2012 REGISTRATION DOCUMENT

BUILDING TOGETHER

TEAM SPIRIT SOCIETE GENERALE

RETAIL BANKING - CORPORATE & INVESTMENT BANKING - SPECIALISED FINANCIAL SERVICES & INSURANCE - GLOBAL INVESTMENT MANAGEMENT & SERVICES

REGISTRATION DOCUMENT **2012**

This document is a free translation into English of the Registration Document (Document de Référence) issued in French. Only the French version of the Registration Document has been submitted to the AMF. It is therefore the only legally binding.

The original document was filed with the AMF (French Securities Regulator) on March 2, 2012, in accordance with article 212-13 of its General Regulation. As such, it may be used to support a financial transaction if accompanied by a prospectus duly approved by the AMF. This document was produced by the issuer and is binding upon its signatory.

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

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

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HISTORY AND PROFILE OF SOCIETE GENERALE

HISTORY

Societe Generale was founded in May 1864 by a group of industrialists seeking to finance commercial and industrial development in France.

From the first years of its existence, it adopted the “universal banking” model which has ensured its strong growth. Its network of branches rapidly developed across France, growing from 32 branches in 1870 to 1,500 branches in 1940.

At the same time, Societe Generale began to build its international reach by financing infrastructure essential to the economic development of a number of countries in Latin America, Europe and Africa. With this expansion policy came the establishment of a network of branches abroad. On the eve of the First World War, Societe Generale’s Retail Banking business was in operation in no less than 14 countries, with a particularly strong foothold in Russia. The network was completed after 1918 with the opening of branches in New York, Abidjan and Dakar, and with the acquisition of a stake in Central European banks.

Nationalised in 1945, Societe Generale played an active role in financing post-war re-construction. The Bank also contributed to the promulgation of banking techniques by launching innovative financial products for companies, including medium-term discountable credit and lease financing agreements, for which it is a market leader.

With the reform of the banking system in 1966, Societe Generale demonstrated its ability to adapt to the new environment by diversifying its customer base. It continued to support its corporate partners, while readily extending its business to individual customers.

Following its privatisation in July 1987, Societe Generale pursued its growth. In France, it drew on the development of its customer base while reinforcing its role as a local bank with the acquisition of Crédit du Nord (acquisition of a majority stake in 1997 followed by the buyout of minority shareholders in 2009) and of Société Marseillaise de Crédit in 2010. With this network of regional banks, the Group thus broadened its Retail Banking businesses in its domestic market.

Societe Generale expanded internationally through acquisitions in its various businesses all around the world. For example, it developed its Retail Banking network in Eastern Europe through the acquisition of BRD (Romania) in 1999, Komerčni Banka (Czech Republic) in 2001, followed by a dozen other acquisitions across the rest of the region. Most importantly, it acquired a stake in Rosbank (Russia) in 2006. The Group currently holds an 82.4% of this subsidiary’s capital, making it a leading bank in Russia. This strategy of international expansion, strengthened by the presence of the Corporate and Investment Banking (SG CIB), Global Investment Management and Services (GIMS) and Specialised Financial Services (DSFS) businesses, has extended the Group’s reach across 77 countries.

PROFILE OF SOCIETE GENERALE

Societe Generale is one of the leading financial services groups in Europe. With its diversified universal banking model, the Group combines financial solidity and a sustainable growth strategy with the ambition of being the relationship-focused bank, a leader in its markets, close to its customers, and recognised for the quality and the commitment of its teams.

The Group has over 159,000 employees across 77 countries, who serve more than 33 million customers across the globe. Societe Generale's teams offer advisory and other services to individual customers, companies and institutions as part of three main business lines:

- Retail Banking in France under the Societe Generale, Crédit du Nord and Boursorama brands;
- International Retail Banking, which is present in Central and Eastern Europe, Russia, the Mediterranean Basin, Sub-Saharan Africa, Asia and in the French Overseas territories;
- Corporate and Investment Banking with its broad range of expertise in investment banking, finance and market activities.

Societe Generale is also a major player in the businesses of Specialised Financial Services and Insurance, and Private Banking, Global Investment Management and Services.

On March 2, 2012 Societe Generale's long-term rating was A1 at Moody's, A+ at Fitch and A at Standard & Poor's.

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GROUP STRATEGY AND BUSINESSES

A STRATEGY OF GROWTH WITH LOWER RISK, BASED ON A ROBUST UNIVERSAL BANKING MODEL

2011 was marked by considerable turmoil both on political (particularly with the political transitions in North Africa) and economic levels (deepening of the eurozone sovereign debt crisis). Uncertainty over economic prospects, particularly in developed countries, have become significantly more pronounced since the summer of 2011. Overall, economic growth in 2011 was weaker than in 2010, but continued to be supported by emerging countries, which held up well, although to different degrees.

Furthermore, 2011 was particularly busy in terms of regulations. A series of regulatory undertakings and considerations succeeded each other, following the road map determined by the G20 in Pittsburgh in 2009. In practical terms, the year was particularly marked by the stress tests on European banking capital published by the European Banking Authority and by the expectation of prudential requirements for capital and liquidity.

Against such a difficult backdrop, Societe Generale benefited from its solid franchises and balance sheet (limited exposure to sovereign risk in Greece, Italy, Ireland, Portugal and Spain, considerable cash reserves and earning power, risk diversification) and has shown its ability to adapt rapidly to sudden changes in the environment after the summer (particularly with the sharply reduced liquidity in dollars and decreased value of some sovereign bonds).

At the same time, the Group decided to accelerate and adapt implementation of its Ambition SG 2015 strategic plan. However, the major strategic axes announced in June 2010 remain the pillars of the Group's transformation:

- reinforcing a customer-oriented universal banking model, refocused on three core businesses (French Networks, International Retail Banking and Corporate and Investment Banking);
- maintaining strict risk management;
- transforming the operating model.

The sudden change in the environment in the summer of 2011 meant certain projects had to be accelerated or additional actions had to be taken. As a result, the Group intends to:

- reduce the size of its balance sheet, particularly for Corporate and Investment Banking, and its liquidity requirements;
- control its cost base;
- speed up optimisation of its activity portfolio, in particular in regard to scarce resources (capital and liquidity).

The **French Networks** form the first pillar of the Group's universal banking strategy. 2011 was marked by the continuation of a good commercial dynamic and increased control of management expenses, as well as by maintaining the cost of risk throughout the year at a level below that of 2010.

In 2012, the Group will continue to pursue its multi-brand strategy, based on three complementary brand companies (10.9 million individual customers[1] and over 3,250 branches[1]):

- the multi-channel relationship bank Societe Generale;
- the Network formed by Crédit du Nord and its regional banks, now including the Société Marseillaise de Crédit. The network is distinguished by its strong culture of local customer relations;
- the leading French online bank Boursorama, which relies on an innovative model and attractive price positioning.

In line with Ambition SG 2015, the Group's ambition is to be the reference bank for customer satisfaction. By adopting differentiated client strategies (innovation, simplified product range, regional focus, new payment methods and new digital technologies, etc.), the Group intends to continue its efforts to win over new individual customers and remain a key player for Business clients. The Group will also continue to develop synergies between its brand companies, particularly through

(1) Including Société Marseillaise de Crédit.

the "Convergence" project (shared IT architecture and sharing of best sales practices), while maintaining each brand's identity. These new growth efforts and operational optimisation should bring down the cost/income ratio.

International Retail Banking is the second pillar of the Group's universal banking strategy. In a difficult environment with sharply contrasting geographical regions, developing the franchises and cost-cutting strategies will allow International Retail Banking, except for Greece, to maintain its significant contribution to the Group's income in 2012. In more general terms, the Group remains confident about the medium-term outlook for its activities in countries showing great potential and in which it enjoys solid positions:

- in Russia, with its three brand companies: Rosbank/BSGV (legally merged in 2011, allowing the realignement of the organisational set-up and operating model of the new universal bank), DeltaCredit and Rusfinance;
- in Central and Eastern Europe (excluding Russia), where the Group has nearly 6.0 million individual customers and leading franchises (No. 1 privately-owned retail bank in Romania and 3rd largest bank in the Czech Republic by assets);
- in the Mediterranean Basin and Sub-Saharan Africa, particularly through its positions in Morocco (No. 3 non-state-owned bank) and in Egypt (No. 2 non-state-owned bank).

In Central and Eastern Europe, the Group's ambition is to be one of the three largest banks in the region by 2015. The Group aims in this way to become one of the leading players on the Russian market through transforming and consolidating its local platform. More globally, the Group will continue to proactively manage all of its branches by various means (cross-selling, innovating in pursuit of simplicity, stepping up customer relations, intragroup synergies, branch openings and targeted acquisitions). In addition to these growth efforts, the Group will mutualise resources, especially IT and support and harmonise its procedures to improve operational efficiency.

Societe Generale Corporate & Investment Banking is the third pillar of the Group's universal banking strategy. Changes in economic and stock market conditions were particularly noticeable in the second half of 2011 due to the deepening sovereign debt crisis in Europe. In this environment, the 2011 net cost of risk for Corporate and Investment Banking's core activities remained very low, demonstrating the division's good credit risk control and the quality of its portfolio. Furthermore, the Group has been able to take the adequate measures to face significantly deteriorated conditions: reducing the size of its balance sheet and liquidity requirements, especially in dollars, accelerating sales of legacy assets, reducing its cost base.

In an uncertain economic environment with more restrictive regulations, Societe Generale Corporate & Investment Banking will maintain its development strategy, based on three major businesses: Global Finance, Global Markets and Investment Banking, while being more selective. In Europe, the ambition is to offer clients a complete, integrated line of products whereas in the Americas and Asia-Pacific, the Bank will refocus on its world franchises (commodity financing and equity derivatives). Moreover, Societe Generale Corporate and Investment Banking will strengthen the alignment between origination and distribution.

Overall, the Group will continue to work with its key accounts, large corporates and financial institutions, giving priority to the Group's profitability and consumption of scarce resources (capital and liquidity). Corporate & Investment Banking can rely on its own strengths, especially its client portfolio and world-renowned professional expertise, as well as its efforts to optimise operating efficiency and strictly control risks, which have been ongoing for several years.

Finally, the targeted and opportunistic deleveraging strategy regarding legacy assets will be pursued.

Under the Ambition SG 2015 programme, **Specialised Financial Services & Insurance** and **Global Investment Management and Services** will support the development of the three pillars and will continue refocusing on the following four criteria:

- the level of potential synergies with the Group's three pillars;
- their consumption of scarce resources (capital and liquidity);
- the stability of their contribution to the Group's financial results;
- their ability to maintain a competitive positioning.

Overall, the core businesses of **Specialised Financial Services** continue to improve their profitability while adapting to a more constrained environment on capital and liquidity. The efforts on scarce resources optimisation, cost cutting and risk management will be pursued in 2012. By 2015, the Group intends to speed up selective development of these businesses, in synergy with International Retail Banking, in order to consolidate its leading position in Europe while continuing to refocus its system and diversify its sources of financing. As for **Insurance** activities, on the whole they continue to grow and demonstrate their resilience in conditions that were hardly favourable for savings activities in 2011. The Group will continue to develop its bank insurance model through its policy of generating new business with the Group's French and International Retail customers and its policy of expanding its product range.

In 2011, **Global Investment Management and Services** confronted a deteriorating environment in the second half of the year, but held up well thanks to the quality of its franchises and proactive steps taken on costs.

Private Banking is a core business with attractive fundamentals on which the Group wishes to develop, particularly by capitalising on the quality of its products and synergies with its pillar core businesses (Retail Banking and Corporate and Investment Banking). In 2012's still uncertain conditions, the Group will continue developing this activity while optimising its operating efficiency to safeguard its profitability and better control risks.

Within Asset Management, TCW continued to bounce back, capitalising on its reputation for performance. The fund inflow dynamics observed at the end of 2010 were confirmed in 2011, despite difficult conditions. Amundi, in which the Group has a 25% stake along with Crédit Agricole S.A., should maintain its asset base, especially from its shareholders' retail banking networks, in unfavourable market and regulatory conditions and continue its initiatives with institutional clients. Its contribution to Asset Management's income will draw on good cost control and solid operating efficiency, as a result of synergies generated through the CAAM-SGAM merger.

Finally, Securities Services and Brokerage will continue their efforts to consolidate their competitive positioning and support their income development. In uncertain conditions, Societe Generale Securities Services and Newedge will also pay special attention to controlling costs and managing operating risks.

Overall, in an uncertain environment and more restrictive regulatory conditions, the Group is mobilised and determined to adapt to and confront the changes in its environment. Thanks to the quality of its teams, its diversified portfolio of activities and its growth drivers, the Group has all it needs to support its customers and play its role in financing the economy.

THE GROUP'S CORE BUSINESSES

THE BUSINESSES OF THE SOCIETE GENERALE GROUP ARE ORGANISED INTO FIVE DIVISIONS: FRENCH NETWORKS/ INTERNATIONAL RETAIL BANKING/ CORPORATE AND INVESTMENT BANKING/SPECIALISED FINANCIAL SERVICES AND INSURANCE/GLOBAL INVESTMENT MANAGEMENT AND SERVICES.

FRENCH NETWORKS

Societe Generale's retail networks in France are formed from the alliance of three complementary brands: Societe Generale, the renowned national bank; Crédit du Nord, a group of regional banks on a human scale; Boursorama Banque, a major online bank. Through the pooling of best practices and simplified processes, the three brands offer a wide range of products and services suited to the needs of a diversified base of 10.9 million individual customers and more than 550,000 business and professional customers.

Backed by a team of nearly 35,000 specially trained professionals and an efficient multi-channel distribution system including 3,254 branches, the French Networks had market share at end-November 2011 of 7.8%[1] for loans and 6.7%[1] for deposits. This positioning was further consolidated in 2011 with the consolidation of Société Marseillaise de Crédit by Crédit du Nord and the organic growth of its branch networks (17 net openings during the year).

On the back of their solid sales performance over the year, the French Networks posted outstanding loans and deposits up 4.4% and 8.7% respectively, compared with 2010. The policy of supporting the economy was maintained, with the French Networks funding a number of major projects in a wide variety of sectors and continuing to provide assistance to local authorities. Outstanding loans to business customers were up 1.4% compared with 2010, to EUR 78.3 billion. Given the higher rates of return on savings and the instability on the financial markets, deposits by individual customers were also up compared with 2010, rising by 8.8% to EUR 83.1 billion.

The French Networks distribute insurance products from Sogecap and Sogessur, subsidiaries operating within the Specialised Financial Services and Insurance division. Life insurance outstandings stood at EUR 79.1 billion and non-life insurance outstandings were up 10.8%[2] compared with 2010, thus expanding the Group's presence in this market.

Net banking income generated by the French Networks amounted to EUR 8,165 million for 2011, up 4.8% compared with 2010, representing 32% of the income of the Societe Generale Group.

Societe Generale Network

In a context of economic uncertainty and strong tensions on the financial markets, the Societe Generale Network continues to boast a solid commercial and financial performance.

The Network offers solutions suited to the needs of its 8.6 million individual customers and 460,000 professional customers, associations and business customers trusting it with their business, drawing on three major strengths:

- 24,000 employees and 2,305 branches (15 net openings in 2011), located mainly in the urban areas where a large part of the national wealth is concentrated.
- A full and diversified range of products and services, from savings vehicles to asset management solutions, including corporate finance and payment instruments.
- An efficient and innovative multi-channel distribution system combining the internet, telephone and *Agence Directe* (online branch). In 2011, the Network installed iPad * terminals in the largest branches in France in order to measure customer satisfaction and inaugurated its first branch complying with the "energy efficient building" criteria under the Carbon Neutral project.

The Network places customer satisfaction at the heart of its daily activities and received the 2012 "Customer Service of the Year" award in the banking category in the fifth annual *Viséo Conseil* awards (*Les Echos*, October 2011).

With nearly 5.5 million current accounts, the individual customer base is a key component of the Societe Generale Network portfolio. Thanks to ambitious marketing campaigns, an attractive offer and dedicated advisors, The Societe Generale Network boasted 75,766 new individual accounts in 2011. Regulated savings accounts were boosted by the two rate increases on Livret A passbook accounts in February and August 2011 with outstandings of EUR 6.7 billion at year-end for over 2.2 million passbooks. With the "Vous pouvez compter sur nous" ("You can count on us") campaign launched during the year, the Societe Generale Network

(1) Latest data available from the Banque de France.

(2) Excluding Société Marseillaise de Crédit.

* iPad is a registered trademark of Apple Inc, registered in the US and other countries.

provided further evidence of its commitment to customers and its determination to develop lasting relationships of trust with them.

Since 2008, Societe Generale has been developing a sales programme targeting high net worth individuals customers through the joint venture entered into with Societe Generale Private Banking, which now has 8 centres in France.

Deposits by individual customers amounted to EUR 65.7 billion.

Outstanding loans granted to individual customers totalled EUR 73.4 billion, of which 89% were housing loans.

The Societe Generale Network has maintained its commitment to financing the economy by continuing to adapt its system and its organisation to the needs and constraints of business customers. Two hundred business centres dedicated to SMEs have been developed, a new "Service Charter for SMEs" introduced, and a partnership entered into with UBIFRANCE (French agency for international business development) to promote the growth of French businesses abroad. The growth of the customer base illustrates the relevance of this strategy: having attracted more than 2,100 new SMEs in 2011, the portfolio contained nearly 89,000 companies at year-end 2011. The professionalism and responsiveness of our dedicated advisors have helped to build a close relationship with the Group's customers.

The chief purpose of the joint venture with Corporate and Investment Banking is to assist the development and speed up the growth of business customers. It gives them access to the expertise of the Group in terms of private equity, the primary equity and debt market, structured financing and M&A advisory services. The joint venture is active in Bordeaux, Lyons, Marseilles and Rennes. In 2011 it opened two new offices in Lille and Strasbourg.

At year-end 2011 business customer outstandings amounted to EUR 64.3 billion in loans and EUR 32.6 billion in deposits.

In order to provide project support to persons ineligible for traditional loans, at some of its branches, Societe Generale offers microcredit assistance in partnership with two associations: Restaurants du Cœur and CRESUS. Personalised assistance is provided to borrowers by partner associations before the submission of loan applications and then during the repayment phase.

These microloans are guaranteed by the Fonds de Cohésion Sociale (Social Cohesion Fund). Twelve microloans have been disbursed for a total of EUR 23,900.

Societe Generale also offered "Jeunes Avenir" loans (youth loans for the future). These loans, granted with the active cooperation of the *Caisses d'Allocations Familiales* (family allocation funds), were designed for young people between the ages of 18 and 24 to finance expenses related to new jobs. After the programme was introduced in 2007, Societe Generale granted more than 2,000 loans, and at year-end 2011, outstanding loans amounted to EUR 3.4 million.

The "Jeunes Avenir" loans are guaranteed by the Fonds de Cohésion Sociale, and Societe Generale was the only bank to offer this type of loan. As the budget allocated to Societe Generale by Caisse des Dépôts et Consignations, the manager of the Fonds de Cohésion Sociale, has been fully used up, Societe Generale ceased offering youth loans for the future in late 2010.

Crédit du Nord Network

The Crédit du Nord Group consists of eight regional banks (Courtois, Kolb, Laydernier, Nuger, Rhône-Alpes, Tarneaud, Crédit du Nord and Société Marseillaise de Crédit), an asset management company and a brokerage firm (Gilbert Dupont). For more than 160 years, it has developed a relationship based on close customer relations, professionalism and innovation. Its customers have the advantage of both a regional bank on a human scale and a nationwide group.

