the daily monitoring of the limits set for each activity, and constant verification that appropriate limits have been set for each activity.

A daily report on the use of VaR (Value-at-Risk) limits, stress tests and general sensitivity to interest rates compared to the limits set out at Group level and a monthly report, which summarises key events in the area of market risk management and specifies the use of limits set by the General Management and the Board of Directors, are submitted to the General Management and to the business lines management.

METHODS FOR MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

The Societe Generale Group's market risk assessment is based on three types of indicators, which are used to define exposure limits:

- the 99% Value-at-Risk (VaR) method: in accordance with the regulatory internal model, this composite indicator is used for day-to-day monitoring of the market risks incurred by the bank, notably within the scope of its trading activities;
- stress test measurements, based on ten-year shock-type indicators. Stress Test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- additional measurements (sensitivity, nominal value, concentration or holding period, etc.), which ensure consistency between the total risk limits and the operational limits used by the front office. These measurements also allow the controlling of risks that would only be partially taken into account by VaR or Stress Test measurements.

THE 99% VALUE AT RISK (VaR) METHOD

This method was introduced at the end of 1996 and the Internal VaR Model has been approved by the French regulator within the scope of the Regulatory Capital calculation.

The method used is the "historic simulation" method, which implicitly takes into account the correlation between all markets and is based on the following principles:

- the storage in a database of the risk factors that are representative of Societe Generale's positions (i.e. interest rates, share prices, exchange rates, commodity price volatility, credit spreads, etc.);
- the definition of 250 scenarios, corresponding to one-day variations of these market parametres over a rolling one-year period;
- the application of these 250 scenarios to the market parametres of the day;
- the revaluation of daily positions, on the basis of the 250 sets of adjusted daily market parametres.

The 99% Value-at-Risk is the largest loss that would occur after eliminating the top 1% of the most adverse occurrences over one year. Within the framework described above, it corresponds to the average of the second and third largest losses out of the 250 computed.

The VaR assessment is based on a model and a certain number of conventional assumptions whose main limitations are as follows:

- the use of "1-day" shocks assumes that all positions can be unwound or hedged within one day, which is not the case for certain products and crisis situations;
- the use of the 99% confidence interval does not take into account losses arising beyond this point; the VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptionally large fluctuations;
- the VaR is computed using closing prices, so intra-day fluctuations are not taken into account;
- there are a number of approximations in the VaR calculation. For example, benchmark indices are used as opposed to more accurate risk factors and not all of the relevant risk factors are taken into account, in particular due to difficulties in obtaining historical daily data.

The Group mitigates these limitations by:

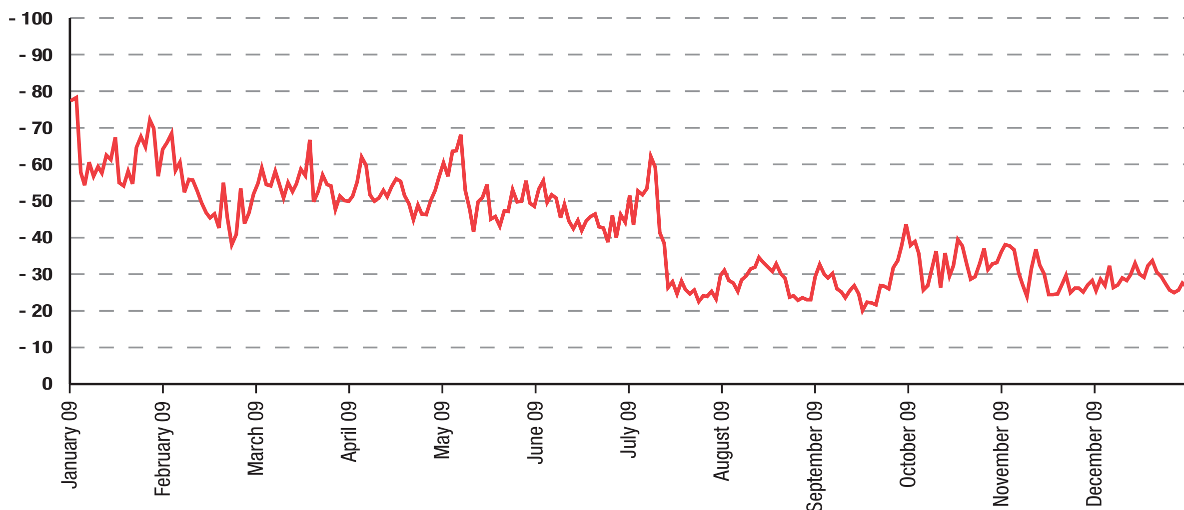
- systematically assessing the relevance of the model through "back-testing" to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval;
- supplementing the VaR assessment with stress test measurements.

In 2009, the model was enhanced with new risk factors: basic factors such as "inter-maturity" interest rates, to take account of the variability between the curves associated with different fixing periods; the correlation of times-to-default in the case of multi-underlying structured credit products. Today, the market risks for almost all investment banking activities are covered by the VaR method, including those related to the most complex products, as well as certain Retail Banking and Private Banking activities outside France.

In 2009, the VaR limit for all trading activities remained stable at EUR 85 million.