The Group's banks are staffed by advisors with an in-depth knowledge of the local economic market. They are structured as veritable SMEs with considerable autonomy in managing their business. As such, they are able to make quick decisions and expediently respond to customer requests. Each bank focuses on building strong individual ties with its customers to make each of them a partner in a lasting relationship of trust.

The 8,715 employees of the Crédit du Nord Group and its network of 938 branches (6 net openings in 2011) are on hand to serve 2.0 million individual customers, nearly 197,000 professional customers and some 114,000 business and institutional customers.

Professional customers are a priority. Therefore the Crédit du Nord Network has established a system to meet their specific business requirements in order to assist them on a daily basis and advise them on their plans. All customer needs, both private and professional, are handled within the same branch and under the authority of the same person.

The excellent quality of the relationships built up every day by the banks in this network, which are based on personal attention and advisory services, is reflected in the competition surveys[1] conducted by CSA with the customers of major French banking groups. In 2011, for the seventh year running, Crédit du Nord was ranked as the leading bank in terms of both individual and business customer satisfaction.

(1) Competition surveys conducted by the CSA Institute: from March 6 to April 9, 2011: survey of 4,564 individual customers of 11 major French banks; from March 1 to April 8, 2011: survey of 2,782 business customers of 10 major French banks.

Boursorama

Created in 1995, Boursorama is a major online broker in Europe, with more than 6.5 million orders executed at December 31, 2011, over 376,000 customers in France and total financial investment outstandings of EUR 4.3 billion at the end of December 2011.

Boursorama Banque offers a full range of banking products and services based on four pillars: simplicity (opening an account in just a few clicks), innovation (exclusive tools to simplify money management, such as MoneyCenter, a free account consolidation and management service, including accounts with several banks, launched in France in 2010), transparency (free debit card and 15 types of no-fee transactions), and quality (advisors available until 10.00 p.m. and secure transactions).

Boursorama operates in four countries (France, Germany, the United Kingdom and Spain) as:

- a key player in online banking in France under the Boursorama Banque brand via the website www.boursorama-banque.com, with a full range of innovative and efficient banking solutions ranging from conventional banking products to investment products such as UCITS and life insurance vehicles. This offer is also available in Germany under the Onvista Bank brand, and in Spain (2009) and the United Kingdom (2011) under the SelfBank brand. In 2011, Boursorama Banque was voted "Best Online Bank" (*Le Revenu,* September 2011) and was awarded the "Innovation Trophy" for its MoneyCenter service (*Forum de l'investissement trade fair*, October 2011), and its subsidiary Selftrade in the United Kingdom was granted the Financial Services Authority (FSA) banking license and is now a banking institution authorised to receive deposits from customers.
- a major player in online brokerage and savings in Europe, offering private investors an opportunity to manage their online savings independently thanks to a full range of investment products and services and access to the main international financial markets. This offer is available in France at www.boursorama.com, in Germany at www.onvista-bank.de, in Spain at www.selftrade.es and in the United Kingdom at www.selftrade.co.uk.
- the leader in online financial information in France and Germany with the websites www.boursorama.com and www.onvista.de.

INTERNATIONAL RETAIL BANKING

For more than a decade, International Retail Banking has implemented a universal banking model tailored to local conditions and requirements. International Retail Banking has continued to expand through targeted acquisitions and organic growth. Today, it holds leading positions in its regions of operation such as Central and Eastern Europe (including Russia), the Mediterranean Basin, Northern Africa, Sub-Saharan Africa and the French Overseas territories. Drawing on its range of innovative products and services and the partnership it has developed with its customers, International Retail Banking is helping to finance the economies of all the regions in which it has developed its activity.

The robust performance of business indicators confirms the relevance of the strategic choices International Retail Banking has made. At end-2011, its outstanding loans stood at EUR 67.8 billion, i.e. nearly a 5-fold increase from 2001. Deposits reached EUR 68.6 billion, which is more than a 3-fold increase from 2001. The network totals more than 3,890 branches in 37 countries and 40 different entities, serving 13.7 million customers (individuals, businesses, institutions and associations) and over 63,360 employees. With income of EUR 5,017 million in 2011, the division accounted for nearly 20% of Group income in 2011 versus slightly more than 8% ten years ago.

International Retail Banking's activity is centred on three strategic areas: targeted development in high-potential countries, the creation of a top-ranked player in Russia and stepped-up growth in regions with growing potential for banking facilities.

At the very heart of the Group's development abroad, International Retail Banking's operations in Central and Eastern Europe began with the acquisition of BRD in Romania in 1999, followed by Komerčni Banka (KB) in the Czech Republic in 2001. Societe Generale expanded its geographic coverage in the region with acquisitions in Croatia and Georgia in 2006, followed by Moldavia, Albania and Macedonia in 2007.

In Romania, BRD remains the market leader in terms of privately owned networks, with 937 points of sale and market share of around 15% in loans and deposits. In 2011, BRD was named "Best Bank" by *The Banker* and "Bank of the Year" by *Global Finance Magazine*.

In the Czech Republic, KB is ranked No. 3 in terms of balance sheet's size and was named "Bank of the Year 2011" for the fourth time by a professional panel that noted the stability of the bank, its customer approach and innovations in its range of products and services. In 2011, KB was also ranked number one among the Safest Emerging Market Banks in Central & Eastern Europe (*Global Finance Magazine*, October 2011).

Interest in the Russian market was already evident in 1993, with the Group obtaining a bank licence in Russia for BSGV and the development of a universal banking entity from 2003. The presence of International Retail Banking was strengthened by the acquisition of DeltaCredit in 2005 and, more importantly, by taking a 20% stake in Rosbank, the largest privately owned network in the country, in 2006. All activities in this country are currently supervised by one legal entity (merger of Rosbank and BSGV), which is 82.4%-owned by Societe Generale. This universal banking base covers all individual and business markets by pooling support functions and drawing on the expertise of specialised entities (consumer credit, property loans, leasing and Corporate and Investment Banking via a joint venture with SG CIB). Today, the Group is the number one privately owned network in Russia in terms of outstanding loans to individuals and the second-largest in terms of the number of branches.

In all, the Group operates in 15 countries in Central and Eastern Europe (including Russia), with total outstandings of EUR 46.7 billion in loans and EUR 45.4 billion in deposits.

In the Mediterranean Basin, the Group first established a presence in Morocco (1962), followed by Lebanon (1969), Algeria (1999) and Tunisia (2002). In Egypt, the merger of National Societe Generale Bank (acquired in 1978) and MIBank (2005) created a major local banking player. Today, the network totals 7 entities including a presence in Jordan and Cyprus, in which Societe Generale de Banque au Liban[1] has been majority shareholder since 2003 and 2010, respectively. The network has 821 branches and an individual customer base of more than 2.1 million. At December 31, 2011, outstanding deposits totalled EUR 14.5 billion and outstanding loans EUR 12.9 billion, mainly driven by its subsidiaries in Morocco and Egypt, where the Group has top-ranking positions: No. 3 privately owned bank for Societe Generale Maroc and No. 2 bank for NSGB in Egypt. Despite the political events in the first quarter of 2011, the Group's entities in Northern Africa recorded strong growth in their customer base (+8.6% over the year) and their branch network (+90 branch openings in 2011).

CORPORATE AND INVESTMENT BANKING

With nearly 12,000 employees in 34 countries, Societe Generale Corporate & Investment Banking (SG CIB) is present on the main financial markets in the Group's regions of operation, with extensive European coverage and representative offices in the Central and Eastern Europe, Middle East and Africa, Americas and Asia-Pacific zones. The business line offers its customers bespoke financial solutions combining innovation, advisory services and high execution quality in three areas of expertise: **investment banking, financing and market activities**.

- SG CIB offers its **issuer** clients (large corporates, financial institutions, sovereigns and the public sector), strategic advisory services on their development as well as market access to finance this development;
- SG CIB also offers **investors** managing savings investments according to set risk/return targets. Whether they are asset managers, pension funds, family offices, hedge funds or sovereign funds, public agencies, private banks, insurance companies or dealers, the bank provides comprehensive access to equity, credit, foreign exchange, commodity and alternative investment markets as well a range of unique cross-asset solutions and advisory services, drawing on top market expertise.

The business line's ambition is to be among the leading euro zone corporate and investment banks, adopting a model balanced between businesses and regions, while at the same time continuing to transform its model in order to improve its operating efficiency and risk profile with, as its main objective, to always offer the best customer service. In a highly competitive environment, SG CIB increased its market share across the entire sector, reaching 4.0% in 2011 (3.9% in 2010 vs. 2.9% in 2007, out of a panel of 15 banks).

In order to strengthen its positions and facilitate cross-selling, SG CIB is organised around two divisions:

- **Global Markets** combines the "Equities" and "Fixed Income, Currencies and Commodities" market activities within a single and global Markets Platform, to offer a multi-product view and optimised cross-asset solutions;
- **Financing and Advisory covers** strategic hedging activities for major clients, M&A advisory services, as well as global finance activities combining structured financing, export or project finance, fund-raising (debt or equity), financial engineering and hedging solutions for issuers.

(1) 19%-owned by Societe Generale.

Global Markets

To assist its clients in an environment where the financial markets are increasingly interconnected, SG CIB has united its experts – financial engineers, salespeople, traders and specialist advisors – within an integrated platform providing global access to the equity, fixed income, credit, forex, commodity and alternative investment markets. SG CIB's experts use all of these underlyings to offer bespoke solutions, suited to the specific needs and risks of each client. The market activities platform is designed to meet the requirements of each client around the world.

EQUITIES

Thanks to its historic presence on all the world's major primary and secondary equity markets and its long-standing tradition of innovation, SG CIB is a leader in a comprehensive range of varied solutions covering every cash, derivative and equity research activity.

- **Equity derivatives** are one of SG CIB's areas of excellence. For several years, SG CIB has received awards for its expertise, which is recognised both by the banking profession and clients. Once again this year and for the third time in 5 years, SG CIB was named "Most Innovative Investment Bank for Equity Derivatives" (*The Banker*, October 2011) and was ranked number one in the "Global Provider in Equity Derivatives" ranking (*Risk Interdealer Rankings,* 2011). The bank's leadership in this field is also illustrated by its top ranking in flow activities: with market share of 13.3% at end-2011, the bank is the number one global player in warrants. It has also maintained its number three ranking on the European ETF (Exchange Traded Funds) market, with market share of 14.5%.
- **Lyxor Asset Management**, a wholly-owned subsidiary of Societe Generale, boasts a wide range of innovative and high-performance investment products and services enabling it to offer structured, index fund and alternative management solutions (businesses transferred from SGAM Alternative Investments to Lyxor in early 2010). In 2011, Lyxor's managed account platform received four awards from leading hedge fund publications including "Best Managed Account Platform" (*Hedge Week Awards*, March 2011). Lyxor also earned the title of "Institutional Manager of the Year" (*Alternative Investment News*, 2011). At December 31, 2011, Lyxor's assets under management totalled EUR 73.6 billion.

FIXED INCOME, CURRENCIES AND COMMODITIES

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

- **Fixed income and currencies:** the fixed income and currencies teams, based in London, Paris, Madrid and Milan as well as the United States and the Asia-Pacific region, offer a wide range of flow and derivative products. They provide Societe Generale's clients with personalised solutions to meet asset and liability, risk management and revenue optimisation needs. SG CIB's expertise has also been regularly recognised in this field. Once again, SG CIB won awards in 2011 including second place in the "Security Lending/Borrowing in Euros" category. In 2011, SG CIB set up a market making on Japan government bonds in Japan and obtained primary dealer status in July 2011.
- **Commodities**: for more than 20 years, SG CIB has been a major player on the energy markets (oil, refined products, natural gas, coal, carbon emissions, liquified natural gas), metals (base and precious) and has developed an agricultural commodities offer targeting producers. SG CIB is active with businesses and institutional investors, providing them with hedging and investment solutions. As a category 1 member of the London Metal Exchange, SG CIB also offers clearing and execution services for futures and options contracts. In 2011, SG CIB was recognised as the "Base Metals House of the Year" (Energy Risk, May 2011).
- In 2011, SG CIB decided to adjust its operations in the United States and to sell its 50% stake in ORBEO, a subsidiary jointly held with Rhodia dedicated to the carbon emission markets, reintegrating the CO_2 offer into the European energy platform in order to offer combined CO_2, gas, electricity, coal and oil solutions.

Moreover, SG CIB has continued to develop its business by forming a **Cross-Asset Research** team comprised of analysts all over the world, which produces many thematic and multi-product analyses covering all asset classes. These analyses, used in deciphering market trends and developing market strategies, are an excellent decision-making tool for investors, and as such regularly receive awards. In 2011, Societe Generale's Cross-Asset Research team was named first overall, both in *"Trade Ideas" and "Credit Strategy"* (*Euromoney*, May 2011).

Financing and Advisory

The Financing and Advisory division unites the Coverage & Investment Banking and Global Finance activities.

COVERAGE & INVESTMENT BANKING

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

- extensive strategy advisory services, covering mergers and acquisitions and Initial Public Offering structuring, as well as debt and capital restructuring and Asset and Liability Management; and
- access to optimised fund-raising solutions, notably through the creation of joint ventures with Global Finance and Market Activities.

In 2011, SG CIB was recognised as a "*Quality Leader in European Large Corporate Banking*" by *Greenwich Associates*.

GLOBAL FINANCE

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

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

SG CIB's holds a leading position on the equity capital markets (No. 1 in "Equity, Equity-Related Issues in France", according to Thomson Reuters, December 2011).

SG CIB offers its clients the benefit of its structured financing expertise in many sectors: natural resources, energy, international trade, infrastructure and assets. Against a backdrop of growing disintermediation and given new forthcoming regulations, SG CIB has begun its repositioning in mid-2011 with, notably, the strengthening of distribution capacities and a reduction in businesses that do not generate significant synergies, e.g. real estate, aviation and dollar-denominated finance.

In 2011, *Trade Finance* named SG CIB "Best Global Export Finance Arranger" for the 10th consecutive year, "Best Commodity Finance Bank" for the 3rd straight year and "Energy Finance Bank Of The Year".

Legacy assets

Assets made illiquid as a result of the credit crisis, because of their nature (certain CDOs of RMBS, RMBS, CMBS and other European and US ABS from 2008-2009 or Australian ABS, etc.) or their structure (assets hedged by monolines, exotic credit derivatives, etc.) are no longer in line with the bank's strategic objectives and risk profile. They were identified in 2008 and have been ringfenced and entrusted to a dedicated team, responsible for managing them until they are run off. This team implements diversified strategies (selling, portfolio restructuring, setting up hedges, etc.) to optimise exit conditions, in accordance with the risk reduction target and the objective of reallocating resources to Corporate and Investment Banking's strategic activities. It is subject to a specific governance approach optimising interaction between the Corporate and Investment Banking, Risk and Finance Divisions. To facilitate the reading and understanding of Corporate and Investment Banking's performance, the income generated from these legacy assets is disclosed separately from the income generated by CIB's core activities.

In 2011, the size of the portfolio was reduced significantly, shrinking from EUR 33 billion at December 31, 2010 to EUR 17 billion at end-2011.

SPECIALISED FINANCIAL SERVICES AND INSURANCE

The Specialised Financial Services and Insurance Division comprises a set of specialised businesses able to meet the specific needs of business and individual customers alike in France and abroad. It offers life, non-life and personal protection insurance products (Societe Generale Insurance), vendor and equipment financing solutions for professionals (Societe Generale Equipment Finance), a wide range of consumer loans (Societe Generale Consumer Finance) as well as financing and management solutions for automobile fleets (ALD Automotive). It operates in 45 countries and is backed by the skills of 30,000 employees.

Specialised Services and Insurance are specialised businesses that complement the Group's universal banking services, with which it generates significant synergies, while at the same time diversifying their distribution networks through such mechanisms as partnerships and business introducer agreements.

At year-end 2011, the division totalled EUR 50 billion in assets under management, of which 86% in Europe, which is its main base of operations and where it holds strong positions.

Insurance

Societe Generale Insurance, the Group's insurance business line, covers the needs of individual, professional and business customers in terms of investment solutions, pensions, personal protection and non-life insurance. In accordance with an integrated bank insurance model, the life and non-life insurance companies of Societe Generale Insurance offer the Group's French and international networks a full range of insurance products and services.

This business line employs more than 1,800 people in 17 countries.

In 2011, while continuing to roll out its bank insurance strategy, Societe Generale Insurance maintained both its assets under management and its market share in life insurance investment solutions. It also stepped up its focus, initiated in recent years, on towards promoting personal protection and non-life products, which are doing a booming business.

Vendor and equipment finance

Since 1971, Societe Generale Equipment Finance (SGEF) has specialised in vendor and equipment finance. This business is conducted through partnership agreements with business introducers (equipment manufacturers and distributors), banking networks or directly. It designs, distributes and manages innovative financial products for professionals (asset-backed lease finance, leasing of trucks with services, etc.). This business line focuses on three sectors: high techs, industrial equipment and transport.

As the leading company in Europe and number three worldwide, SGEF operates in 25 countries, employs 3,000 people and manages a portfolio of EUR 18.5 billion.

In 2011, SGEF was named "Vendor Finance Provider of the Year" for the fourth time by *Leasing Life.*

Consumer finance

Societe Generale Consumer Finance (SGCF) manages the Group's consumer finance activities. It offers multi-product financing solutions for individual customers and partners: car loans available at dealerships and in-store financing, direct financial solutions for individual customers (via point of sale networks, business introducers or by using customer prospect databases) and management services for the Group's retail banking networks.

The business line is active in 21 countries, employs some 21,000 people and manages EUR 23 billion in outstanding loans (not including servicing). In automobile financing, thanks to the consolidation of its competitive position and stronger partnerships with manufacturers, SGCF is the number two banking player in Russia, France and Germany and number four in Italy in terms of outstanding loans at the end of the period.

Operational vehicle leasing and fleet management

ALD Automotive offers an operational vehicle leasing and fleet management service for business customers, multi-nationals, large corporates and locally to SMEs. This business combines the financial benefits of operational leasing with comprehensive, high-quality service, including maintenance, tyre management, fuel consumption, insurance and vehicle replacement for companies of all sizes.

ALD Automotive has broad geographical coverage and is active in 37 countries on four continents. It has unique knowledge of the BRIC markets and is partnered with Wheels, Inc. in North America. For several years ALD Automotive has ranked number two in Europe and number three worldwide in operational vehicle leasing.

At year-end 2011, ALD Automotive managed a fleet of 917,000 vehicles including 690,000 under operational leases.

For the fourth year in a row, ALD Automotive France won the "Customer Service" award, this time for 2012 *(Viséo Conseil)*.

In the United-Kingdom, ALD Automotive was named "Fleet Service Company of the Year" at the 2011 ACFO Awards ("The Premier Organisation for Fleet Operators").

GLOBAL INVESTMENT MANAGEMENT AND SERVICES

The Global Investment Management and Services (GIMS) encompasses Private Banking with Societe Generale Private Banking, Asset Management with Amundi (partnership with Crédit Agricole Asset Management which began on January 1, 2010) and TCW, and lastly, Securities Services with Societe Generale Securities Services and derivatives brokerage with Newedge.

At year-end 2011, the division's assets under management, excluding assets managed by Lyxor Asset Management (a subsidiary consolidated within Corporate and Investment Banking's Global Markets business line) and customer assets managed directly by the French Networks, amounted to EUR 176 billion. Assets under custody continued to rise, reaching EUR 3,327 billion, thus bolstering the Group's positioning as No. 2[1] among European custodians. For full year 2011, the division posted income of EUR 2,169 million.

Private Banking

Ranked among the world's leaders in Private Banking, the Societe Generale Private Banking business line offers wealth management services to clients with a financial net worth of more than EUR 1 million, drawing on the expertise of its specialists in wealth engineering and investment and financial advisory services.

Societe Generale Private Banking employed 2,800 people and totalled EUR 84.7 billion in assets under management at December 31, 2011.

Societe Generale Private Banking operates in 19 countries. In the past few years it has expanded its business in France and the United Kingdom with the opening of regional centres for high net worth individuals. Societe Generale Private Banking is also active in fast-growing regions in the Middle East and Asia and strives to attract emerging country clientele by setting up teams dedicated to Russian, Latin American, Arab and Indian clients.

The division is increasing synergies with all the other business lines of the Societe Generale Group, including the French Networks, International Retail Banking, Specialised Financial Services, Corporate and Investment Banking and Securities Services.

The know-how and expertise of its employees make Societe Generale Private Banking a major player in wealth management recognised worldwide, as evidenced by the awards handed out in 2011 by *Euromoney* for "Best Private Bank in France" and "Best Private Bank for Structured Products in Western Europe" (for the seventh year running).

Asset Management

Societe Generale conducts its asset management business through two major players:

- Amundi, which is 25%-owned by Societe Generale and 75%-owned by Crédit Agricole S.A.;
- TCW.

Through TCW in the United States and Amundi's expanded operations in Europe and in Asia, this business line is present in the world's principal investment areas.

Operational since January 1, 2010, Amundi is the result of the merger of the CAAM and SGAM businesses, with Societe Generale contributing its fundamental management, private equity management and property management activities, 20% of TCW and its joint venture in India. This entity offers a comprehensive range of products covering all asset classes and the major currencies. Amundi offers investment solutions to meet the needs of more than 100 million individual customers throughout the world and designs innovative, effective and bespoke solutions for institutional clients suited to their business and risk profile. With the support of two major banking groups, Crédit Agricole and Societe Generale, Amundi ranks No. 2 in Europe and among the world's top ten asset management companies with more than EUR 658 billion in assets under management at December 31, 2011 (*IPE Ranking "Top 400 asset managers active in the European marketplace" published in June 2011)*.

The TCW Group has a wide range of high value-added, innovative investment products. By adding US asset manager MetWest to the scope of consolidation in 2010 (a wholly-owned subsidiary of TCW Inc.), TCW expanded its product offer in certain high-potential bond segments and ensured the long-term growth of the US business. Assets under management totalled EUR 91 billion at year-end 2011. The client base of the TCW Group includes large institutional investors, pension funds, financial institutions, US foundations as well as a large number of international investors and high net worth individuals. At December 31, 2011, ten funds had been given a four-star and above rating by Morningstar, including TCW's "Metwest Total Return Bond Fund," which posted inflows of EUR 4.10 billion in 2011, raising its assets under management to EUR 13.56 billion.

Securities Services

SECURITIES BUSINESS

Societe Generale Securities Services (SGSS) operates in 24 countries around the world and employs more than 3,900 people. It offers a comprehensive range of cutting-edge services following the latest trends in the financial markets as well as regulatory changes, including the following:

- **clearing services,** combining the sophisticated and flexible management of securities back-office sub-contracting solutions with a clearing service range that leads the market.
- the **custody** and **depository bank** activity, which provides financial intermediaries (commercial and private banks, brokers and investment banks, global custodians) and institutional investors (asset managers, insurers and mutual insurance companies, pension schemes and pension funds, national and supranational institutions) with local and international custody services, covering all asset classes;

(1) At September 30, 2011.

- **fund administration** and **asset servicing services** manage the valuation and middle office operations for complex derivative products (OTC and structured) and calculate the performance and the risk related to portfolios for promoters of mutual funds, asset management and investment companies, banks and institutional investors;
- **issuer services**, comprising notably the management of stock option plans or free share plans, the management of registered securities accounts, financial services, and the organisation of Annual General Meetings;
- **liquidity management services** (cash and securities) provide flow optimisation solutions ranging from securities lending/borrowing to the hedging of forex risk;
- **transfer agent** activities.

With EUR 3,327 billion in assets under custody at year-end 2011, SGSS ranks No. 7[1] among global custodians and No. 2[1] in Europe. It also offers its depositary services to 3,321 mutual funds and provides the valuation of 4,301 mutual funds totalling EUR 413 billion in assets under administration.

SGSS provided further evidence of the expertise of its teams and its ability to implement innovative projects when it was named "Fund Administrator of the Year" at the *Global Investor* 2011 awards ceremony. It also received six awards from the magazine *Global Custodian*. SGSS was named "Custodian of the Year in France" by the magazine *ICFA* * in at its annual European Custody and Fund Administration Awards, for the second year in a row.

DERIVATIVES BROKERAGE

Newedge, a 50/50 joint venture between Societe Generale and Crédit Agricole CIB, is the result of the merger of two brokerage specialists, Fimat and Calyon Financial. Newedge offers its clients a highly extensive and innovative range of clearing and execution services for listed derivative contracts (in financial instruments and commodities) and OTC contracts (Over-the-counter interest rate, foreign exchange, equity, index and commodity derivatives).

With a strong presence in over 15 countries in North America, Europe, Asia and Australia, Newedge offers its clients a single point of entry for access to more than 89 financial markets worldwide. This extensive international presence allows Newedge to handle substantial volumes: in 2011, 1.8 billion deals were executed and 1.7 billion contracts were cleared.

As the No. 2 Futures Commission Merchant in the United States with 12% market share in Q4, Newedge has maintained its leading position in the derivatives clearing and execution market.

(1) At September 30, 2011.

3

THE COMPANY AND ITS SHAREHOLDERS

2011 KEY FIGURES

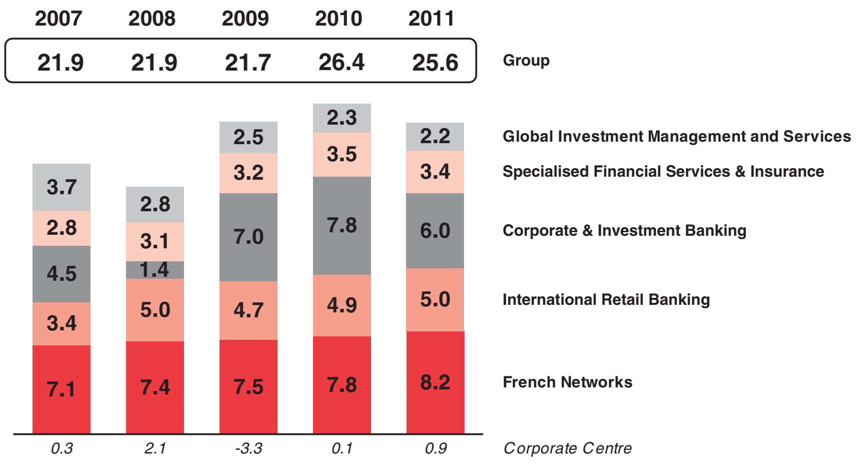
9.0%
Basel 2.5 ratio Core Tier 1, EBA method (European Banking Agency)

EUR 25.6bn
Net banking income

EUR 2.4bn
Group Net Income

INCOME

(In EUR bn)



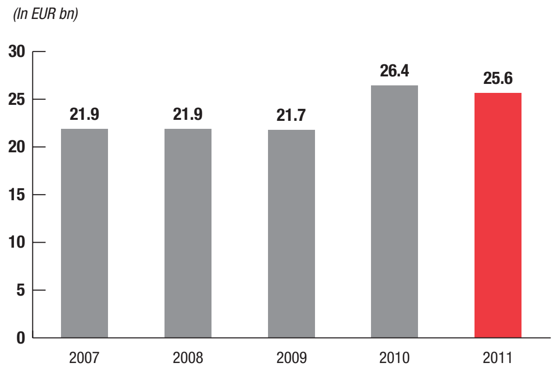
	2011[1]	2010[1]	2009[1]	2008[1]	2007
Results *(in EUR M)*					
Net banking income	25,636	26,418	21,730	21,866	21,923
Operating income excluding net loss on unauthorized and concealed trading activities	4,270	5,713	116	3,683	6,713
Operating income including net loss on unauthorized and concealed trading activities					1,802
Net income before non-controlling interests	2,788	4,302	1,108	2,773	1,604
Group net income	2,385	3,917	678	2,010	947
French Networks	*1,428*	*1,233*	*1,007*	*1,287*	*1,375*
International Retail Banking	*325*	*492*	*459*	*633*	*686*
Specialised Financial Services and Insurance	*297*	*343*	*26*	*469*	*600*
Global Investment Management and Services	*171*	*289*	*201*	*329*	*652*
Corporate and Investment Banking	*635*	*1,730*	*663*	*(2,062)*	*(2,221)*
Corporate Center	*(471)*	*(170)*	*(1,678)*	*1,354*	*(145)*
Activity *(in EUR bn)*					
Total assets and liabilities	1,181.4	1,132.1	1,023.7	1,130.0	1,071.8
Customer loans	367.5	371.8	344.4	354.6	305.2
Customer deposits	340.2	337.4	300.1	282.5	270.7
Assets under management[2]	176[3]	172[3]	344	336	435
Equity *(in billions of euros)*					
Group shareholders' equity	47.1	46.4	42.2	36.1	27.2
Total consolidated equity	51.1	51.0	46.8	40.9	31.3
Average headcount[4]	159,616	155,617	156,681	163,062	134,738

(1) Changes in 2008, 2009, 2010 and 2011:
- Boursorama previously presented in the Global Investment Management and Services division is included in the French Networks as from January 1, 2008.
- 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.
- As from January 1, 2010, the financial contribution of Amundi (the asset management division 25%-owned by Societe Generale and 75%-owned by Credit Agricole) will be presented under "Net income from companies accounted for by the equity method".
- The Group realigned its organisational structure in Q1 2009. All of the real estate subsidiaries which were previously affiliated with Corporate and Investment Banking, except for ODIPROM, are now part of the French Networks. The main entities transferred are GENEFIM, SOGEPROM and GENEFIMMO and their respective subsidiaries.
- As from January 1 2010, the entities SGAM AI CREDIT PLUS and SGAM AI CREDIT PLUS OPPORTUNITES, previously affiliated with the Corporate Centre, are now part of Corporate and Investment Banking. The Group has also transferred a securities portfolio classified in available-for-sale securities and held-to-maturity securities from the Corporate Centre to Corporate and Investment Banking.

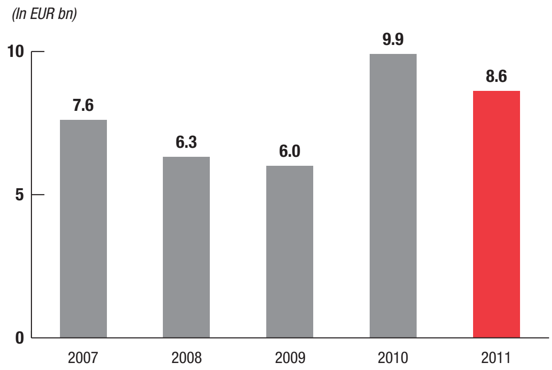
(2) Excluding assets managed by Lyxor.
(3) Excluding assets managed by Lyxor and Amundi.
(4) Excluding temporary staff.

2007: Basel 1.
As from 2008: Basel 2. As from 2011, Basel 2 standards incorporating CRD3 requirements.

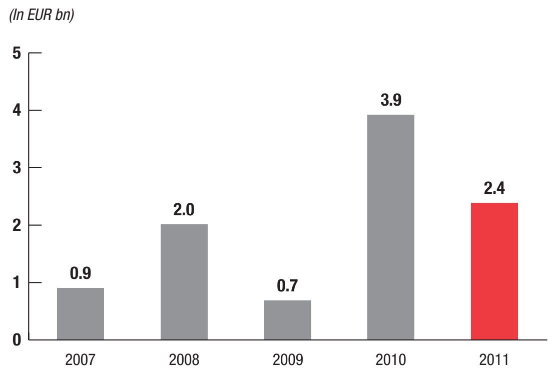
NET BANKING INCOME



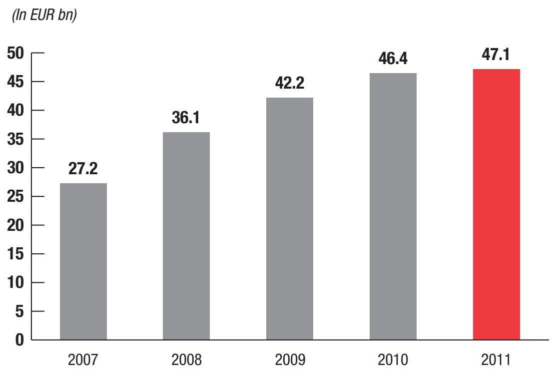
GROSS OPERATING INCOME



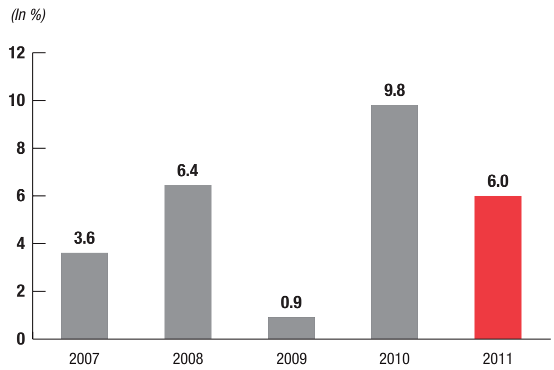
GROUP NET INCOME



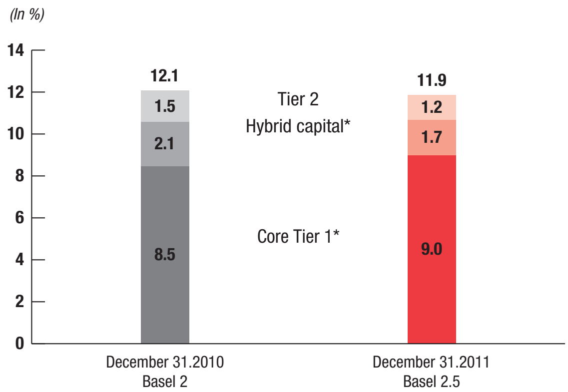
GROUP SHAREHOLDER'S EQUITY



ROE AFTER TAX(1)



B.I.S. RATIO(2)



* As from December 31, 2011, Core Tier 1 capital is defined as Basel 2 Tier 1 capital less Tier 1-eligible hybrid capital and after applying the Basel 2 Tier 1 deductions as planned by the Reglement.

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

(2) Does not reflect additional minimum capital requirements in respect of floor levels (the Basel 2 requirement, incorporating the Basel 2.5 requirements in 2011, cannot be lower than 80% of CAD requirements).

THE SOCIETE GENERALE SHARE

STOCK MARKET PERFORMANCE

Societe Generale's share price fell by 57.2% in 2011, closing at EUR 17.205 at December 31. This performance can be compared over the same period to a decline of 37.6% for the euro zone bank index (DJ EURO STOXX BANK) and 17.0% for the CAC 40.

At December 31, 2011, the Societe Generale Group's market capitalisation stood at EUR 13.3 billion, ranking it 20th among CAC 40 stocks (12th at December 31, 2010), 18th in terms of free float (8th at December 31, 2010) and 7th among euro zone banks (5th at December 31, 2010).

The market for the Group's shares remained highly liquid in 2011, with an average daily trading volume of EUR 200 million, representing a daily capital rotation ratio of 0.85% (versus 0.64% in 2010). In value terms, Societe Generale's shares were the 3rd most actively traded on the CAC 40 index.

STOCK EXCHANGE LISTING

Societe Generale's shares are listed on the Paris Stock Exchange (deferred settlement market, continuous trading group A, ISIN code FR0000130809) and are also traded in the United States under an American Depository Receipt (ADR) program.

STOCK MARKET INDICES

The Societe Generale share is a component stock of the CAC 40, STOXX Europe 50, EURO STOXX 50, Euronext 100, MSCI PAN EURO and MSCI EURO, FTSE4Good and ASPI Eurozone indices.

TOTAL RETURN * FOR SHAREHOLDERS

The following table shows the cumulative and annualised average total return on investment for Societe Generale shareholders over different time periods ending December 31, 2011.

Duration of shareholding	Date	Cumulative total return *	Annualised average total return *
Since privatisation	July 8, 1987	+212.8%	+4.8%
15 years	December 31, 1996	+56.6%	+3.0%
10 years	December 31, 2001	-55.5%	-7.8%
5 years	December 31, 2006	-82.9%	-29.7%
4 years	December 31, 2007	-78.5%	-31.9%
3 years	December 31, 2008	-45.5%	-18.3%
2 years	December 31, 2009	-63.1%	-39.2%
1 year	December 31, 2010	-55.4%	-55.4%

Source: Datastream

* Total return = capital gain + net dividend reinvested in shares.

DIVIDEND HISTORY

	2011	2010	2009	2008	2007
Net dividend (in euros)*	0	1.75[1]	0.25[1]	1.20[1]	0.90
Payout ratio (%)[2]	0	35.3	55.6	35.5	45.8
Net yield (%)[3]	0	4.4	0.5	3.3	0.9

* In accordance with IAS 33, per share data relating to periods preceding the capital increases that occurred in Q1 2008 and Q4 2009 have been adjusted for the ratios published by Euronext. The adjusted dividends amounted to EUR 1.14 in 2008 and EUR 0.80 in 2007.

(1) Dividend with option of payment in new shares.

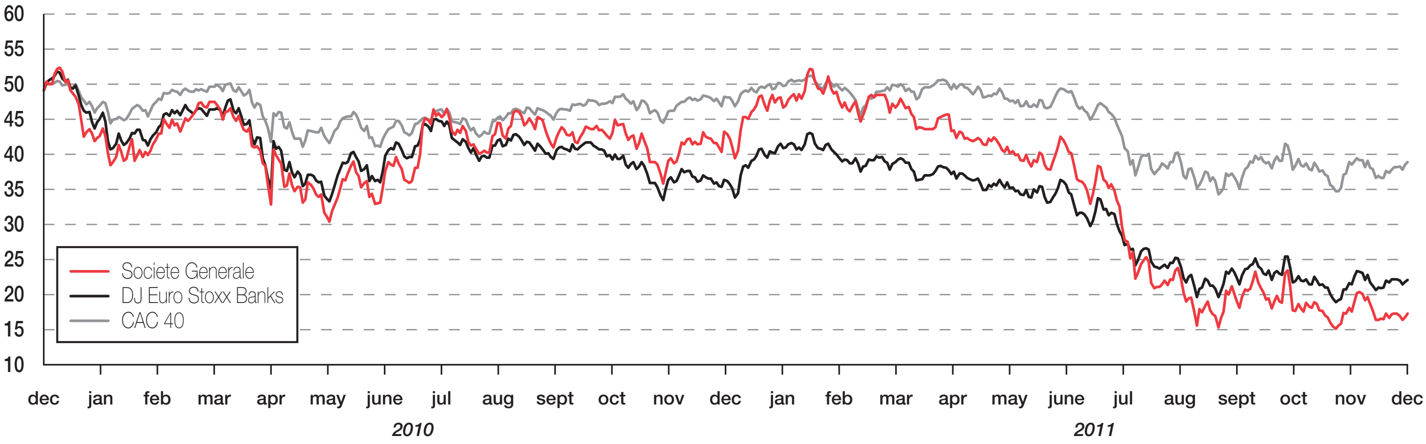
(2) Net dividend/earnings per share.