The changes in the Value-at-Risk of the Group's trading activities in 2009, for the entire monitoring scope, are presented below:

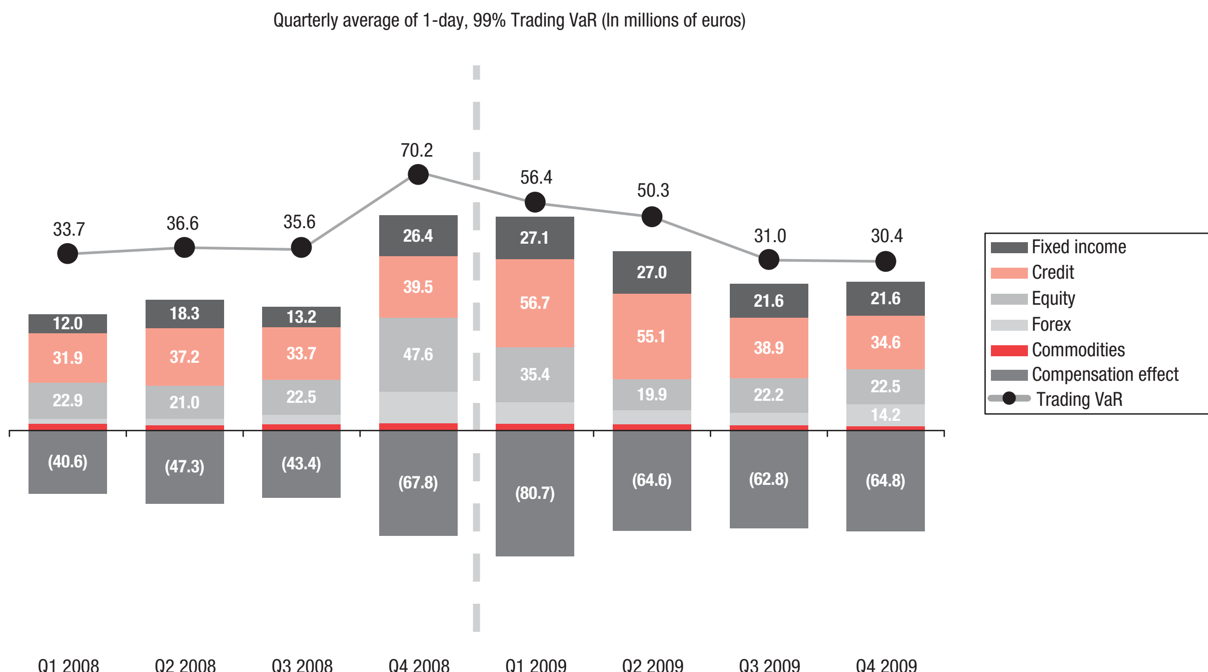
TRADING VAR (TRADING PORTFOLIOS) CHANGES IN THE TRADING VAR OVER THE COURSE OF 2009 (1 DAY, 99%) IN MILLIONS OF EUROS



No Trading VaR limits were breached in 2009. (In 2009, the VaR limit remained stable at EUR 85 million).

BREAKDOWN BY RISK FACTOR OF THE TRADING VAR - CHANGES IN QUARTERLY AVERAGE OVER 2008-2009 PERIOD

Quarterly average of 1-day, 99% Trading VaR (In millions of euros)



Note: The figures for credit risk cover a reduced scope as of Q4 08 following the transfer of trading book positions to the banking book (cf. Notes to the consolidated financial statements – Note 11). Given their illiquidity, a VaR calculation could no longer be undertaken on these positions using the existing approach.

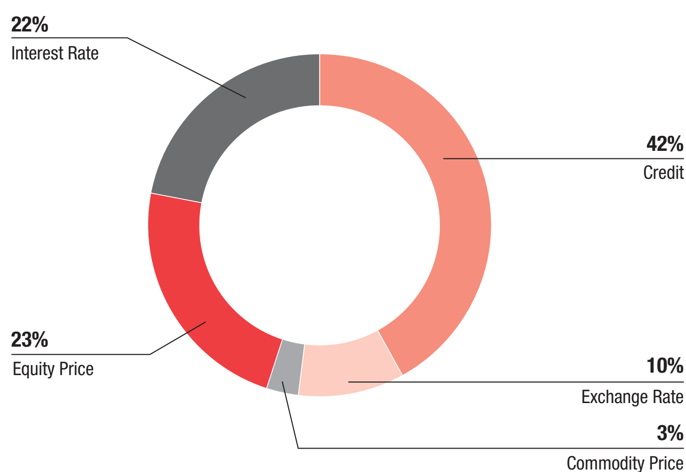
The average VaR amounted to EUR 42 million for 2009 against an annual average of EUR 44 million in 2008.

This stability results from a decrease during the three first quarters of the year, followed by a levelling out in the last quarter.