(3) Net dividend/closing price at end-December.

Stock market data		Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Share capital (number of outstanding shares)		776,079,991	746,421,631	739,806,265	580,727,244	466,582,593
Market capitalisation (in billions of euros)		13.3	30.0	36.2	20.9	46.2
Earnings per share (in euros)*		3.20	4.96	0.45	3.20	1.75
Book value per share at year-end (in euros)*		54.6	54.0	48.9	49.6	50.0
Share price (in euros)*	high	52.0	52.2	53.8	87.8	140.6
	low	15.1	30.3	18.0	26.1	83.3
	closing	17.2	40.2	49.0	34.1	87.8

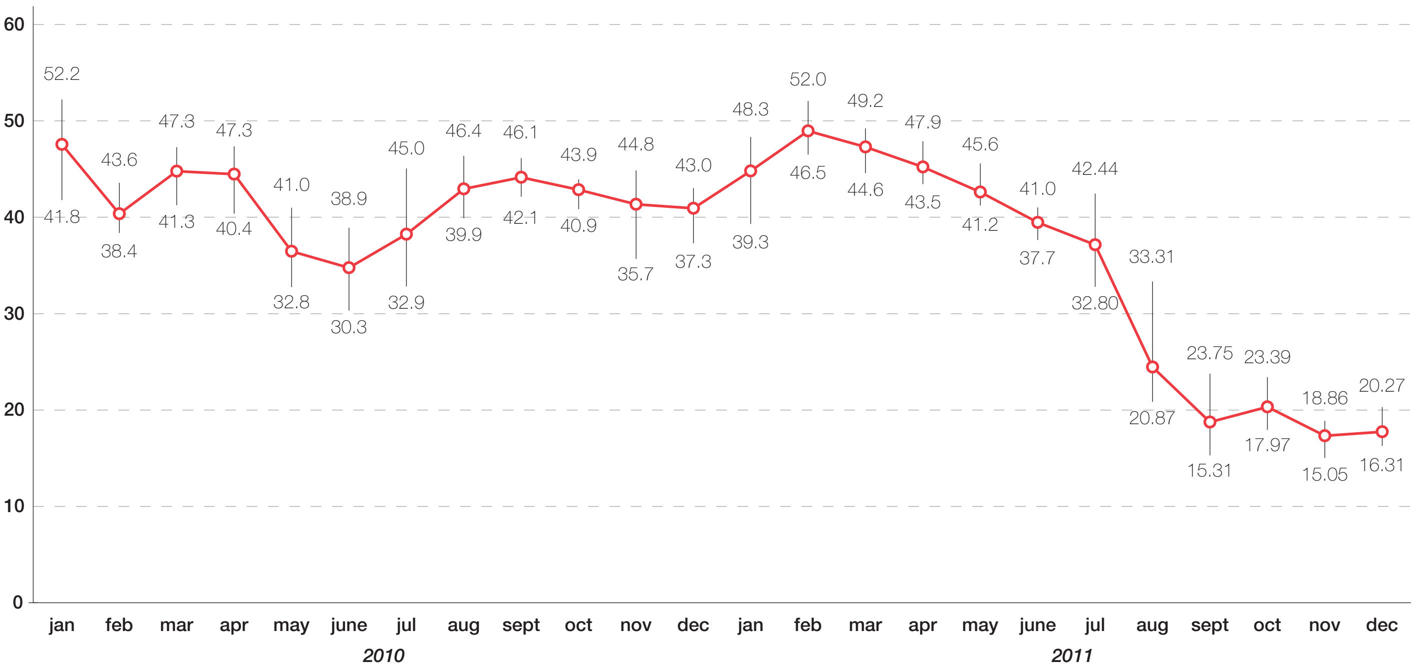
* In accordance with IAS 33, per share data relating to periods preceding the capital increases that occurred in Q1 2008 and Q4 2009 have been adjusted for the ratios published by Euronext.

SHARE PERFORMANCE (BASE: SOCIETE GENERALE SHARE PRICE AS OF DECEMBER 31, 2009)



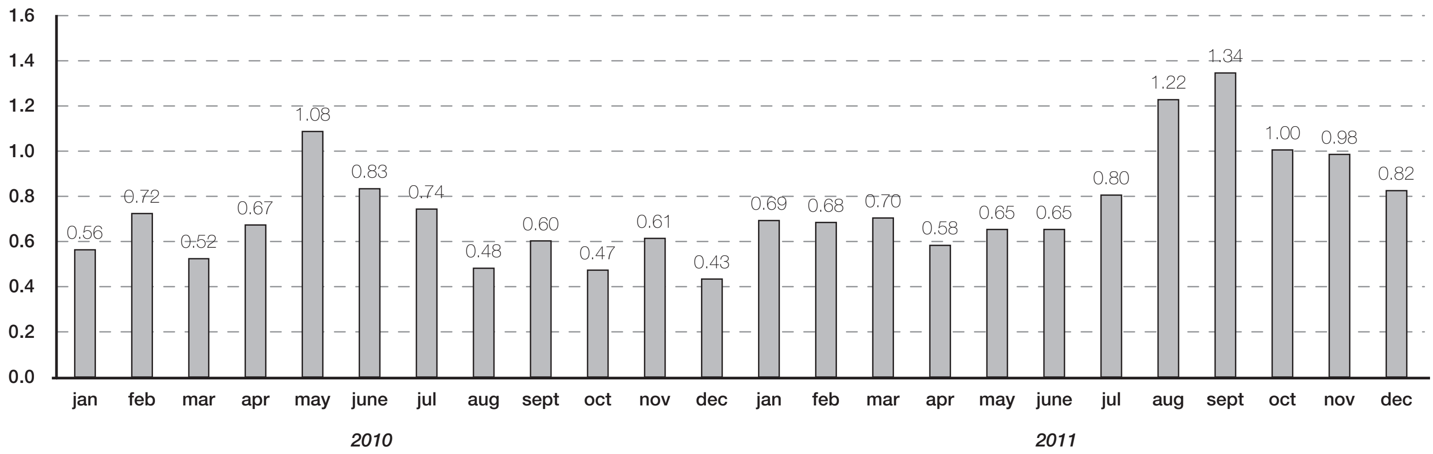
Source: Datastream

MONTHLY CHANGE IN SHARE PRICE (AVERAGE MONTHLY PRICE IN EUROS)



Source: Datastream

TRADING VOLUMES (AVERAGE DAILY TRADED VOLUME AS PERCENTAGE OF CAPITAL)



Source: Datastream

INFORMATION ON SHARE CAPITAL

CHANGES IN SHARE CAPITAL

Operation	Date of record or completion	Change	Number of shares	Share capital (in EUR)	Change in share capital resulting from operation (%)
Exercise of stock options (2nd half 2007)	recorded on Jan. 11, 2008	+317,782	466,582,593	583,228,241.25	+0.07
Exercise of stock options from January 1 to 11, 2008	recorded on Feb. 5, 2008	+34,080	466,616,673	583,270,841.25	+0.01
Capital increase with pre-emptive subscription rights decided on February 8, 2008	recorded on March 14, 2008	+116,654,168	583,270,841	729,088,551.25	+25.00
Increase through 2008 Company Savings Plan	recorded on Jun. 24, 2008	+7,456,403	590,727,244	738,409,055.00	+1.28
Cancellation of shares	November 2, 2008	-10,000,000	580,727,244	725,909,055.00	-1.69
Issue of preference shares (B shares)	recorded on May 28, 2009	+45,045,045 B shares	625,772,289 divided into 580,727,244 A shares and 45,045,045 B shares	782,215,361.25	+7.76
Increase through the exercise of the option for the payment of dividends in shares	recorded on June 17, 2009	+13,810,504 A shares	639,582,793 divided into 594,537,748 A shares and 45,045,045 B shares	799,478,491.25	+2.21
Increase through 2009 Company Savings Plan	recorded on July 10, 2009	+10,757,876 A shares	650,340,669 divided into 605,295,624 A shares and 45,045,045 B shares	812,925,836.25	+1.68
Exercise of stock options in 2009	recorded on Oct. 15, 2009	+411 A shares	650,341,080 divided into 605,296,035 A shares and 45,045,045 B shares	812,926,350.00	
Capital increase with pre-emptive subscription rights decided on October 5, 2009	recorded on Nov. 2, 2009	+134,510,230 A shares	784,851,310 divided into 739,806,265 A shares and 45,045,045 B shares	981,064,137.50	+20.68
Cancellation of preference shares decided on November 3, 2009	recorded on Dec. 23, 2009	-45,045,045 B shares	739,806,265 A shares	924,757,831.25	-5.74
Increase through the exercise of the option for the payment of dividends in shares	recorded on June 21, 2010	+2,323,887	742,130,152	927,662,690.00	+0.31
Increase through 2010 Company Savings Plan	recorded on July 16, 2010	+4,291,479	746,421,631	933,027,038.75	+0.58
Increase through the exercise of the option for the payment of dividends in shares	recorded on June 21, 2011	+23,901,432	770,323,063	962,903,828.75	+3.2
Increase through 2011 Company Savings Plan	recorded on July 13, 2011	+5,756,928	776,079,991	970,099,988.75	+0.75

SHARE CAPITAL

At December 31, 2011, Societe Generale's paid-up share capital amounted to EUR 970,099,988.75 and comprised 776,079,991 shares with a nominal value of EUR 1.25 per share, all eligible for dividends paid out of income earned from January 1, 2011.

As part of the Group's capital market activities, transactions may be carried out involving indices or underlying assets with a Societe Generale share component. These transactions do not have an impact on the Group's future capital.

The increase by 29,658,360 shares in 2011 included:

- the issue of 23,901,432 shares following the distribution of dividends in shares in June 2011;
- the issue of 5,756,928 shares subscribed for by the Group's employees in July under the Global employee share ownership plan.

SHARE BUYBACKS

The Joint General Meeting of May 24, 2011 authorized the Company to buy or sell its own shares with a view to cancelling bought-back shares, granting, honoring or covering stock options, otherwise allocating shares or making any other form of allocation to employees and Chief Executive Officers of the Group, granting shares when rights attached to convertible securities are exercised, holding and subsequently using shares in exchange or as payment for acquisitions and continuing a liquidity contract.

Overall, Societe Generale bought back 9,058,174 ordinary shares in 2011 worth EUR 166,802,151 and sold or transferred 1,271,833 shares with a total disposal value of EUR 39,761.

The 9,058,174 shares in question were bought back to be redistributed to employees including through the covering of the free share allocation plans.

The total transaction cost of the buybacks was EUR 88,562.97.

Besides, under the liquidity contract implemented on August 22, 2011, Societe Generale acquired in 2011, 36,397,500 shares for a value of EUR 674,684,787 and sold 35,127,861 shares for a value of EUR 666,380,148. On December 31, 2011, 1,269,639 shares appeared at the account of the liquidity contract for a market value of EUR 21,844,139.

From January 1, 2011 to December 31, 2011

	Purchases			Disposals / Sales				
	Number		Purchase price	Number		Purchase price		Disposal/ strike price
Cancellation	0	-	0.00					
Acquisitions	0	-	0.00					
Allocation to employees	9,058,174	18.41	166,802,151	1,271,883	100.77	128,165,040	0.03	39,761
Liquidity contract	36,397,500	18.54	674,684,787	35,127,861	18.58	652,687,786	18.97	666,380,148
Total	**45,455,674**	**18.51**	**841,486,938**	**36,399,744**	**21.45**	**780,852,826**	**18.31**	**666,419,909**

From January 1, 2012 to February 15, 2012, notwithstanding liquidity contract, Societe Generale did not buy back any of its own shares on the market.

On February 15, 2012, 825,000 shares appeared at the account of the liquidity contract.

SHARE BUYBACKS AND TREASURY SHARES

At December 31, 2011, the Societe Generale Group held 21,375,577 shares under its share buyback program (including 1,269,639 shares under its liquidity contract), representing 2.75% of its capital, and 8,987,016 treasury shares, representing 1.16% of its capital. In total, the Group holds 30,362,593 of its own shares either directly or indirectly (excluding shares held under trading operations), with a book value of EUR 933,762,484 and a nominal value of EUR 37,953,241. Of this total, 20,105,938 shares, with a market value of EUR 775,190,483, have been allocated to cover stock options and free shares granted to employees.

VALUE OF TREASURY SHARES AND BUYBACKS AT DECEMBER 31, 2011

Percentage of capital held directly or indirectly	**3.91%***
Number of shares cancelled over the last 24 months	0
Number of shares held directly	21,375,577
Book value of shares held directly	EUR 797,187,484
Market value of shares held directly	EUR 367,766,802

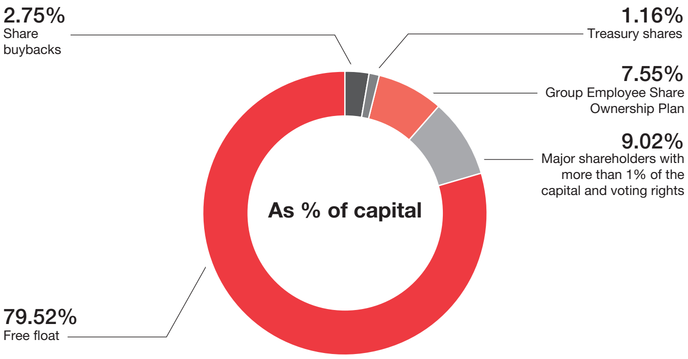
* 4.88% including the 7.5 million shares set aside for the coverage of the 2005, 2006 and 2007 stock option plans.

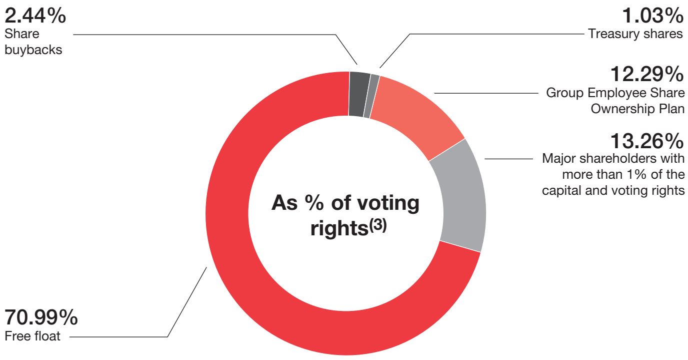
At December 31, 2011	Number of shares	Nominal value (in euros)	Book value (in euros)
Societe Generale*	21,375,577	26,719,471	797,187,484
Subsidiaries	8,987,016	11,233,770	136,575,000
Finareg	*4,944,720*	*6,180,900*	*82,431,000*
Gene-act1	*2,210,112*	*2,762,640*	*21,447,000*
Vouric	*1,832,184*	*2,290,230*	*32,697,000*
Total	**30,362,593**	**37,953,241**	**933,762,484**

* Including the liquidity contract (1,269,639 shares with a nominal value of EUR 1,587,048.75 and a book value of EUR 21,997,001).

BREAKDOWN OF CAPITAL AND VOTING RIGHTS(1) OVER 3 YEARS

	At December 31, 2011(2)			At December 31, 2010			At December 31, 2009		
	Number of shares	% of capital	% of voting rights(3)	Number of shares	% of capital	% of voting rights(3)	Number of shares	% of capital	% of voting rights(3)
Group employee share ownership plan	58,566,866	7.55%	12.29%	54,025,794	7.24%	11.23%	52,775,654	7.13%	10.46%
Major shareholders with more than 1% of the capital and voting rights	70,027,808	9.02%	13.26%	70,506,939	9.45%	13.21%	67,824,045	9.17%	12.32%
Groupama	*30,414,497*	*3.92%*	*6.66%*	*31,719,974*	*4.25%*	*6.32%*	*31,338,265*	*4.24%*	*5.55%*
CDC	*19,567,063*	*2.52%*	*2.88%*	*16,797,614*	*2.25%*	*2.72%*	*16,754,025*	*2.26%*	*2.78%*
Meiji Yasuda Life Insurance Cy	*11,069,312*	*1.43%*	*2.53%*	*11,069,312*	*1.48%*	*2.67%*	*11,069,312*	*1.50%*	*2.74%*
CNP	*8,976,936*	*1.16%*	*1.19%*	*10,920,039*	*1.46%*	*1.49%*	*8,662,443*	*1.17%*	*1.25%*
Free float	617,122,724	79.52%	70.99%	600,582,235	80.46%	72.98%	598,242,929	80.87%	74.63%
Share buybacks(4)	21,375,577	2.75%	2.44%	12,319,647	1.65%	1.49%	11,976,621	1.62%	1.48%
Treasury shares	8,987,016	1.16%	1.03%	8,987,016	1.20%	1.09%	8,987,016	1.21%	1.11%
Total		**100.00%**	**100.00%**		**100.00%**	**100.00%**		**100.00%**	**100.00%**
Number of outstanding shares		776,079,991	875,965,444		746,421,631	827,921,887		739,806,265	807,180,185





(1) Including double voting rights (article 14 of Societe Generale's by-laws).
(2) At December 31, 2011, the share of European Economic Area shareholders in the capital is estimated at 39.0%.
(3) As of 2006 and in accordance with article 223-11 of the AMF's General Regulations, the total number of voting rights is calculated on the basis of all shares with voting rights attached.
(4) Including 1,269,639 shares under its liquidity contract.

NB: the Societe Generale by-laws stipulate that shareholders are obliged to notify the company whenever their holding of capital or voting rights exceeds an additional 0.50%, and as soon as the threshold of holding 1.5% of capital or voting rights is exceeded. At end-December, 2011, no other shareholder claimed to own over 1.5% of the Group's capital, with the exception of mutual funds and trading activities at financial institutions.

SHAREHOLDER AGREEMENTS

On July 24, 2000, Societe Generale signed an agreement with Santander Central Hispano concerning the management of the two parties' cross-holdings. Under the terms of this agreement, Societe Generale and Santander Central Hispano each grant the other party a pre-emptive right to the shares held directly or via a subsidiary by each of the parties in the capital of the other, although this right does not apply in the event of a public offer made by a third-party for the shares of one or other of the parties.

The agreement was signed initially for a period of three years and is subsequently renewable for two-year periods.

This pre-emptive clause was published by the French Financial Markets Board (CMF) in Decision No. 201C1417 dated November 30, 2001. This agreement was still in place on December 31, 2011. However, at December 31, 2011, Santander Central Hispano no longer held any Societe Generale shares and Societe Generale no longer held any Santander Central Hispano shares.

INFORMATION REQUIRED BY ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE

Under article L. 225-100-3 of the French commercial code, Societe Generale must disclose and, where applicable, explain information about the following factors liable to affect the outcome of a public offer.