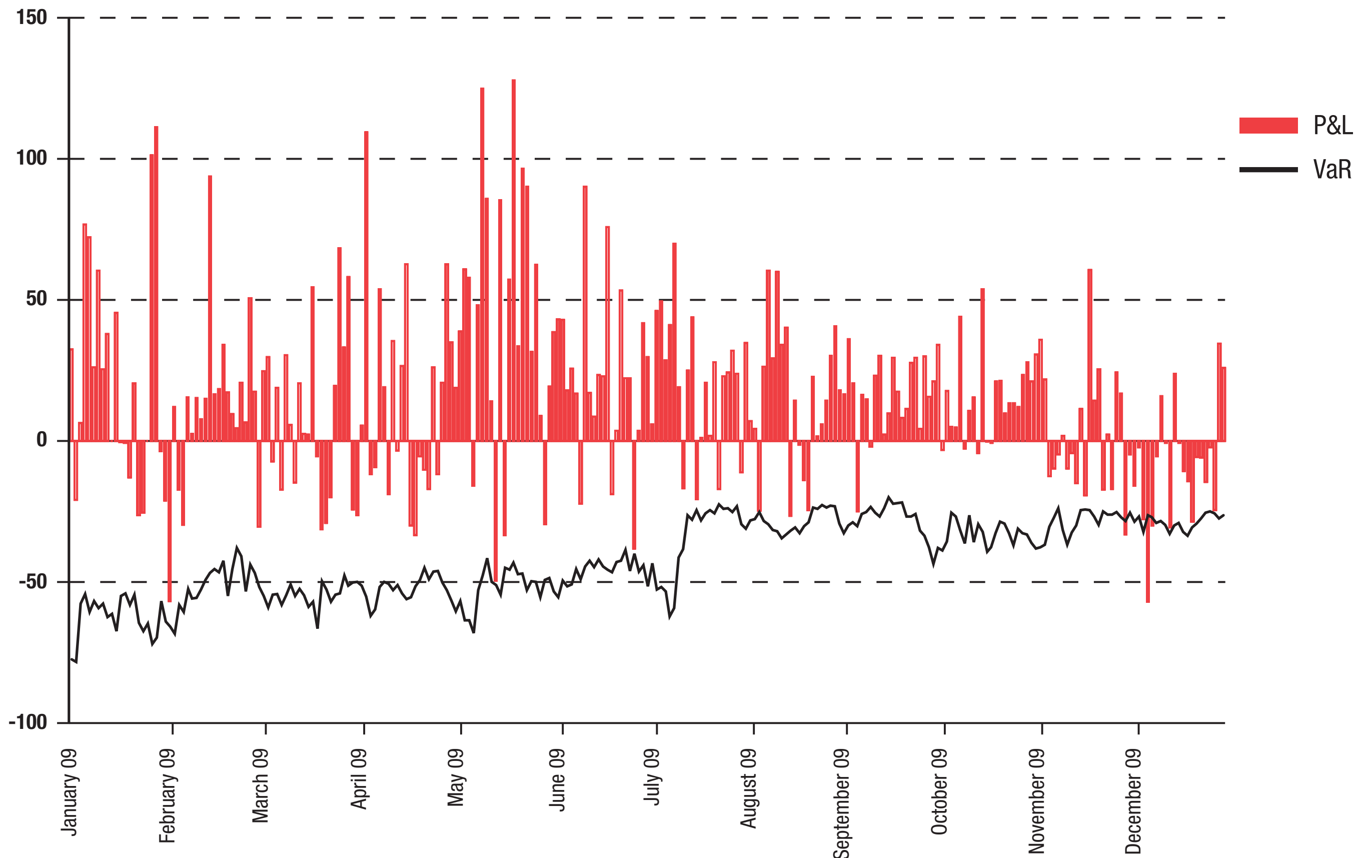
The decrease observed until the third quarter 2009 results from a reduction of the exposures, mainly to equity (cash or derivatives), as well as from a diversification of equity and credit positions significantly compensating for the rest of the year.

During the fourth quarter 2009, the abandoning of very volatile scenarios as a result of the financial crisis in the last quarter 2008 has maintained the VaR at a low level despite the introduction of further adverse scenarios (Dubai and Greece).

BREAKDOWN OF TRADING VAR BY TYPE OF RISK – 2009



VAR *BACK-TESTING* OF THE REGULATORY SCOPE DURING 2009 VaR (1 DAY, 99%) IN MILLIONS OF EUROS



STRESS TEST ASSESSMENT

Alongside the internal VaR model, Societe Generale monitors its exposure using stress test simulations to take into account exceptional market occurrences.

A stress test estimates the loss resulting from an extreme change in market parametres over a period corresponding to the time required to unwind or hedge the positions affected (5 to 20 days for most trading positions).

The Stress Test risk assessment methodology is based on 19 historical scenarios and 7 hypothetical scenarios, including the “Societe Generale Hypothetical Financial Crisis Scenario”, based on the events observed in 2008. Alongside the VaR model, the stress test risk assessment methodology is one of the main pillars of the risk management system. The underlying principles are as follows:

- risks are calculated every day for each of the bank’s market activities (all products combined), using the 19 historical scenarios and 7 hypothetical scenarios;
- stress test limits are established for the Group’s activity as a whole and then for the various business lines. They reflect the most adverse result arising from the 26 historical and hypothetical scenarios;

- the various stress test scenarios are revised and supplemented by the Risk Division on a regular basis, in conjunction with the Group's teams of economists and specialists.

Note that the list of scenarios used was reviewed in 2008. Following this review, two new scenarios have been implemented as of January 1, 2009: (i) an "October 3-10, 2008" historical scenario illustrating the trends observed during this time period, and (ii) a hypothetical financial crisis scenario based on the events observed during 2008. Some scenarios of a lesser magnitude than these new scenarios have been eliminated.

HISTORICAL STRESS TESTS

This method consists of an analysis of the major economic crises that have affected the financial markets since 1995 (a period in which the financial markets have become global and subject to increased regulatory requirements): the changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, etc.) during each of these crises are analysed in order to define scenarios for potential variations in these risk factors which, when applied to the bank's trading positions, could generate significant losses. Using this methodology, Societe Generale has established 19 historical scenarios.

HYPOTHETICAL STRESS TESTS

The hypothetical scenarios are defined by the bank's economists and designed to simulate possible sequences of events that could lead to a major crisis in the financial markets (e.g. a major terrorist attack, political instability in the main oil-producing countries, etc.). The bank aims to select extreme, but nonetheless plausible events which would have major repercussions on all the international markets. Societe General has therefore adopted 7 hypothetical scenarios including the "Societe Generale Hypothetical Financial Crisis Scenario".

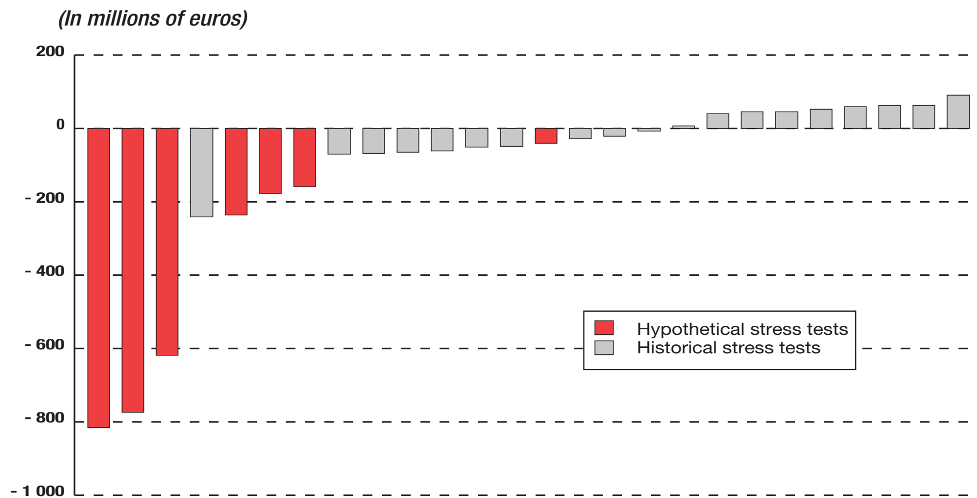
In 2009, Societe Generale relied on seven hypothetical stress tests:

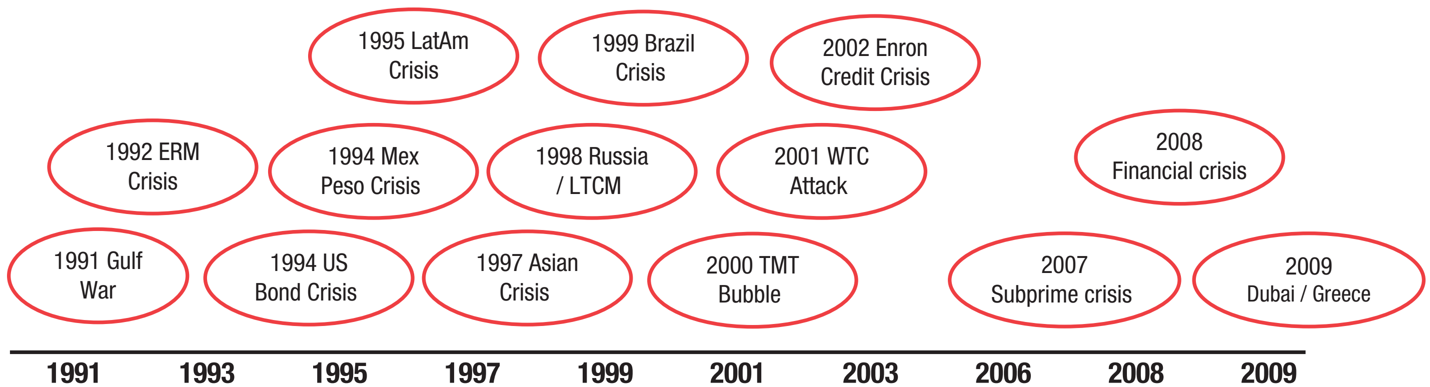
- Generalised: considerable mistrust of financial institutions after the Lehman Brothers' bankruptcy; collapse of equity markets, sharp decline in dividends, significant widening of credit spreads, pivoting of yield curves (rise in short-term interest rates and decline in long-term interest rates), substantial flight to quality;
- Middle East crisis: refers to instability in the Middle East leading to a significant shock to oil and other energy sources, a stock market crash, and a steepening of the interest rate curve;
- Terrorist attack: major terrorist attack on the United States leading to a stock market crash, strong decline in interest rates, widening of credit spreads and sharp decline of the US dollar against other major currencies;
- Bond crisis: crisis in the global bond markets inducing the delinking of bond and equity yields, strong rise in US interest rates (and a more modest rise for other international rates), moderate decline on the equity markets, flight to quality with moderate widening of credit spreads, rise in the US dollar;
- Dollar crisis: strong depreciation of the US dollar against major international currencies due to the deterioration of the US trade balance and budget deficit, the rise of interest rates and the narrowing of US credit spreads;
- Euro zone crisis: decision by some countries to withdraw from Euroland following the Euro's excessive appreciation against the Dollar: decline in euro exchange rates, sharp rise in euro zone interest rates, sharp fall in euro equities and rise in US equities, significant widening of euro credit spreads;
- Yen carry trade unwinding: change in monetary policy in Japan leading to yen carry trade strategies being abandoned: significant widening of credit spreads, decline in JPY interest rates, rise in US and euro zone long-term interest rates and flight to quality.

AVERAGE STRESS TESTS IN 2009

The scenarios resulting in the highest potential losses (around EUR 800 million) are hypothetical scenarios reflecting highly severe or extreme shocks on the price of each of the assets held (for example, a 15% to 30% fall in the global markets).

The following graph provides the average *stress tests* amounts calculated in 2009.