To the best of its knowledge, Societe Generale does not have any specific arrangements likely to affect the outcome of a public offer. The information required by article L. 225-100-3 of the French commercial code is listed below, however, as it has been included in the Registration Document to meet other obligations.

1. capital structure: this information appears in chapter 3 under the heading "Breakdown of capital and voting rights over 3 years";
2. statutory restrictions on the exercise of voting rights: this information appears in chapter 11 in the paragraph "By-laws" and more particularly in articles 6 and 14;
3. direct or indirect stakes in Societe Generale's capital of which it is aware by virtue of articles L. 233-7 and L. 233-12 of the French commercial code: this information appears in chapter 3 under the heading "Breakdown of capital and voting rights over 3 years";
4. the list of holders of any shares bearing special control rights: not applicable since the cancellation of the preference shares on December 23, 2009;
5. control mechanisms provided for under any Employee share ownership plans, if the control rights are not exercised by employees: this information appears in chapter 6 "Human Resources" under the heading "Profit-sharing and Employee share ownership";
6. shareholder agreements of which Societe Generale is aware and that may restrict the transfer of shares and the exercise of voting rights: not applicable;
7. rules applicable to the appointment and replacement of members of the Board of Directors and amendments to the Company's By-laws. This information appears in chapter 11 in the paragraph "By-laws" and more specifically in articles 7 and 14;
8. powers of the Board of Directors to issue or buy back shares: the delegations of authority granted by the General Meeting to the Board of Directors to this end appear in chapter 3 under the heading "List of outstanding delegations and their use in 2011 and early 2012" and the information about share buybacks in chapter 3 under the heading "Share buybacks";
9. agreements concluded by Societe Generale that are amended or terminated if there is a change of control of Societe Generale, unless this disclosure would seriously harm its interests and except in cases where disclosure is a legal obligation: not applicable;
10. agreements granting compensation to members of the Board of Directors or employees if they resign or are laid off without a genuine and serious cause, or if their employment comes to an end because of a public offer: this information appears in chapter 5 under the heading "Remuneration policy" for the Chief Executive Officers and Directors.

LIST OF OUTSTANDING DELEGATIONS AND THEIR USE IN 2011 AND EARLY 2012 (UP TO FEBRUARY 15, 2012)

Type of authorisation	Purpose of authorisation granted to the Board of Directors	Period of validity	Limit	Use in 2011	Use in 2012 (up to February 15)
Share buybacks	Authorisation to buy Societe Generale shares	**Granted by:** AGM of May 25, 2010, under its 15th resolution **For a period of:** 18 months **Start date:** May 26, 2010 **Early termination:** May 25, 2011	10% of capital at the date of the purchase	None	NA
		Granted by: AGM of May 24, 2011, under its 11th resolution **For a period of:** 18 months **Start date:** May 25, 2011 **Expiry date:** November 24, 2012	10% of capital at the date of the purchase	Excluding the liquidity contract, repurchase of 9,058,174 shares, i.e. 1.16% of capital at Dec. 31, 2011 On December 31st, 2011, 1,269,639 shares appeared at the account of the liquidity contract. (see details on p. 27 of the 2012 Registration Document)	Excluding the liquidity Contract: none On February 15th, 2012, 825,000 shares appeared at the account of the liquidity contract.
Capital increase through the issue of ordinary shares	Authorisation to increase share capital with pre-emptive subscription rights through the issue of ordinary shares or securities convertible into shares	**Granted by:** AGM of May 25, 2010, under its 16th resolution **For a period of:** 26 months **Expiry date:** July 25, 2012	Nominal EUR 460 million for shares, *i.e. 49.7% of capital on the date the authorisation was granted* Nominal EUR 6 billion for securities convertible into shares *Note: these limits are included in those set under resolutions 17 to 22 of the AGM of May 25, 2010*	None	None
	Authorisation to increase share capital through the incorporation of reserves, retained earnings, or additional paid-in capital	**Granted by:** AGM of May 25, 2010, under its 16th resolution **For a period of:** 26 months **Expiry date:** July 25, 2012	Nominal EUR 550 million, *i.e. 59.4% of capital on the date the authorisation was granted*	None	None
	Authorisation to increase share capital with no pre-emptive subscription rights through the issue of ordinary shares or securities convertible into shares	**Granted by:** AGM of May 25, 2010, under its 17th resolution **For a period of:** 26 months **Expiry date:** July 25, 2012	Nominal EUR 138 million for shares, *i.e. 14.9% of capital on the date the authorisation was granted* Nominal EUR 6 billion for securities convertible into shares *Note: these limits are included in those of resolution 16, and include those set in resolutions 18 and 19 of the AGM of May 25, 2010*	None	None

Type of authorisation	Purpose of authorisation granted to the Board of Directors	Period of validity	Limit	Use in 2011	Use in 2012 (up to February 15)
	Option to oversubscribe in the event of surplus demand for capital increases with or without pre-emptive subscription rights approved by the Board	**Granted by:** AGM of May 25, 2010, under its 18th resolution **For a period of:** 26 months **Expiry date:** July 25, 2012	15% of the initial issue *Note: such operations are carried out at the same prices as the initial issue and within the same limits as those set out in resolutions 16 and 17 of the AGM of May 25, 2010*	None	None
	Authorisation to increase capital in order to pay for share contributions	**Granted by:** AGM of May 25, 2010, under its 19th resolution **For a period of:** 26 months **Expiry date:** July 25, 2012	10% of capital *Note: this limit is included in those set under resolutions 16 and 17 of the AGM of May 25, 2010*	None	None
Transactions for employees	Authorisation to increase capital through the issue of ordinary shares or securities convertible into shares reserved for employees subscribing to a Societe Generale Company or Group Savings Plan	**Granted by:** AGM of May 25, 2010, under its 20th resolution **For a period of:** 26 months **Expiry date:** July 25, 2012	3% of capital on the date the authorisation was granted *Note: this limit is included in the limit set under resolution 16 of the AGM of May 25, 2010*	5,756,928 shares issued, i.e. 0.74% of capital on the date of the operation	Transaction decided in principle by the Board on Feb. 15, 2012
	Authorisation to grant share subscription or purchase options to employees and Chief Executive Officers of the Company	**Granted by:** AGM of May 25, 2010, under its 21st resolution **For a period of:** 26 months **Expiry date:** July 25, 2012	4% of capital on the date the authorisation was granted *Note: this limit includes the allocation of free shares and is included in the limit set under resolution 16 of the AGM of May 25, 2010* 0.20% of capital for Chief Executive Officers *Note: this limit is included in the 4% limit set under resolution 21 of the AGM of May 25, 2010*	None	None
	Authorisation to grant free existing or new shares to employees and Chief Executive Officers	**Granted by:** AGM of May 25, 2010, under its 22nd resolution **For a period of:** 26 months **Expiry date:** July 25, 2012	4% of capital at the date on which the authorisation was granted. *Note: this limit is included in the limit set under resolution 21 and the limit provided for under resolution 16 of the AGM of May 25, 2010* 0.20% of capital for Chief Executive Officers *Note: this limit is included in the 4% limit set under resolution 22 of the AGM of May 25, 2010*	2,440,000 shares allocated, i.e. 0.33% of capital on the date of allocation	None
Cancellation of shares	Authorisation to cancel shares as part of a share buyback programme	**Granted by:** AGM of May 25, 2010, under its 23rd resolution **For a period of:** 26 months **Expiry date:** July 25, 2012	10% of the total number of shares per 24-month period	None	None

ADDITIONAL INFORMATION

GENERAL INFORMATION

Name

Societe Generale

Registered office

29, boulevard Haussmann, 75009 Paris

Administrative office

17, Cours Valmy, 92972 Paris-La Défense

Postal address: Societe Generale, Tours Societe Generale, 75886 Paris cedex 18

Telephone number: +33 (0)1.42.14.20.00

Website: www.societegenerale.com

Legal form

Societe Generale is a public limited company (*société anonyme*) established under French law and having the status of a bank.

Governing law

Under the legislative and regulatory provisions relating to credit institutions, notably the articles of the French monetary and financial code that apply to them, the Company is subject to the commercial laws, in particular articles L. 210-1 and following of the French commercial code, as well as its current By-laws.

Societe Generale is a credit institution authorised to act as a bank. As such, it can carry out all banking transactions. It can also carry out all investment-related services or allied services, as listed by articles L. 321-1 and L. 321-2 of the French monetary and financial code, except for operating a multilateral trading facility. In its capacity as an investment services provider, Societe Generale is subject to the regulations applicable to the same. It must notably comply with a number of prudential rules and is subject to the controls carried out by the French Banking Commission (*Commission bancaire*). Its management and all employees are bound by rules governing professional secrecy, violation of which is punishable by law. Societe Generale also acts as an insurance broker.

Date of formation and duration

Societe Generale was incorporated by deed approved by the Decree of May 4, 1864. The duration of Societe Generale will expire on December 31, 2047, unless it is wound up or its duration extended.

Corporate purpose

Article 3 of the Company By-laws describes its corporate purpose. The purpose of Societe Generale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals and corporate entities, in France and abroad:

- all banking transactions;
- all transactions related to banking operations, including in particular investment services or allied services as listed by articles L. 321-1 and L. 321-2 of the French monetary and financial code;
- all acquisitions of interests in other companies.

Societe Generale may also, on a regular basis, as defined in the conditions set by the French Banking and Financial Regulation Committee, engage in all transactions other than those mentioned above, including in particular insurance brokerage.

Generally, Societe Generale may carry out, on its own behalf, on behalf of a third-party or jointly, all financial, commercial, industrial, agricultural, security or property transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

Registration number

552 120 222 RCS PARIS

ISIN code (International Securities Identification Number): FR 0000130809

NAF (trade sector) code: 6419Z

Company reports and documents

All Societe Generale reports and documents, including in particular its By-laws, financial statements and the reports submitted to General Meetings by the Board of Directors and the Statutory Auditors, may be consulted at the Company's administrative offices at Tours Societe Generale, 17, cours Valmy, 92972 Paris-La Défense cedex, France.

The current version of the By-laws has been registered with public notaries “Thibierge, Pône, Fremeaux, Palud, Sarrazin, Sagaut et Chaput” in Paris, France.

Fiscal year

The fiscal year starts on January 1 and ends on December 31.

Categories of shares and attached rights

Under the terms of article 4 of the Company’s By-laws, the share capital is divided into 776,079,991 fully paid-up shares with a nominal value of EUR 1.25 per share.

Double voting rights

In accordance with article 14 of the Company’s By-laws, double voting rights, in relation to the share of capital stock they represent, are allocated to all those shares which are fully paid-up and which have been registered in the name of the same shareholder for at least two years as from January 1, 1993. Double voting rights are also allocated to new registered shares that may be allocated free of charge to a shareholder in respect of the shares with double voting rights already held by him, in the case of a capital increase by incorporation of reserves, earnings, or additional paid-in capital.

According to the law, these double voting rights are rendered null and void if the shares are converted into bearer form or if ownership of the shares is transferred. Nevertheless, transfers through inheritance, the liquidation of marital assets, or transfers to a spouse or direct relative, do not result in the loss of rights and do not affect the minimum two-year vesting period. The same applies, unless otherwise stated in the Company’s By-laws, following a merger or split-off relating to a shareholder company.

Limitation of voting rights

Under the terms of article 14 of the Company’s By-laws, the number of votes at General Meetings to be used by one shareholder, either personally or by a proxy, may not exceed 15% of total voting rights at the date of the Meeting. This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for which they act as proxy complies with the 15% rule. For the purposes of applying this 15% limit, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in articles L. 233-7 and following of the French commercial code. This limit ceases to apply when a shareholder acquires – either directly or indirectly or jointly with another shareholder – more than 50.01% of the Company’s voting rights following a public offer.

Declaration of shareholdings exceeding statutory limits

In accordance with article 6.2 of the Company’s By-laws, any shareholder acting on his own or jointly, who comes to hold directly or indirectly at least 1.5% of the capital or voting rights, must inform the Company within 15 days of the time at which he exceeds this threshold, and must also indicate in his declaration the number of shares he holds in the share capital. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage. Beyond the initial 1.5%, shareholders are obliged to notify the Company, under the conditions set in article 6.2 of the Company’s By-laws, whenever their holding of capital or voting rights exceeds an additional 0.5%.

Failure to comply with this requirement will be penalised in accordance with legal provisions on this matter, at the request of one or more shareholders with at least a 5% holding in the Company’s capital or voting rights. The said request will be duly recorded in the minutes of the General Meeting.

Any shareholder acting on his own or jointly, is also required to inform the Company within 15 days if the percentage of his capital or voting rights falls below each of the thresholds described in article 6.2 of the Company’s By-laws.

Convening and rules for attending General Meetings of Shareholders

Under the terms of article 14 of the Company’s By-laws, General Meetings are called and deliberate as provided for by the legal and regulatory provisions in force. They meet at the head office or in any other place in metropolitan France indicated in the Notice of Meeting. Such meetings are chaired by the Chairman of the Board or, in his absence, by a Director appointed for this purpose by the Chairman of the Board.

Regardless of the number of shares held, all shareholders whose shares are registered under the terms and at a date set forth by decree have the right, upon proof of their identity and status as a shareholder, to participate in the General Meetings. They may, as provided for by the legal and regulatory provisions in force, personally attend the General Meetings, vote remotely or appoint a proxy. The intermediary registered on behalf of shareholders may participate in the General Meetings, as provided for by the legal and regulatory provisions in force.

In order for the ballots to be counted, they must be received by the Company at least two days before the General Meeting is held, unless otherwise specified in the Notice of Meeting or required by the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, when stipulated in the Notice of Meeting and subject to the conditions provided therein.

The General Meeting may be publicly broadcast by means of electronic communication subject to the approval and under the terms set by the Board of Directors. Notice will be given in the preliminary Notice of Meeting and/or Notice to attend the Meeting.

In all General Meetings, the voting right attached to shares that include a usufructuary right, is exercised by the usufructuary.

Identification of holders of bearer shares

Article 6.3 of the Company's By-laws provides that Societe Generale can at any time, in accordance with current legislative and regulatory provisions, request that the organisation responsible for securities clearing provide information relating to the shares granting the right to vote in its General Meetings, either immediately or in the future, as well as information about the holders of these shares.

Documents

Societe Generale's By-laws are included in the present Registration Document. All reports, letters and other documents, historical financial data, assessments and declarations established by external experts at the request of the issuer and included in part or referred to in the present document, as well as all financial data on Societe Generale and its subsidiaries for each of the two fiscal periods preceding the publication of this document, can be consulted on the Societe Generale Group website or at its administrative office.

4

GROUP MANAGEMENT REPORT

SOCIETE GENERALE GROUP MAIN

SIMPLIFIED ORGANISATIONAL CHART AT DECEMBER 31, 2011

Societe Generale Group

- French Networks
- International Retail Banking
- Specialised Financial Services & Insurance

FRANCE

French Networks

Societe Generale*	
Crédit du Nord Group	100%
Groupe Boursorama	57.5%
Compagnie Générale d'Affacturage	100%
Sogéfinancement	100%
Sogéfimur	100%
Sogelease France	100%
Sogébail	56.6%
SG Services	100%
Transactis	50.0%
SG Capital Développement	100%
Généfimmo	100%
Généfim	100%
Sogéprom	100%

International Retail Banking

Banque de Polynésie	72.1%
Societe Generale Calédonienne de Banque	90.1%
Banque Française Commerciale Océan Indien	50.0%
SG de Banque aux Antilles	100%

Specialised Financial Services & Insurance

Franfinance Group	100%
CGL Group	99.9%
Sogécap Group	100%
Sogessur	100%
Temsys	100%
La Banque Postale Financement	35.0%

EUROPE

International Retail Banking

SKB Banka *Slovenia*	99.7%
BRD-Groupe SG *Romania*	60.2%
SG Express Bank *Bulgaria*	99.7%
Komerčni Banka A.S. (KB) *Czech Republic*	60.7%
General Bank of Greece *Greece*	99.1%
Ohridska Banka ad Ohrid *Macedonia*	70.0%
SG Banka SRBIJA *Serbia*	100%
Podgoricka Banka *Montenegro*	90.6%
Delta Credit *Russia*	82.4%
Groupe Rosbank *Russia*	82.4%
SG-Splitska Bank *Croatia*	100%
Bank Republic *Georgia*	84.0%
Mobiasbanca *Moldavia*	79.9%
Banka Societe Generale Albania	87.5%

Specialised Financial Services & Insurance

ALD International Group	100%
GEFA Group *Germany*	100%
Fiditalia Spa Group *Italy*	100%
SG Equipment Finance Group	100%
Eurobank *Poland*	99.5%
LLC Rusfinance Bank	82.4%
LLC Rusfinance	82.4%
Hanseatic Bank *Germany*	75.0%
Groupe SG Consumer Finance	100%

AFRICA – MIDDLE EAST

International Retail Banking

SG Marocaine de Banques	56.9%
SG de Banques en Côte d'Ivoire	73.3%
Union Internationale de Banque *Tunisia*	57.2%
SG de Banques au Cameroun	58.1%
SG de Banque au Liban	19.0%
National Societe Generale Bank *Egypt*	77.2%
SG de Banques en Guinée	57.9%
SG Congo	87.0%
SG de Banques au Bénin	78.8%
SG - SSB Limited *Ghana*	52.2%
Societe Generale Mauritanie	51.0%
BFV SG *Madagascar*	70.0%
SG de Banques au Sénégal	64.5%
SG Algérie	100%
SG de Banques au Burkina	51.3%
SG de Banques en Guinée Equatoriale	52.4%
SG Tchad	55.2%

Specialised Financial Services & Insurance

Eqdom *Morocco*	46.3%
La Marocaine Vie	88.9%

AMERICAS

Specialised Financial Services & Insurance

Banco Cacique S.A. *Brazil*	100%
Banco Pecunia *Brazil*	100%
SG Equipment Finance USA	100%

ASIA – AUSTRALIA

International Retail Banking

South East Asia Commercial Bank *Vietnam*	20.0%

Specialised Financial Services & Insurance

Family Credit Limited *India*	100%

* Parent company.
(1) Subsidiary of SGBT Luxembourg.
(2) As well as its Private Banking activities, Societe Generale Bank & Trust Luxembourg also provides retail and Corporate and Investment Banking services for its corporate customers.