CAPITAL REQUIREMENTS

Societe Generale's capital requirements on account of market risk are predominantly determined using the IRB approach. The risk typology breakdown provided below highlights that equity and interest rate risk account for the bulk of the capital requirements at year-end 2009. The significant decline in risk-weighted assets seen in 2009 compared to 2008 reflects the normalisation of conditions and risk parameters on global markets.

Risk weighted assets in Euro millions	Standard Approach	IRB	Total 2009	Total 2008
Interest rate risk	867	7,901	8,767	9,606
Equity risk	70	2,887	2,957	11,872
Foreign exchange risk	1,661	111	1,772	1,202
Commodity risk	324	80	404	388
Total RWA 2009	**2,921**	**10,979**	**13,900**	**23,068**
Total RWA 2008	2,536	20,532	23,068	

8 OPERATIONAL RISK

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OPERATIONAL RISK MANAGEMENT: ORGANISATION AND STRUCTURE

Over the last few years, Societe Generale has developed processes, management tools and a full control infrastructure to enhance the control and management of the operational risks that are inherent to its various activities. These include, *inter alia*, general and specific procedures, permanent supervision, business continuity plans, New Product Committees and functions dedicated to the oversight and management of specific types of operational risks, such as fraud, risks pertaining to payment systems, legal risks, information system security risks and non-compliance risks.

The operational risk department

Incorporated in 2007 within the Group's Risk Division, the Operational Risk Department works in close cooperation with operational risk staff in the business and functional divisions.

The Operational Risk Department is notably responsible for:

- running the Operational Risk structure;
- devising and implementing Societe Generale's operational risk control strategy, in cooperation with the business and functional divisions;
- promoting an operational risk culture throughout the Group;
- defining, at Group level, methods for identifying, measuring, monitoring, reducing and/or transferring operational risk, in cooperation with the business and functional divisions, and in order to ensure consistency across the Group;
- preparing a global Group business continuity plan (BCP) and crisis management policy, managing the policy and coordinating its implementation.

The operational risk structure

In addition to the Operational Risk Department, the operational risk organisation includes Operational Risk Managers (ORM) in the business and functional divisions, who are functionally attached to the Group's Chief Operational Risk Officer.

ORMs operate throughout the Group's entities, and are responsible for implementing the Group's procedures and guidelines, and monitoring and managing operational risks, with the support of dedicated operational risk staff in the business lines and entities and in close collaboration with the respective entities' line management.

Operational risk committees have been set up at Group level, as well as at business division, functional division and subsidiary level.

OPERATIONAL RISK MEASUREMENT

Since 2004, Societe Generale has been using the Advanced Measurement Approach (AMA) as proposed by the Capital Requirement Directive to measure operational risk. This approach notably makes it possible to:

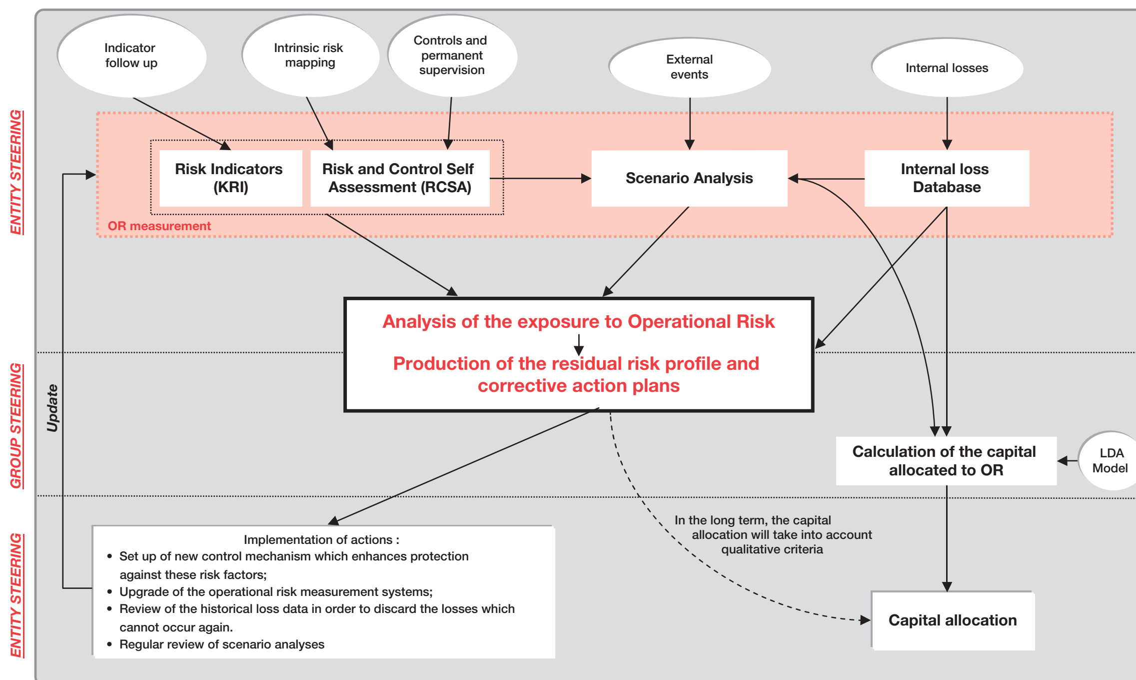
- identify i) the businesses that have the greatest risk exposures and, ii) the types of risk that have the greatest impact on the Group's risk profile and overall capital requirement;
- enhance the Group's operational risk culture and overall management, by introducing a virtuous circle of risk identification, improved risk management and risk mitigation and reduction.

Following its in-depth review in 2007, the French Banking Commission (*Commission bancaire*) approved the use of the most advanced measurement approach (AMA), as defined under the Basel II agreement, to calculate Societe Generale's regulatory capital requirements related to operational risks, as of January 1, 2008. Although some subsidiaries use the Standardised Approach, the AMA's application to the Group's activities covers more than 90% of total net banking income.

OPERATIONAL RISK MONITORING PROCESS

The frameworks specifically established by the Basel II regulations (the Capital Requirement Directive and "sound practices for the management and supervision of operational risk") have been implemented, on the basis of existing procedures wherever possible, to support the "virtuous circle" referred to previously. They notably include:

- collecting internal data on operational risk losses;
- drafting Risk and Control Self-Assessment (RCSA) processes in every business unit;
- determining Key Risk Indicators (KRI);
- formulating scenario analyses;
- cross-referencing its own data with external loss data analyses.



Societe Generale's classification of operational risks in eight event categories and forty-nine mutually exclusive sub-categories is the cornerstone of its risk modelling, ensuring consistency throughout the system and enabling analyses across the Group.

The following 8 categories of risk event chosen by the Group have been mapped to the Basel II regulatory classification for relevant benchmarking:

Commercial disputes	Fraud and other criminal activities
Disputes with authorities	Rogue trading
Pricing or risk evaluation errors	Loss of operating resources
Execution errors	IT System failure

Internal loss data collection

Internal loss data has been compiled throughout the Group since 2003, enabling staff to:

- build expertise in operational risk management concepts and tools;
- achieve a deeper understanding of their risk areas;
- help disseminate an operational risk culture throughout the Group.

The minimum threshold above which a loss is recorded is EUR 10,000 throughout the Group, except for Corporate and Investment Banking, where this threshold is EUR 25,000 due to the scope of its activity, the volumes involved and the relevance of capital modelling points. Below these thresholds, loss information is collected by the Group's various divisions but is not identified by the Risk Division. The threshold's impact is therefore taken into account in the capital requirement calculation model.

Risk and Control Self-Assessment (RCSA)

The purpose of Risk and Control Self-Assessment (RCSA) is to assess and then measure the Group's exposure to operational risks. This involves:

- identifying and assessing the operational risks to which each of the Group's businesses is inherently exposed (the "intrinsic" risks), while disregarding the impact of risk prevention and mitigation measures;
- assessing the quality of risk prevention and mitigation measures, including their existence and effectiveness in detecting and preventing risks and/or their capacity to reduce their financial impact;
- measuring the risk exposure of each Group business that remains once the risk prevention and mitigation measures are taken into account (the "residual exposure"), while disregarding insurance coverage;
- correcting any inadequacies in risk prevention and mitigation measures and implementing corrective action plans;
- facilitating and/or supporting the implementation of key risk indicators (KRI);
- adapting the risk insurance strategy, if necessary.

Key Risk Indicators (KRI)

KRIs complement the overall operational risk management system, by providing a dynamic view of changes in business risk profiles as well as a warning signal. Regular KRI monitoring assists both management and staff in their assessment of the Group's operational risk exposure obtained from the RCSA, the analysis of internal losses and scenario analyses, by providing them with:

- a quantitative and verifiable risk measurement;
- a regular assessment of the improvements or deteriorations in the risk profile and the control and prevention environment which require particular attention or an action plan.

KRIs that may have a significant impact on the entire Group are reported to the Group's General Management.

Scenario analyses

Scenario analyses serve two purposes: informing the Group about potential significant areas of risk and contributing to the calculation of the capital required to cover the operational risk.

For the calculation of capital, the Group uses scenario analyses to:

- measure its exposure to potential losses arising from low frequency/high severity events;
- provide an estimate of loss distribution for event categories whose internal loss data history is insufficient.

In practice, for each event category, various scenarios are reviewed by experts, who gauge the magnitude of the potential impact for the bank, in terms of severity and frequency, by factoring in internal and external loss data and the external (regulatory, business, etc.) and internal (controls and prevention systems) environment. The potential impacts of various scenario are combined to obtain the loss distributions for the risk category in question.

Scenario analyses fall into two broad categories:

- major Group stress scenarios, involving very severe events that cut across businesses and departments, have an external cause and require a business continuity plan (BCP). The ten scenarios analysed so far have helped to develop the Business Impact Analysis aspects of the BCPs;
- business scenarios that do not fall into the category of business continuity in its strictest sense, but are used to measure the unexpected losses to which the businesses may be exposed. Around 100 scenarios have been prepared so far.

Analysis of external losses

Finally, Societe Generale also uses externally available loss databases to supplement the identification and assessment of the Group's operational risk exposures, by benchmarking internal loss records against industry-wide data.

Crisis management and Business Continuity Planning

Moreover, the Group is reinforcing its crisis management by working on the intrinsic resilience of its activities and incorporating it in its existing business continuity plans.

RISK MODELLING

The method used by the Group for operational risk modelling is based on the Loss Distribution Approach (LDA).

This statistical approach models the annual distribution of operational losses, through historical data on internal or external losses or scenario analyses, according to a bottom-up process producing a matrix of losses in the different operational risk categories and business divisions with a potential granularity of 32 event categories.

The annual loss distributions are modelled for each element of the matrix, then aggregated to obtain the annual loss distributions of the Divisions and then the Group. This loss distribution indicates the loss amounts the Group may be exposed to, and associates a probability of occurrence with each of these amounts.