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

ACTIVITIES

Global Investment Management and Services: Private Banking; Asset Management; Securities Services & Brokers

Corporate and Investment Banking

FRANCE

Private Banking
- Societe Generale*

Asset Management
- SGAM 100%
- Amundi Group 24.9%

Securities Services & Brokers
- Societe Generale*
- Newedge Group 50.0%
- Parel 100%
- SGSS France 100%

Corporate and Investment Banking
- Societe Generale*
- CALIF 100%
- SG Securities (Paris) SAS 100%
- Lyxor Asset Management 100%
- SG Option Europe 100%
- Societe Generale SCF 100%
- IEC 100%

EUROPE

Private Banking
- Societe Generale Bank & Trust Luxembourg (2) 100%
- SG Private Banking Suisse SA (1) 100%
- SG Private Banking (Belgique) 100%
- SG Hambros Bank Limited *United Kingdom* 100%
- SG Private Banking (Monaco) (1) 100%

Asset Management

Securities Services & Brokers
- SGSS Spa *Italy* 100%
- Societe Generale Securities Services UK Ltd *United Kingdom* 100%
- SGSS Deutschland Kapitalanlagegesellschaft mbH *Germany* 100%
- Newedge UK Financial Ltd London *United Kingdom* 50%
- Societe Generale* Branch in Dublin *Ireland*

Corporate and Investment Banking
- SG Bank Nederland N.V. *Netherlands* 100%
- SG Investments (U.K.) Ltd *United Kingdom* 100%
- SG Immobel *Belgium* 100%
- Societe Generale* Branches in: Milan *Italy*, Francfort *Germany*, Madrid *Spain*, London *United Kingdom*

NORTH AMERICA

Private Banking

Asset Management
- TCW Group Inc *United States* 97.9%

Securities Services & Brokers
- Newedge USA, LLC 50.0%
- Newedge Canada Inc 50.0%

Corporate and Investment Banking
- SG Americas, Inc. *United States* 100%
- SG Americas Securities, LLC *United States* 100%
- SG Canada 100%
- Banco SG Brazil SA 100%
- Societe Generale* Branches in: New-York *United States*, Montreal *Canada*

ASIA – AUSTRALIA

Private Banking
- SG Private Banking (Japan) Ltd 100%

Asset Management

Securities Services & Brokers
- Newedge Japan Inc 50.0%
- Newedge Group Hong Kong Branch 50.0%

Corporate and Investment Banking
- SG Securities Asia International Holdings Ltd (Hong-Kong) 100%
- SG Securities North Pacific, Tokyo Branch *Japan* 100%
- SG Asia (Hong-Kong) Ltd 100%
- SG Australia Holding Ltd 100%
- SG Australia Ltd 100%
- Lyxor Asset Management Japan Co Ltd 100%
- Societe Generale (China) Ltd 100%
- Fortune SGAM *China* 49.0%
- Societe Generale* Branches in: Singapore, Tokyo *Japan*, Hong Kong, Sydney *Australia*, Seoul *South Korea*, Taipei *Taiwan*

GROUP ACTIVITY AND RESULTS

The financial information presented for the financial year ended December 31, 2011 and comparative information in respect of the 2010 financial year have been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The consolidated financial statements are audited by the Statutory Auditors.

* *Information followed by an asterisk indicates "when adjusted for changes in Group structure and at constant exchange rates"*

During 2011, the economic and financial environment was heavily affected by the euro zone crisis. Investor mistrust of the governments of developed economies, considered as too indebted, adversely affected financial markets. In this turbulent and uncertain environment, the Group gave priority to strengthening its capital, reducing its balance sheet and prudently managing its positions. As a result, it was already able to achieve a Core Tier 1 capital ratio of 9% (including the effects of CRD3) at end-2011, six months ahead of the timescale set by the European Banking Authority.

ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Whereas the revenues of the Group's recurring activities proved resilient in 2011 and the growth of operating expenses was contained, non-economic and non-recurring items (revaluation of own financial liabilities, cost of risk on Greek sovereign debt, write-down of goodwill and shareholdings, and restructuring provisions in particular) had an overall impact of EUR -0.9 billion on 2011 Group net income. The net cost of risk, restated for the cost of risk on Greek sovereign debt, fell in relation to the previous year.

The French Networks generated excellent results throughout the year, benefiting from buoyant commercial activity and Société Marseillaise de Crédit's successful integration within Crédit du Nord.

After a slow start to the year due to the political unrest in Africa and the Mediterranean Basin, International Retail Banking ended the year on a more positive note, although not without having enhanced its provisions in some European countries (Greece, Romania). As a result, Retail Banking in France and International Retail Banking contributed 61% of the earnings of the Group's businesses in 2011.

Corporate and Investment Banking experienced a challenging H2 due to the deteriorated situation in the markets, but continued to adopt a prudent risk management policy. It maintained its leadership positions, while refocusing on a business model aimed at enhancing synergies between origination and distribution, and the reduced consumption of scarce resources. All in all, Corporate and Investment Banking contributed around 22% of the earnings of the Group's businesses in 2011.

Specialised Financial Services and Insurance experienced substantial growth in its contribution to the results (excluding the effect of write-downs), despite resource constraints.

Global Investment Management and Services continued to expand its franchises in a very unfavourable market environment.

(In millions of euros)	2010	2011	Change	
Net banking income	26,418	25,636	-3.0%	-2.5%*
Operating expenses	(16,545)	(17,036)	+3.0%	+4.2%*
Gross operating income	**9,873**	**8,600**	**-12.9%**	**-13.6%***
Net cost of risk	(4,160)	(4,330)	+4.1%	+4.4%*
Operating income	**5,713**	**4,270**	**-25.3%**	**-26.6%***
Net income from other assets	11	12	+9.1%	
Net income from companies accounted for by the equity method	119	94	-21.0%	
Impairment losses on goodwill	1	(265)	NM	
Income tax	(1,542)	(1,323)	-14.2%	
Net income before minority interests	4,302	2,788	-35.2%	
O/w non-controlling interests	*385*	*403*	+4.7%	
Group net income	**3,917**	**2,385**	**-39.1%**	**-42.2%***
Cost/income ratio	62.6%	66.5%		
Average allocated capital	36,642	39,483	+7.8%	
ROE after tax	**9.8%**	**6.0%**		
ROTE after tax	**12.6%**	**7.5%**		
Basel 2 Tier 1 Ratio**	**10.6%**	**10.7%**		

* When adjusted for changes in Group structure and at constant exchange rates.
** Without taking into account the additional capital requirements in respect of the floor levels (the Basel 2 requirement, incorporating the Basel 2.5 requirements in 2011, cannot be less than 80% of the Basel 1 requirement).

NET BANKING INCOME

The Group's net banking income totalled EUR 25.6 billion in 2011, slightly lower (-2.5%*) vs. 2010.

If the effect of the revaluation of own financial liabilities is stripped out, revenues were down -5.9% vs. 2010.

2011 saw a good performance in Retail Banking and especially in the French Networks, and an increased contribution by Specialised Financial Services & Insurance, whereas Corporate & Investment Banking and Global Investment Management & Services saw their revenues reduced by the very unfavourable situation in the financial markets.

- The **French Networks** posted revenues of EUR 8,165 million in 2011, up +3.7% (excluding PEL/CEL effect) vs. 2010. This significant increase in 2011 was underpinned by the successful integration of SMC and buoyant commercial activity;
- **International Retail Banking's** net banking income totalled EUR 5,017 million in 2011 (+1.8% vs. 2010). The economic slowdown observed in Greece and Romania was offset by strong advances in other regions, with higher revenues in all geographical regions (excluding Romania and Greece) and the resumption of growth in the Mediterranean Basin and Africa, after a temporary pause in the first half of 2011 in the wake of the political events in these regions;
- **Corporate and Investment Banking's** core activities saw their revenues shrink -15.5%* in 2011 vs. 2010 to EUR 6,456 million. This was due to a second half of 2011 heavily impacted by the European sovereign debt crisis, leading to a particularly low level of activity in the primary issuance market and secondary activity reduced by the high degree of uncertainty and volatility in the debt markets. Equities, which maintained a good level of activity until Q3, slowed towards the end of the year on the back of the decline in market volumes. Lastly, the Group's efforts to reduce its liquidity needs resulted in a decline in the level of exposure and in recurring revenues;

  Corporate and Investment Banking's legacy assets made a negative contribution to the division's revenues (EUR -476 million in 2011), due to the review of valuation parameters for positions and hedges in respect of US RMBS(2) CDOs(1) at year end, with a negative impact of EUR -418 million on net banking income.

  Corporate and Investment Banking's revenues totalled EUR 5,980 million in 2011, or -22.5%* vs. 2010.
- **Specialised Financial Services and Insurance's** revenues totalled EUR 3,443 million for 2011 (+3.2%* vs. 2010), thus providing further evidence of their recovery and the

(1) Collateralised Debt Obligation.
(2) Residential Mortgage Backed Securities.

refocusing carried out in respect of more profitable activities in terms of capital and liquidity consumption. Growth was robust for insurance activities, up +17.2%* between 2010 and 2011, which contributed EUR 600 million to the division's 2011 net banking income, whereas Specialised Financial Services was stable (+0.7%* year-on-year), with net banking income of EUR 2,843 million in 2011.

- The net banking income of **Global Investment Management and Services** was slightly lower in 2011 (-4.2%*) at EUR 2,169 million. Overall, the division's revenues were affected by the market situation, with the decline being more marked in asset management, where performance commissions were lower than the previous year. Private Banking enjoyed a certain resilience, with revenues increasing 6.1%* between 2010 and 2011.

The accounting impact of the revaluation of own financial liabilities totalled EUR +1,177 million in 2011 (EUR +427 million in 2010), reflecting the tensions in the credit markets in the second half of the year.

OPERATING EXPENSES

Operating expenses totalled EUR 17.0 billion for 2011. They include EUR 230 million of restructuring provisions and the systemic bank levy imposed by the French and UK governments amounting to EUR 84 million in 2011. When restated for these items, operating expenses were generally stable (+1.1% in absolute terms) vs. 2010.

OPERATING INCOME

The Group's gross operating income totalled EUR 8.6 billion in 2011 (EUR 9.9 billion in 2010).

The Group's net cost of risk amounted to EUR -4,330 million for 2011 vs. EUR -4,160 million in 2010. When restated for Greek sovereign debt write-downs, the cost of risk was EUR -3,440 million, which was lower than in 2010 (-17% in absolute terms, -21% excluding provisions related to the Geniki subsidiary).

There was an improvement in the Group's cost of risk (expressed as a fraction of loan outstandings) compared with 2010. It amounted to 67(1) basis points for 2011.

- The **French Networks'** cost of risk amounted to 41 basis points in 2011, which was lower than in 2010 (50 basis points) and in line with expectations. The loss rate remains low for housing loans.
- At 177 basis points, **International Retail Banking's** cost of risk was lower than in 2010 (196 basis points). An analysis of the trends by individual country shows a contrasting situation. In Russia and the Czech Republic, the cost of risk was significantly lower year-on-year, whereas in Romania it increased, notably on the corporate loan portfolio due to the reassessment of collateral value. In Greece, against the backdrop of a challenging economic environment, the cost of risk continued to grow, to EUR 477 million, with the NPL coverage ratio rising to 75% at the end of the year.
- The cost of risk for **Corporate and Investment Banking's** core activities remained low at 11 basis points (5 basis points in 2010), with an increase in portfolio-based provisions. Legacy assets' net cost of risk was lower at EUR -425 million (EUR -696 million in 2010).
- **Specialised Financial Services'** cost of risk amounted to 149 basis points (221 basis points in 2010), principally for Consumer Finance and to a lesser extent Equipment Finance.

Moreover, there was a general increase in the Group's NPL coverage ratio: 76% at end-2011 vs. 72% at end-2010.

The net cost of risk on Greek sovereign debt, incorporating a provisioning rate representing 75% of the nominal value, amounted to EUR -890 million in 2011. It is booked to the Corporate Centre.

The Group's operating income totalled EUR 4,270 million in 2011 (-26.6%* vs. 2010).

GROUP NET INCOME

After taking into account tax (the Group's effective tax rate was 30.9% in 2011 vs. 26.9% in 2010) and non-controlling interests, Group net income totalled EUR 2,385 million for 2011 (vs. EUR 3,917 million in 2010, -39.1%).

The variation results from a decline in Corporate and Investment Banking earnings, but also from various non-economic or non-recurring items, reducing Group net income by EUR -853 million: revaluation of own financial liabilities and CDS(3) hedges in respect of loan portfolios (EUR +815 million), Greek sovereign debt write-down (total of EUR -622 million), restructuring charges (EUR -176 million), goodwill write-down and capital losses on shareholdings (EUR -360 million), portfolio revaluations and asset disposals (EUR -510 million).

Group ROE after tax was 6.0% for 2011. The ROTE for the financial year was 7.5%. Earnings per share amounts to EUR 3.20 for 2011, after deducting interest to be paid to holders of deeply subordinated notes and undated subordinated notes(2).

(1) Annualised, excluding litigation issues, legacy assets in respect of assets at the beginning of the period, and Greek sovereign debt write-down.
(2) The interest net of tax effect payable at end-December 2011 amounts to EUR 273 million for holders of deeply subordinated notes and EUR 25 million for holders of undated subordinated notes. In 2011, the capital gain net of tax and accrued unpaid interest relating to buybacks of deeply subordinated notes amounted to EUR 276 million.
(3) Credit Default Swap.

ACTIVITY AND RESULTS OF THE CORE BUSINESSES

The financial statements of each core business are drawn up in accordance with those of the Group in order to:

- determine the results of each core business as if it were a stand-alone entity;
- present a true and fair view of each business's results and profitability over the period.

The core businesses reflect the Group's management method, through its key businesses:

- the **French Networks** which include the domestic networks Societe Generale, Crédit du Nord and Boursorama;
- **International Retail Banking** which covers retail banking activities abroad;
- **Corporate and Investment Banking**, consisting of:
  - **"Global Markets"** which encompasses all market activities, i.e. "Equities" and "Fixed Income, Currencies & Commodities",
  - **"Financing & Advisory"** which covers all strategy, capital raising and structured financing advisory services,
  - **"Legacy assets"** which manages financial assets that have become illiquid in the wake of the financial crisis;
- **Specialised Financial Services and Insurance** which comprises the subsidiaries providing financing to businesses (equipment finance, operational vehicle leasing and fleet management) and individuals (consumer finance), as well as the life and non-life insurance activities. For reference, the business also comprised IT asset leasing and management in 2010, an activity that was disposed of in the second half of the year;
- **Global Investment Management and Services** comprise Private Banking activities, Asset Management operations performed through TCW and Amundi, Securities Services (securities and employee savings business) and the Group's brokerage arm, operated by Newedge.

These operating divisions are supplemented by the **Corporate Centre** which acts as the Group's central funding department vis-à-vis the divisions. As such, it recognises the cost of carry of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's ALM and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income and expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre. This means that the debt revaluation differences linked to own credit risk and the revaluation differences of the credit derivative instruments hedging the loans and receivables portfolios are allocated to this division. In 2011, the Corporate Centre also reflects the cost of risk booked with respect to the Group's Greek sovereign exposure.

The principles used to determine the income and profitability of each core business are outlined below.

CAPITAL ALLOCATION

The general principle adopted by the Group is to allocate normative capital to the core businesses corresponding to 7% of Basel 2 average risk-weighted assets and supplemented by the consumption of Tier 1 capital[1] chargeable to each core business, the consumption of capital related to the insurance activities and excluding non-controlling interests.

This capital allocation rule therefore applies to the Group's 5 core businesses (French Networks; International Retail Banking; Corporate and Investment Banking; Specialised Financial Services and Insurance; Global Investment Management and Services) and allows an evaluation of the results by activity as well as their level of profitability on an autonomous and uniform basis, independently of local regulatory constraints.

NET BANKING INCOME

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

- revenues generated by its activity;
- the yield on normative capital allocated to the core businesses, which is defined on an annual basis by reference to an estimated rate of return on Group capital

(1) Initial securitisation losses, non-consolidated bank shareholdings > 10%, EL – portfolio-based provisions, EL on Equity portfolio, etc.

during the financial year. On the other hand, the yield on the core businesses' book capital is reassigned to the Corporate Centre.

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

OPERATING EXPENSES

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

COST OF RISK

The cost of risk is charged to each core business so as to reflect the cost of risk inherent in their activity during each financial year.

Impairment losses concerning the whole Group are booked by the Corporate Centre.

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

NET INCOME FROM OTHER ASSETS

Net income from other assets essentially comprises capital losses and gains on the disposal of shares in consolidated entities and of operating fixed assets.

IMPAIRMENT LOSSES ON GOODWILL

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

INCOME TAX

The Group's tax position is managed centrally, with a view to optimising the consolidated expense.

Income tax is charged to each core business on the basis of a normative tax rate which takes into account the local tax rate of the countries in which it conducts its activities and the nature of its revenues.

SUMMARY OF RESULTS AND PROFITABILITY BY CORE BUSINESS

INCOME STATEMENT BY CORE BUSINESS

(In millions of euros)	French Networks		International Retail Banking		Corporate & Investment Banking		Specialised Financial Services & Insurance		Global Investment Management and Services		Corporate Centre		Group	
	2010	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**
Net banking income	7,791	8,165	4,930	5,017	7,836	5,980	3,539	3,443	2,270	2,169	52	862	26,418	25,636
Operating expenses	(5,058)	(5,248)	(2,769)	(2,988)	(4,706)	(4,748)	(1,841)	(1,846)	(2,002)	(1,967)	(169)	(239)	(16,545)	(17,036)
Gross operating income	**2,733**	**2,917**	**2,161**	**2,029**	**3,130**	**1,232**	**1,698**	**1,597**	**268**	**202**	**(117)**	**623**	**9,873**	**8,600**
Net cost of risk	(864)	(745)	(1,340)	(1,284)	(768)	(563)	(1,174)	(829)	(7)	(13)	(7)	(896)	(4,160)	(4,330)
Operating income	**1,869**	**2,172**	**821**	**745**	**2,362**	**669**	**524**	**768**	**261**	**189**	**(124)**	**(273)**	**5,713**	**4,270**
Net income from other assets	6	1	1	0	(7)	76	(5)	(5)	(1)	(6)	17	(54)	11	12
Net income from companies accounted for by the equity method	8	10	11	13	9	0	(12)	(33)	100	98	3	6	119	94
Impairment losses on goodwill	0	0	1	0	0	0	0	(200)	0	(65)	0	0	1	(265)
Income tax	(637)	(739)	(156)	(161)	(624)	(97)	(148)	(219)	(71)	(43)	94	(64)	(1,542)	(1,323)
Net income before minority interests	1,246	1,444	678	597	1,740	648	359	311	289	173	(10)	(385)	4,302	2,788
O/w non-controlling interests	*13*	*16*	*186*	*272*	*10*	*13*	*16*	*14*	*0*	*2*	*160*	*86*	*385*	*403*
Group net income	**1,233**	**1,428**	**492**	**325**	**1,730**	**635**	**343**	**297**	**289**	**171**	**(170)**	**(471)**	**3,917**	**2,385**
Cost/income ratio	64.9%	64.3%	56.2%	59.6%	60.1%	79.4%	52.0%	53.6%	88.2%	90.7%	NM	NM	62.6%	66.5%
Average allocated capital	6,435	6,590	3,723	3,965	9,129	9,422	4,831	5,055	1,419	1,413	11,104*	13,038*	36,642	39,483

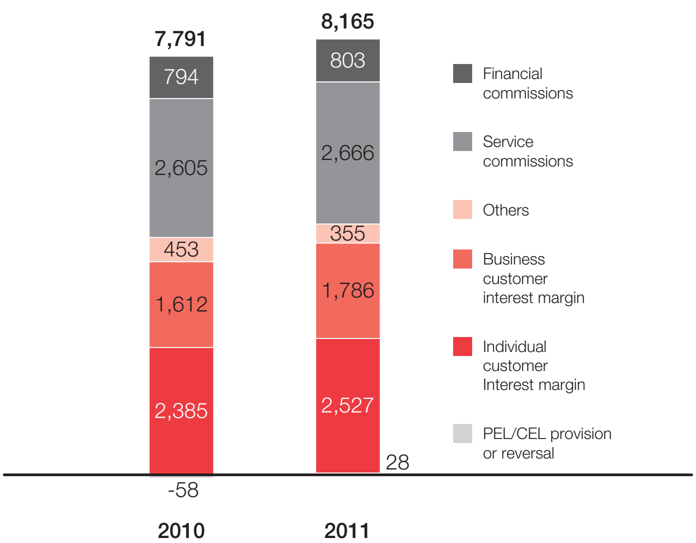
* Calculated as the difference between total Group capital and capital allocated to the core businesses.