The Group's regulatory capital requirements for operational risk are then defined as the 99.9% quantile of the Group's annual loss distribution.

The correlation between events, their frequency and their severity is also factored in throughout the calculation process.

Based on the Group's models, Societe Generale's capital requirements on account of operational risks were EUR 3,766 million at the end of 2009, representing EUR 47,080 million in risk-weighted assets.

Insurance cover in risk modelling

As permitted under the Basel II Capital Framework, Societe Generale has developed a method that enables the calculated regulatory capital to be reduced by as much as 20% when insurance policies meet the Basel II regulatory requirements, and are able to cover, at least partly, operational losses.

Group-wide mapping is used to identify insurance policies that are able to cover the various operational risk categories and their corresponding characteristics: deductibles, coverage and coverage probability.

The modelling process therefore takes into account the effect of Group insurance policies that cover major banking risks, i.e. civil liability, fraud, fire and theft, as well as policies covering systems interruptions and operating losses due to a loss of operating capacities.

Insurance is an operational risk mitigation factor that may be included in the model for both internal losses and scenario analyses. In Societe Generale's model, insurance has an impact on the severity distributions by reducing the loss amounts ultimately booked. The modelled frequency distribution however remains unchanged.

For regulatory requirements, two calculations are carried out, one including, and the other excluding, cover from existing insurance policies. The aim is to verify that the reduction applied to the total capital requirement as a result of these policies remains below the maximum 20% threshold set by the regulations.

The capital relief arising from Societe Generale's insurance cover calculated using the Advanced Measurement Approach (AMA) represents 5% of its total capital requirement on account of operational risk.

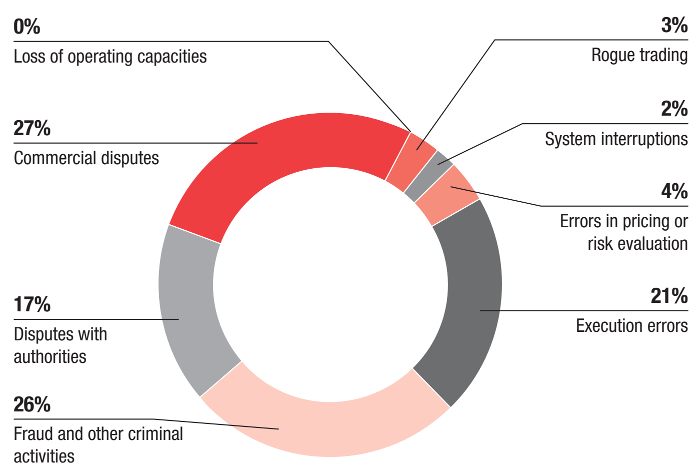
Governance of the regulatory capital calculation process

The operational risk capital calculation process is subject to specific governance, particularly with respect to roles, responsibilities and frequency.

QUANTITATIVE DATA

The following chart breaks down the operational losses by risk category for the period 2005-2009.

OPERATIONAL RISK LOSSES (EXCLUDING EXCEPTIONAL *ROGUE TRADING* LOSS): BREAKDOWN BY SG RISK EVENT TYPE (AVERAGE FROM 2005 TO 2009)



9 INTEREST RATE RISK MANAGEMENT

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STRATEGY AND PROCESSES

Societe Generale manages its structural exposure to interest rate risk within its global Asset and Liability Management (ALM) structure which, besides the interest rate risk, also manages the Group's exposure to liquidity and foreign exchange risks[1].

Structural exposure to interest rate risk encompasses all exposures due to i) commercial activities and ii) proprietary transactions of the Group's consolidated entities.

Interest rate risks associated with trading activities are excluded from the scope of structural interest rate risk, and are dealt with under market risk. The structural and market exposures constitute the overall interest rate exposure of the Group.

Governance

When it comes to the management of structural interest rate risk, governance is based on the following core principles:

- A general policy and overall management standards validated by the Group's finance committee and translated into detailed management norms by the Group Finance Department.
- Decentralized risk management at entity level, controlled via limits.
- Tight supervision by the Group Finance Department on the implementation of norms and interest rate risk management by the entities.

Group norms and procedures set precise guidelines for:

- Policy implementation and management of structural interest rate risk,
- Investment norms covering entities' shareholders' equity,

How structural and market interest rate risks are to be differentiated.

Organisation

The Group Finance Department is in charge of defining management norms (relating to organisation and methodologies) and validating the models developed and used by the entities. It also notifies Group entities of the respective sensitivity limits under which they must operate. In addition, the Finance Department is responsible for the centralisation and reporting of the interest rate risk and second level controls.

Conversely, Group entities are responsible for the management and control of the interest rate risk at their own level, within the guidelines defined for the Group.

Responsibility for adhering to Group policy and enforcing the limits defined lies with each entity's Managing Director, who is assisted in this task by his Structural Risk Manager. Furthermore, the Group's main retail banking entities have set up ALM Committees responsible for monitoring the interest rate risk in accordance with Group principles.

The interest rate risk is measured monthly for the Group's main entities, and at least quarterly for the other entities. Every quarter, all the Group entities report their ALM positions to the Group Finance Department, which prepares a consolidated interest risk report.

(1) For more information on the management of other risks encompassed by Societe Generale's ALM, see the Group's 2009 Registration document.

INTEREST RATE RISK MANAGEMENT METHODOLOGY AND OBJECTIVES

The general principle is to concentrate interest rate risks within capital market activities, where they are monitored and controlled according to the methods exposed in chapter 7, and to reduce structural interest rate risk within the consolidated entities as much as possible.

Whenever possible, commercial transactions are hedged against interest rate risk, either through micro-hedging (individual hedging of each commercial operation), or macro-hedging (global hedging of portfolios of similar commercial transactions). These principles also apply for proprietary transactions.

The interest rate risk exposure on the banking book therefore results only from residual positions. The sensitivity of residual positions must comply with the limits set for each entity, and for the Group overall, as approved by the Finance Committee.

In order to quantify its exposure to structural interest rate risk, the Group analyses all its balance sheet's fixed rate assets and liabilities to identify any gaps which reflect mismatches in the maturity and/or repricing of the fixed interest rate assets and liabilities recorded on the balance sheet. The maturities and amortization of outstanding positions are determined based on their contractual terms, or models reflecting historical customer behavior observed as well as conventional assumptions for certain aggregates (mainly shareholders' equity).

Once the fixed rate gaps have been identified, the position's resulting sensitivity to interest rate variations is calculated.

Group policy calls for the transfer of residual risk from commercial activity either into local treasuries or in the Group Treasury using an internal transfer price. The interest rate risk is then managed within the authorized limits of the related trading books.

For products without a fixed maturity date (the French retail network's current and savings accounts, for example), the Group uses amortization models, in which the outstanding amounts are deemed to be composed of a stable portion and a volatile portion (i.e. the difference between the total outstanding amount and the stable portion). For example, for Societe Generale's French retail network, the volatile portion of its deposits is scheduled at sight, while the stable portion is determined by using an auto-regressive model that is regularly back- tested. Its amortization profile was defined based on an auto projective model and on the bank's historical data.

The amortization of loans takes into account early repayment models that may be sensitive to the level of interest rates.

KEY INTEREST RATE RISK INDICATORS

Societe Generale uses several indicators to measure its interest rate risk, its three preferred measurements being:

- *Gap analysis*: the fixed rate positions and gaps are the main indicators for assessing the characteristics of the hedging operations required, they are calculated on a static basis.
- The *sensitivity of the economic value* is a supplementary and synthetic indicator used to set limits for the entities. It is calculated as the effect on Economic Value of an instantaneous movement in the yield curve. This measurement is calculated for all the currencies to which the Group is exposed.
- The *sensitivity of the interest margin* to variations in interest rates takes into account the sensitivity which is generated by future commercial productions over a three-year rolling horizon, calculated on a dynamic basis.

Sensitivity limits of the economic value are set for each entity and periodically reviewed by Group Finance Department. The Group's global sensitivity limit is currently set at EUR 500 million, which represents less than 1,2% of Societe Generale's Tier 1 capital base.

Other measurements that are also used to monitor the structural interest rate risk include:

- *Measurement of Economic Value sensitivity in various stress scenarios.* In these scenarios, the modeling of the behavior of products without a fixed maturity date and on early loan repayment is adjusted accordingly.
- *Measurement of interest margin sensitivity in various stress scenarios.*
- *Measurement of the economic capital* on account of the interest rate risk in the banking book. Societe Generale uses a Value-at-Risk (VAR) measurement method for its assessment of economic capital. The VAR measures the maximum loss in economic value that might occur over a one-year time horizon as a result of movements in interest rates.

INTEREST RATE RISK INDICATORS AT END-DECEMBER 2009

Measurement of the sensitivity of the economic value of the balance sheet, by currency, to variations of interest rates

As at December 31, 2009, the sensitivities of the economic value by currency in the case of different movements of the yield were as follows. The calculations below take into account the optionality.

In millions of euros - 31/12/2009				Sensitivity by currency				
Niveau de sensibilité par devises	**EUR**	**USD**	**GBP**	**JPY**	**CZK**	**RUB**	**Others**	**Total**
Parallel increase of the yield curve of 50 basis points	6	(7)	4	2	7	(2)	22	**34**
Parallel decrease of the yield curve of 50 basis points	(101)	7	(5)	(2)	(8)	2	(23)	**(130)**
Parallel increase of the yield curve of 10 basis points	7	(1)	1	0	1	0	5	**13**
Parallel decrease of the yield curve of 10 basis points	(12)	1	(1)	0	(1)	0	(5)	**(18)**
Steepening of the yield curve	6	(1)	4	2	12	(1)	25	**48**
Flattening of the yield curve	(118)	2	(4)	(2)	(13)	1	(25)	**(160)**

APPENDIX:

INFORMATION PERTAINING TO THE CONTRIBUTION OF KEY SUBSIDIARIES TO THE GROUP'S TOTAL RISK WEIGHTED ASSETS

The contribution to Group's RWA of three subsidiaries accounting collectively for more than 10% of Group's RWA is as follows.

	Crédit du Nord		Rosbank		Komercni Banka	
Contribution to the Group risk weighted assets						
in millions of euros	**SA**	**IRB**	**SA**	**IRB**	**SA**	**IRB**
Credit and counterparty risk	**3,559**	**10,560**	**8,764**	**29**	**1,653**	**8,932**
Sovereign	8	-	992	-	-	438
Institutions	113	195	811	-	12	1,026
Corporates	1,870	5,912	4,742	-	345	6,246
Retail	781	4,300	1,743	-	960	1,137
Securitisation	-	-	-	-	-	2
Equity	-	154		29	-	83
Other non credit-obligation assets	787	-	476	-	336	-
Market risk	**28**		**355**		**5**	
Operational risk	**732**		**1,285**		**933**	
Total 2009	**14,879**		**10,433**		**11,522**	
Total 2008	**15, 813**		**13,045**		**11,234**	