FRENCH NETWORKS

(In millions of euros)	2010	2011	Change	
Net banking income	7,791	8,165	+4.8%	+1.7%(1)
Operating expenses	(5,058)	(5,248)	+3.8%	
Gross operating income	**2,733**	**2,917**	**+6.7%**	**+1.6%(1)**
Net cost of risk	(864)	(745)	-13.8%	
Operating income	**1,869**	**2,172**	**+16.2%**	**+9.0%(1)**
Net income from other assets	6	1	-83.3%	
Net income from companies accounted for by the equity method	8	10	+25.0%	
Income tax	(637)	(739)	+16.0%	
Net income before minority interests	1,246	1,444	+15.9%	
O/w non-controlling interests	*13*	*16*	*+23.1%*	
Group net income	**1,233**	**1,428**	**+15.8%**	**+8.7%(1)**
Cost/income ratio	64.9%	64.3%		
Average allocated capital	6,435	6,590		

(1) Excluding PEL/CEL and on a like for like basis.

BREAKDOWN OF THE FRENCH NETWORKS'NBI *(IN MILLIONS OF EUROS)*



Despite the euro zone crisis which adversely affected business and saver confidence in 2011, the **French Networks'** commercial dynamism enabled them to post 2011 revenues up +3.7% excluding PEL/CEL effect.

In an environment of mistrust vis-à-vis the markets, outstanding balance sheet deposits increased +8.7% vs. 2010 to EUR 134.3 billion. This was primarily due to regulated savings schemes – driven by the Livret A and CSL savings accounts (+11.2% vs. 2010) – and to business customers' sight deposits (+11.5% vs. 2010).

The Group's determination to be actively involved in supporting the economy is reflected in the 4.4% increase in outstanding loans in 2011. Activity with business customers also benefited from measures aimed at boosting customer satisfaction, notably the optimisation of loan approval timescales. Furthermore, the targeted sales drive in respect of term accounts was a huge success with SME customers. Housing loan outstandings rose +9.0% in 2011, primarily on the back of dynamic activity in the first half of 2011.

The substantial mobilisation of the network in serving its customers helped to significantly strengthen the bank's **franchises** in 2011. The number of individual customers for the three brands (Societe Generale, Crédit du Nord and Boursorama) rose +2.3% vs. 2010 (+243,000 individual customers in 2011), to 10.9 million at the end of the year.

The **loan/deposit** ratio improved by 5 points year-on-year to 127% at end-2011 and by 14 points in 2 years.

In a slowing French market, the French Networks posted a 6.3% increase in their life insurance outstandings in 2011, which was higher than the market (+2%).

As part of the priority given to customer service, the largest branches in the Societe Generale network (serving 1 million customers) have been equipped with iPad terminals in order to improve the welcome provided in branches and increase customer satisfaction: it is a service that can be used to collect customers' feedback and suggestions and that provides branch managers with a means of listening to their customers and acting on their feedback.

The **financial results** were consistent with this commercial dynamism. Revenues totalled EUR 8,165 million in 2011. The unfavourable interest rate effect, due to the rise in regulated savings rates in 2011, with its effects on regulated savings, was offset by the growth in outstandings (especially on Livret A savings accounts) and helped boost the interest margin by +4.9%(1) vs. 2010. Service commissions also rose +2.3% vs. 2010.

Despite the cost of integrating SMC and the investments made under the Convergence programme (set up of platforms common to the French Networks' different brands), the controlled increase in operating expenses (+1.7%* vs. 2010) enabled the Group to publish a stable cost to income ratio vs. 2010 (64.5%(1)).

SMC's integration into the Group has been a real success: the gross operating income generated by SMC in 2011 was 37.6%(1) higher than in 2010 due to the synergies developed between the networks and SMC's gradual integration into Societe Generale's infrastructures and systems.

The French Networks' cost of risk fell 13.8% in 2011, primarily due to the improved cost of risk for business customers.

The French Networks' contribution to Group net income totalled EUR 1,428 million in 2011, up +15.8% year-on-year.

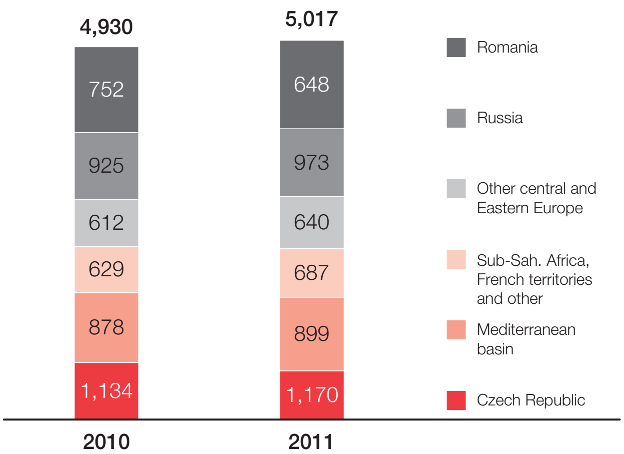
(1) Excluding PEL/CEL effect.

INTERNATIONAL RETAIL BANKING

(In millions of euros)	2010	2011	Change	
Net banking income	4,930	5,017	+1.8%	+0.1%*
Operating expenses	(2,769)	(2,988)	+7.9%	+6.8%*
Gross operating income	**2,161**	**2,029**	**-6.1%**	**-8.5%***
Net cost of risk	(1,340)	(1,284)	-4.2%	-4.6%*
Operating income	**821**	**745**	**-9.3%**	**-15.1%***
Net income from other assets	1	0	-100.0%	
Net income from companies accounted for by the equity method	11	13	+18.2%	
Impairment losses on goodwill	1	0	-100.0%	
Income tax	(156)	(161)	+3.2%	
Net income before minority interests	678	597	-11.9%	
O/w non-controlling interests	*186*	*272*	+46.2%	
Group net income	**492**	**325**	**-33.9%**	**-36.5%***
Cost/income ratio	56.2%	59.6%		
Average allocated capital	3,723	3,965	+6.5%	

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

BREAKDOWN OF NBI BY REGION *(IN MILLIONS OF EUROS)*



International Retail Banking again demonstrated the resilience of its business model, with strong commercial activity and stable revenues in 2011, despite a challenging environment. Economic growth was weaker than expected in Central and Eastern Europe. In North and Sub-Saharan Africa, the economic fundamentals were healthy but the political environment was marked by considerable instability in some countries.

There was evidence of continued dynamic commercial activity, with robust growth in the main indicators in 2011: outstanding loans increased +4.7%* to EUR 67.8 billion and outstanding deposits rose +3.7%* to EUR 68.6 billion, vs. end-2010.

In the **Mediterranean Basin** and **Sub-Saharan Africa,** franchises continued to expand, with the opening of 112 branches in 2011. Outstanding loans and deposits in the Mediterranean Basin continued to enjoy strong growth of respectively +10.0%* and +3.9%* in 2011. Net banking income benefited from this momentum, rising +8.4%* in 2011, reflecting the gradual normalisation of activity following the political events that affected some countries in the region early in the year. The Group plans to continue to expand its branch network and optimise its offering in both regions. In particular, the Group aims to continue to roll out innovative solutions in Sub-Saharan Africa with, notably, the extension of shared service centres (after their implementation in West Africa), the mobile payment service (Yoban'tel) and the "Bank Light" concept (a simplified banking offering for populations with little access to banking services) to other African countries.

In **Russia,** after the legal merger of the Rosbank and BSGV subsidiaries, the new universal bank continued to realign its organisational setup and its operating model. Against this backdrop, operating expenses rose 20.3%* in 2011 due to the costs related to entity mergers and the migration of IT systems, but also inflation-related wage rises and the increase in social security contributions. Workforce cuts were introduced as part of the restructuring plan following the entities' legal merger, with around 300 departures in Q4 2011, based on a target of 2,000 by end-2012.

In **Central and Eastern Europe** excluding Greece, revenues were up 9.5%*, reflecting the return of a healthy commercial momentum, despite a still sluggish economic situation in some countries.

In **Greece**, the Group maintained the measures to adjust the operating infrastructure (196 staff departures and closure of 13 branches in 2011) and control risks implemented several quarters ago. A prudent provisioning policy helped boost the NPL coverage ratio to 75% at end-2011.

In the **Czech Republic,** Komerční Banca maintained a good commercial performance, both for loans (+12.6%* in 2011) and deposits (+4.6%* in 2011). Against this backdrop, the contribution to Group net income amounted to EUR 262 million, up 4.8% vs. 2010. There was a substantial surplus of deposits over loans.

In response to a deteriorated environment in **Romania**, the Group maintained the measures to cut costs as well as a policy of selective loan approval and increasing provisions. Operating expenses were kept under control, helping to limit the decline in operating income due to the decline in net banking income and the increased cost of risk, and resulting in a positive contribution to Group net income of EUR 5 million in 2011.

International Retail Banking's revenues totalled EUR 5,017 million, up +1.8% in absolute terms and +0.1%* in 2011.

At EUR 2,988 million, operating expenses were up 6.8%* in 2011 vs. 2010, mainly due to increased operating expenses in Russia and organic growth in the Mediterranean Basin and Sub-Saharan Africa.

The division's gross operating income was EUR 2,029 million in 2011, down -8.5%* year-on-year.

At 177 basis points, International Retail Banking's cost of risk improved vs. 2010 (196 basis points). This improvement was due to a decline in the cost of risk in Russia and the Czech Republic, partially offset by an increase in Romania and Greece.

International Retail Banking's contribution to Group net income totalled EUR 325 million in 2011, down -36.5%* vs. 2010, and EUR 673 million if the negative contribution of the Greek subsidiary is excluded (-2.9% vs. 2010).

CORPORATE AND INVESTMENT BANKING

(In millions of euros)	2010	2011	Change	
Net banking income	7,836	*5,980*	-23.7%	-22.5%*
O/w Financing & Advisory	*2,744*	*2,315*	*-15.6%*	*-12.9%**
O/w Global Markets(1)	*5,021*	*4,141*	*-17.5%*	*-16.9%**
O/w legacy assets	*71*	*(476)*	*NM*	*NM**
Operating expenses	(4,706)	(4,748)	+0.9%	+3.6%*
Gross operating income	**3,130**	**1,232**	**-60.6%**	**-60.2%***
Net cost of risk	(768)	(563)	-26.7%	-26.0%*
O/w legacy assets	*(696)*	(425)	*-38.9%*	*-38.8%**
Operating income	**2,362**	**669**	**-71.7%**	**-71.2%***
Net income from other assets	(7)	76	NM	
Net income from companies accounted for by the equity method	9	0	-100.0%	
Impairment losses on goodwill	0	0	NM	
Income tax	(624)	(97)	-84.5%	
Net income before minority interests	1,740	648	-62.8%	
O/w non-controlling interests	*10*	13	*+30.0%*	
Group net income	**1,730**	**635**	**-63.3%**	**-66.4%***
Cost/income ratio	60.1%	79.4%		
Average allocated capital	9,129	9,422	+3.2%	

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

(1) O.w. "Equities" EUR 2,379m in 2011 (EUR 2,466m in 2010) and "Fixed income, Currencies and Commodities" EUR 1,762m in 2011 (EUR 2,555m in 2010).

For **Corporate and Investment Banking, SG CIB,** 2011 was a year marked by a large-scale financial crisis in the second half of 2011, heightened European sovereign debt tensions and a deterioration in the macroeconomic outlook. Substantial uncertainty, investor risk aversion and the liquidity crisis resulted in a gradual reduction in client-driven activity, which reached historically low levels at the end of the year. Against this backdrop, Corporate and Investment Banking succeeded in rapidly reducing its consumption of scarce resources (decline in its refinancing needs, especially in US dollars, reduced exposure to legacy assets and reduction in VaR) and accelerating its transformation by implementing a process for asset sales and a cost adjustment plan. Revenues totalled EUR 5,980 million (including EUR -476 million in respect of legacy assets), down -22.5%* year-on-year and -15.5%* excluding legacy assets.

Market Activities posted revenues of EUR 4,141 million in 2011. This was 16.9%* lower than in 2010 (-17.5% in absolute terms) in an adverse environment characterised by the dislocation of market parameters and very low volumes, which hit **Equity** activities and **Fixed Income, Currencies & Commodities**. Against this backdrop, **SG CIB** reduced its market risk exposure (VaR reduced by -28% and market stress test by -65% year-on-year).

Corporate and Investment Banking posted resilient **Equity** revenues of EUR 2,379 million in 2011, a limited decline of -3.5% vs. 2010. It benefited from a good start to the year and once again demonstrated the competitiveness and solidity of its franchises, both for flow and structured products. The earnings of this activity were adversely affected in the second half of 2011 by unfavourable market conditions (plummeting stock market indices, high volatility, increased correlation, low volumes) and the adjustment of short-term positions.

In 2011, SG CIB was voted "Most innovative Investment Bank for Equity Derivatives" (The Banker, October 2011). The bank maintained leadership positions in the warrant market (global No. 1 with a 13.3% market share in 2011) and ETF market (European No. 3 with a 14.5% market share at end-2011). Lyxor's expertise, especially in alternative and index-based investments, was again recognised since its managed account platform received awards on four occasions in 2011, notably for "Best Managed Account Platform" (Hedgeweek, March 2011 and HFMWeek, June 2011). Lyxor was also named "Best ETF Provider" in Europe (Structured Products Magazine, November 2011).

In a challenging environment, **Fixed Income, Currencies & Commodities** generated revenues down -31% vs. 2010, at EUR 1,762 million, a trend in line with the industry. The good performance in 2011 of money market activities and structured products was offset by the decline in market making for corporate bonds and financial institution bonds, as well as losses on GIIPS sovereign risks. Market share on the electronic FX All platform rose by 0.7 points to 5.0% in 2011.

Financing & Advisory posted revenues of EUR 2,315 million, down -12.9%* (-15.6% in absolute terms, -10% excluding the effect of asset disposals) vs. 2010. This reflected the less favourable environment and the first effects of the deleveraging initiated in the third quarter of 2011 (EUR 6 billion of assets sold at end-December 2011). Structured financing activities proved resilient (-1% vs. 2010), thanks to natural resources financing and export and infrastructure financing in Europe. Accordingly, SG CIB participated in the financing of two major high-speed rail line projects (Sud Europe-Atlantique and Bretagne-Pays de la Loire) representing a total investment of EUR 11 billion. In addition to the title of "Best Export Finance Arranger" awarded to SG CIB for the tenth year running in June 2011 by Trade Finance Magazine, the teams were also awarded the titles of "Best Commodity Finance Bank" (Trade Finance Magazine, June 2011) and "Energy Finance House of the Year" (Energy Risk, May 2011). SG CIB also retained its position in the debt and equity markets: "No. 1 bookrunner for equity and convertible bond issuances in France" (Thomson Reuters – IFR) for the second year running, and "No. 3 bookrunner for all corporate bonds in euros" for the third year running (Thomson Reuters – IFR).

The Group accelerated **legacy asset** sales in the second half of 2011. This resulted in a EUR -16.1 billion reduction in outstandings in 2011 (EUR -13.1 billion of disposals and EUR -3.0 billion of amortisations). Legacy assets' net banking income was EUR -476 million (vs. EUR 71 million in 2010), due to adjustments relating to the valuation of US RMBS CDOs and the monoline risk.

Operating expenses were generally stable year-on-year (+0.9% in absolute terms). When restated for the restructuring charge booked at the end of the year (EUR 215 million), operating expenses were down -3.7% vs. 2010, due to the initial effects of the cost adjustment plan and the significant decrease in variable compensation for 2011. The cost to income ratio for core activities was 69.3% excluding the restructuring charge. As a result, 2011 gross operating income totalled EUR 1,232 million.

The 2011 **net cost of risk** for Corporate and Investment Banking's core activities remained very low (11 basis points vs. 5 basis points in 2010), demonstrating the division's good credit risk control and the quality of its portfolio. As expected, legacy assets' cost of risk fell over the period to EUR -425 million in 2011, or -38.8%*.

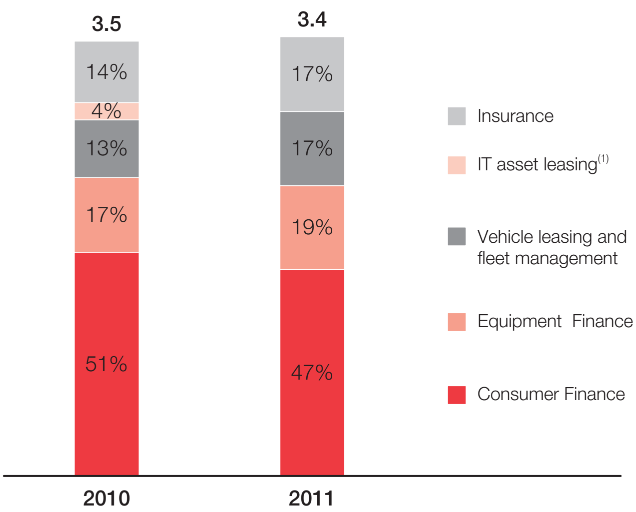
Corporate and Investment Banking's operating income totalled EUR 669 million in 2011 (vs. EUR 2,362 million in 2010). The contribution to Group net income was EUR 635 million (vs. EUR 1,730 million in 2010).

SPECIALISED FINANCIAL SERVICES AND INSURANCE

(In millions of euros)	2010	2011	Change	
Net banking income	3,539	3,443	-2.7%	+3.2%*
Operating expenses	(1,841)	(1,846)	+0.3%	+9.8%*
Gross operating income	**1,698**	**1,597**	**-5.9%**	**-3.5%***
Net cost of risk	(1,174)	(829)	-29.4%	-28.0%*
Operating income	**524**	**768**	**+46.6%**	**+50.4%***
Net income from other assets	(5)	(5)	0.0%	
Net income from companies accounted for by the equity method	(12)	(33)	NM	
Impairment losses on goodwill	0	(200)	NM	
Income tax	(148)	(219)	+48.0%	
Net income before minority interests	359	311	-13.4%	
O/w non-controlling interests	*16*	*14*	*-12.5%*	
Group net income	**343**	**297**	**-13.4%**	**-9.7%***
Cost/income ratio	52.0%	53.6%		
Average allocated capital	**4,831**	**5,055**	**+4.6%**	

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

BREAKDOWN OF THE NBI OF THE SPECIALISED FINANCIAL SERVICES AND INSURANCE *(IN BILLIONS OF EUROS)*



(1) Activity disposed of in the second half of 2010.

The **Specialised Financial Services and Insurance** division comprises:

- **Specialised Financial Services** (operational vehicle leasing and fleet management, equipment finance, consumer finance).
- **Insurance** (Life, Personal Protection, Property and Casualty).

Specialised Financial Services and Insurance's performance in 2011 testifies to the robustness of insurance activities and the healthy momentum of financing activities, which improved their profitability despite resource constraints (capital and liquidity) and consolidated their leadership positions in their reference markets.

Operational vehicle leasing and fleet management continued to enjoy strong growth in its vehicle fleet in 2011, with a 9.0%[1] increase vs. 2010, to 917,000 vehicles.

Equipment Finance posted a good commercial performance in 2011, with new business totalling EUR 7.8 billion (excluding factoring), up 4.6%* vs. 2010. New business margins remained at a healthy level. Outstandings amounted to EUR 18.5 billion excluding factoring, down -3.3%* vs. 2010.

Consumer Finance demonstrated good resilience in 2011. New business was slightly lower than in 2010 (-1.9%*) at EUR 10.5 billion. The business line continued to refocus on the more dynamic car financing sector. New business margins held up well, while outstandings remained stable at EUR 22.6 billion in 2011 (+0.4%* vs. 2010).

Specialised Financial Services' net banking income totalled EUR 2,843 million in 2011, up 0.7%* vs. 2010. Gross operating income amounted to EUR 1,230 million, which was

(1) At constant structure.

lower than in 2010 (-8.5%*), due to investments made to support growth and the ongoing refocusing. The cost to income ratio was 56.7% in 2011.

There was a substantial improvement in Specialised Financial Services' cost of risk in 2011. It went from EUR 1,174 million in 2010 (221 basis points) to EUR 829 million in 2011 (149 basis points).

The **Insurance** activity demonstrated its robustness in 2011. In an unfavourable environment for savings activities particularly in the second half of 2011, life insurance posted a positive net inflow of EUR 408 million in 2011. Personal protection insurance premiums grew +27.6%* vs. 2010, driven primarily by the substantial expansion of the Russian activities. Property and casualty insurance also produced a good performance in 2011, with premiums up +9.5% year-on-year (excluding insurance for payment cards and cheques).

The **Insurance** activity's net banking income totalled EUR 600 million in 2011, up +17.2%* vs. 2010.

Specialised Financial Services and Insurance's operating income totalled EUR 768 million in 2011, up +50.4%* vs. 2010. The division's contribution to Group net income amounted to EUR 297 million in 2011 vs. EUR 343 million in 2010, given the EUR -250 million of consumer finance write-downs. If these write-downs are stripped out, the division's contribution to Group net income was EUR 547 million, up +59.5% in 2011.

GLOBAL INVESTMENT MANAGEMENT AND SERVICES

(In millions of euros)	2010	2011	Change	
Net banking income	2,270	2,169	-4.4%	-4.2%*
Operating expenses	(2,002)	(1,967)	-1.7%	-1.5%*
Gross operating income	**268**	**202**	**-24.6%**	**-24.9%***
Net cost of risk	(7)	(13)	+85.7%	+85.7%*
Operating income	**261**	**189**	**-27.6%**	**-27.9%***
Net income from other assets	(1)	(6)	NM	
Net income from companies accounted for by the equity method	100	98	-2.0%	
Income tax	(71)	(43)	-39.4%	
Net income before minority interests	289	173	-40.1%	
O/w non-controlling interests	*0*	*2*	*NM*	
Group net income	**289**	**171**	**-40.8%**	**-41.0%***
Cost/income ratio	88.2%	90.7%		
Average allocated capital	**1,419**	**1,413**	**-0.4%**	

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

Global Investment Management and Services consists of three activities:

- **Private Banking** (Societe Generale Private Banking);
- **Asset Management** (Amundi, TCW);
- **Societe Generale Securities Services** (SGSS) and **Brokers** (Newedge).

Global Investment Management and Services' consolidated its commercial performance in 2011 and posted satisfactory client-driven revenues in difficult market conditions. **Private Banking** stabilised its assets under management at EUR 84.7 billion and recorded positive inflow of EUR 2.3 billion. **Securities Services** continued to demonstrate its dynamism in 2011, with the signature of major mandates such as Crédit Suisse and LBO France Gestion. Assets under custody remained at a similar level to that at end-2010 despite unfavourable market effects (EUR 3,327 billion at end-2011). The business line was also voted "Custodian of the Year for France" (ICFA, November 2011). **Newedge** maintained its leadership position with a 11.5% market share in 2011 (vs. 12.1% in 2010). Finally, TCW's **Asset Management** activity provided confirmation of its recovery, with a significantly positive inflow in 2011 (EUR +2.3 billion).

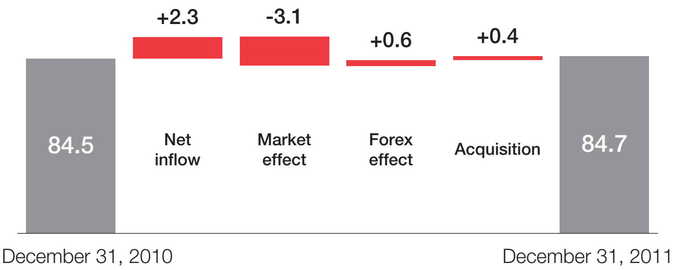
The macroeconomic environment continued to be marked by market weakness and low interest rates which adversely affected the division's revenues. At EUR 2,169 million, they were down -4.2%* vs. 2010. At EUR 1,967 million, operating expenses continued to decline year-on-year (-1.5%*) and also to benefit from efforts to improve operating efficiency. As a result, gross operating income totalled EUR 202 million in 2011, down -24.9%* vs. 2010. The division's contribution to Group net income amounted to EUR 171 million in 2011 (EUR 236 million excluding goodwill write-down), vs. EUR 289 million in 2010.

Private Banking

(In millions of euros)	2010	2011	Change	
Net banking income	699	762	+9.0%	+6.1%*
Operating expenses	(551)	(619)	+12.3%	+9.4%*
Gross operating income	**148**	**143**	**-3.4%**	**-5.9%***
Net cost of risk	(4)	(1)	-75.0%	-75.0%*
Operating income	**144**	**142**	**-1.4%**	**-4.1%***
Net income from other assets	0	2	NM	
Net income from companies accounted for by the equity method	0	0	NM	
Income tax	(33)	(29)	-12.1%	
Net income before minority interests	111	115	+3.6%	
O/w non-controlling interests	*0*	*0*	*NM*	
Group net income	**111**	**115**	**+3.6%**	**+0.9% ***
Cost/income ratio	78.8%	81.2%		
Average allocated capital	**454**	**502**	**+10.6%**	

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

ASSETS UNDER MANAGEMENT *(IN BILLIONS OF EUROS)*



Private Banking consolidated its franchise in 2011, despite the general market decline. The business line's assets under management amounted to EUR 84.7 billion at end-2011 (EUR 84.5 billion at end-2010). This overall stability resulted from an inflow of EUR 2.3 billion in 2011, representing an annualised inflow rate of 2.7%, as well as a "currency" effect (EUR +0.6 billion) and a "structure" effect (EUR +0.4 billion), which offset the unfavourable "market" effect of EUR -3.1 billion in 2011. Societe Generale Private Banking was named "Best Private Bank in Western Europe for its Offer in Structured Products" for the eighth year running (Euromoney Private Banking Survey, 2012).

At EUR 762 million, the business line's revenues rose 6.1%* vs. 2010. Private Banking maintained a margin rate of 95 basis points in 2011 (excluding non-recurring items) vs. 98 basis points in 2010.

At EUR 619 million, operating expenses were 9.4%* higher than in 2010.

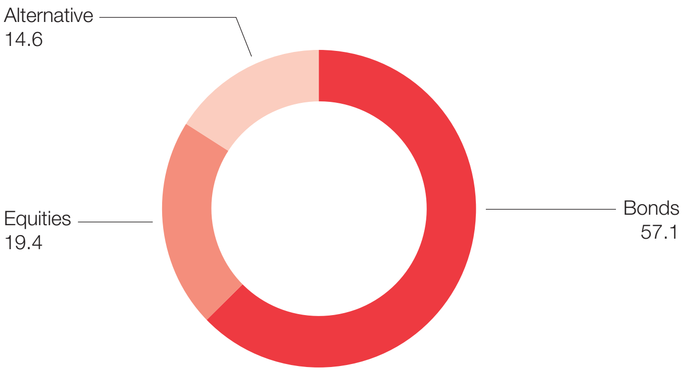
As a result, gross operating income totalled EUR 143 million in 2011 (vs. EUR 148 million in 2010).

Asset Management

(In millions of euros)	2010	2011	Change	
Net banking income	477	344	-27.9%	-24.6%*
Operating expenses	(457)	(342)	+25.2%	-22.1%*
Gross operating income	**20**	**2**	**-90.0%**	**-88.2%***
Net cost of risk	(3)	0	NM	
Operating income	**17**	**2**	**-88.2%**	**-85.7%***
Net income from other assets	(1)	0	NM	
Net income from companies accounted for by the equity method	100	98	-2.0%	
Income tax	(5)	(1)	-80.0%	
Net income before minority interests	111	99	-10.8%	
o/w non-controlling interests	*0*	*0*	*NM*	
Group net income	**111**	**99**	**-10.8%**	**-9.2%***
Cost/income ratio	95.8%	99.4%		
Average allocated capital	**441**	**429**	**-2.7%**	

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

BREAKDOWN OF ASSETS UNDER MANAGEMENT BY PRODUCT AT END-2011 *(IN BILLIONS OF EUROS)*



TCW enjoyed a significant inflow of EUR 2.3 billion in 2011, benefiting from the positive commercial momentum which began in 2010. After taking into account a “market” effect of EUR -0.9 billion and a “currency” effect of EUR +2.9 billion, assets under management totalled EUR 91 billion at end-December (vs. EUR 87 billion at end-December 2010). With five TCW and Metwest funds boasting 5-star Morningstar ratings, TCW can rely on excellent performances, especially for the “MetWest Total Return Bond” and TCW Total Return Bond fund” (assets under management of respectively EUR 13.5 billions and EUR 4.0 billions) to under pin the business growth.

At EUR 344 million, revenues were down -24.6%* vs. 2010. This was primarily due to a change in the method of remunerating certain activities, which had a symmetrical impact on revenues and costs, without affecting gross operating income. As a result, operating expenses declined -22.1%* year-on-year to EUR 342 million.

Accordingly, gross operating income amounted to EUR 2 million in 2011 vs. EUR 20 million in 2010.

Amundi’s contribution was EUR 98 million in 2011 vs. EUR 100 million in 2010.

Societe Generale Securities Services and Brokers

(In millions of euros)	2010	2011	Change	
Net banking income	1,094	1,063	-2.8%	-2.6%*
Operating expenses	(994)	(1,006)	+1.2%	+1.5%*
Gross operating income	**100**	**57**	**-43.0%**	**-43%***
Net cost of risk	0	(12)	NM	NM*
Operating income	**100**	**45**	**-55.0%**	**-55%***
Net income from other assets	0	(8)	NM	
Net income from companies accounted for by the equity method	0	0	NM	
Income tax	(33)	(13)	-60.6%	
Net income before minority interests	67	(41)	NM	
O/w non-controlling interests	*0*	*2*	*NM*	
Group net income	**67**	**(43)**	**NM**	**NM***
Cost/income ratio	90.9%	94.6%		
Average allocated capital	**524**	**482**	**-8.0%**	

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

At EUR 1,063 million, **Securities Services** (SGSS) and **Brokers** (Newedge) posted revenues down -2.6%* in 2011.

Securities Services exhibited a healthy commercial momentum, winning significant mandates. Despite unfavourable market effects, assets under custody remained stable year-on-year at EUR 3,327 billion, while assets under administration were down -9.2% at EUR 413 billion.

Securities Services and **Brokers** posted operating expenses of EUR 1,006 million in 2011, a limited increase of +1.5%* vs. 2010, due to ongoing operating efficiency measures. Gross operating income totalled EUR 57 million (vs. EUR 100 million in 2010) and the business line's contribution to Group net income was EUR 22 million excluding goodwill write-down (EUR 67 million in 2010).

CORPORATE CENTRE

(In millions of euros)	2010	2011	Change
Net banking income	52	862	NM
Operating expenses	(169)	(239)	+41.4%
Gross operating income	**(117)**	**623**	NM
Net cost of risk	(7)	(896)	NM
Operating income	**(124)**	**(273)**	NM
Net income from other assets	17	(54)	NM
Net income from companies accounted for by the equity method	3	6	+100.0%
Impairment losses on goodwill	0	0	NM
Income tax	94	(64)	NM
Net income before minority interests	(10)	(385)	NM
O/w non-controlling interests	*160*	*86*	*-46.3%*
Group net income	**(170)**	**(471)**	NM

The **Corporate Centre's** gross operating income totalled EUR 623 million in 2011 (EUR -117 million in 2010).

It includes, in particular:

- the revaluation of the Group's own financial liabilities, amounting to EUR +1,177 million, (vs. the total impact of EUR +427 million in 2010). As from the second half of 2011, own financial liabilities were revalued with the help of models that took into account the Group's most recent actual refinancing conditions in the markets and the residual maturity of the liabilities concerned;
- the revaluation of credit derivative instruments used to hedge corporate loan portfolios, amounting to EUR +66 million in 2011 (EUR -59 million for 2010);
- the write-down provision in respect of the Group's industrial equity portfolio amounting to EUR 72 million in 2011. At December 31st, 2011, the IFRS net book value of the Group's industrial equity portfolio amounted to EUR 480 million, representing market value of EUR 570 million.
- the new so-called "systemic risk" banking taxes implemented in France and the UK, amounting to EUR -84 million in 2011;
- the cost of risk on Greek sovereign debt, for EUR -890 million in 2011.

METHODOLOGY

1- The Group's consolidated results as at December 31, 2011 were approved by the Board of Directors on February 15, 2012.

The financial information presented for the financial year ended December 31, 2011 has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date.

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 ("restated"), and deducting (iv) interest payable to holders of deeply subordinated notes and of the restated, undated subordinated notes. The net income used to calculate ROE is based on Group net income excluding interest, net of tax impact, to be paid to holders of deeply subordinated notes for the period and, since 2006, holders of deeply subordinated notes and restated, undated subordinated notes (EUR 298 million in 2011), and the capital gain net of tax and accrued unpaid interest relating to buybacks of deeply subordinated notes amounting to EUR 276 million in 2011.

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 273 million in 2011),

(ii) undated subordinated notes recognised as shareholders' equity (EUR 25 million in 2011).

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

4- Net assets are comprised of Group shareholders' equity, excluding (i) deeply subordinated notes (EUR 5.3 billion), undated subordinated notes previously recognised as debt (EUR 0.9 billion) and (ii) interest payable to holders of deeply subordinated notes and undated subordinated notes, but reinstating the book value of trading shares held by the Group and shares held under the liquidity contract. The number of shares used to calculate book value per share is the number of shares issued at December 31, 2011 (including preference shares), excluding own shares and treasury shares but including (a) trading shares held by the Group and (b) shares held under the liquidity contract.

5- The Societe Generale Group's **Core Tier 1 capital** is defined as Tier 1 capital minus the outstandings of hybrid instruments eligible for Tier 1 and a share of Basel 2 deductions. This share corresponds to the ratio between core Tier 1 capital excluding hybrid instruments eligible for Tier 1 capital and Core Tier 1 capital.

As from December 31, 2011, Core Tier 1 capital is defined as Basel 2 Tier 1 capital minus Tier 1 eligible hybrid capital and after application of the Tier 1 deductions provided for by the Regulations.

6- The Group's **ROTE** is calculated on the basis of tangible capital, i.e. excluding cumulative average book capital (Group share), average net goodwill in the assets and underlying average goodwill relating to shareholdings in companies accounted for by the equity method. The net income used to calculate ROTE is based on Group net income excluding interest, interest net of tax on deeply subordinated notes for the period (including issuance fees paid, for the period, to external parties and the discount charge related to the issue premium for deeply subordinated notes and the redemption premium for government deeply subordinated notes), interest net of tax on undated subordinated notes recognised as shareholders' equity for the current period (including issuance fees paid, for the period, to external parties and the discount charge related to the issue premium for undated subordinated notes) and the capital gain net of tax and accrued unpaid interest relating to buybacks of deeply subordinated notes amounting to EUR 276 million in 2011.

Information on the 2011 financial year results is also available on Societe Generale's website www.societegenerale.com in the "Investor" section.

FINANCIAL POLICY

The objective of the Group's policy with regard to capital management is to optimise the use of shareholders' equity in order to maximise short- and long-term return for shareholders, while maintaining a level of capital (Tier 1 ratio and Core Tier 1 ratio) consistent with the market status of Societe Generale's Share and the Group's target.

The Tier 1 ratio under Basel 2 (including CRD3 requirements) at end-2011 stood at 10.7% and the Core Tier 1 ratio at 9.0%.

THE GROUP'S FINANCIAL STRUCTURE

Group shareholders' equity totalled EUR 47.1[(1)] billion at December 31, 2011 and net asset value per share was EUR 54.57 (including EUR -0.93 of unrealised capital losses). The Group acquired 45.5 million Societe Generale shares in 2011. This includes 36.4 million shares acquired under the liquidity contract concluded on August 22nd, 2011. Over this period, Societe Generale also proceeded to dispose of 36.4 million shares, including 35.1 million via the liquidity contract. All in all, at end-December, 2011, Societe Generale possessed, directly and indirectly, 29.1 million shares (including 9.0 million treasury shares), representing 3.75% of the capital (excluding shares held for trading purposes). At this date, the Group also held 7.5 million purchase options on its own shares to cover stock option plans allocated to its employees.

The Group's financed balance sheet, after the netting of insurance, derivatives, repurchase agreements and adjustment accounts, totalled EUR 636 billion at December 31, 2011, down EUR 19 billion year-on-year. Shareholders' equity, customer deposits and medium/long-term resources represented EUR 517 billion, or approximately 81% of the total, vs. 74% at end-2010, and covered the Group's long-term uses of funds, which was slightly higher over the period (+3% at EUR 496 billion).

Investor mistrust, especially on the part of American investors, caused a substantial decline in US dollar liquidity during the summer 2011. In the case of the Group, this necessitated the rapid adaptation of its activities and the scaling back of its short-term refinancing positions, especially with regard to US money market funds. Accordingly, the proportion of short-term assets in the bank's cash balance sheet was cut by EUR 35 billion in the financial year. Efforts to scale back USD liquidity needs were focused primarily on Corporate and Investment Banking through the reduction of market positions, the sale of a significant share (EUR 13.1 billion) of the legacy assets portfolio and the termination of some activities that are high consumers of US dollar liquidity. Corporate and Investment Banking's USD liquidity needs were therefore reduced by around USD 55 billion during H2. As a result, the Group was no longer dependent on US money market funds at the end of the year.

In line with the efforts to reduce its liquidity needs, the medium/long-term issuance programme in respect of 2012 represents between EUR 10 and EUR 15 billion vs. the EUR 26 billion issued under the 2010 programme. This programme was successfully implemented from 2011, with EUR 2.6 billion of pre-financing, and since the beginning of the year the Group has already issued EUR 2.8 billion of debt (as at February 13, 2012).

The Group's **Tier 1 ratio** was 10.7% at December 31, 2011 (10.6% at end-2010), while the Core Tier 1 ratio, which was 8.5% at December 31, 2010, amounted to 9.9% at end-December 2011, with unchanged regulatory requirements and methods[(2)], a significant improvement (+1.4 point).

This improvement highlights the efforts made since 2010 in relation to the Group's transformation, both through the emphasis on increasing capital and the strict management of scarce resources (capital and liquidity), and its proactive risk management in order to anticipate the regulatory changes related to the rollout of the new regulations ("Basel 2.5"[(3)] at end-2011 and "Basel 3" at end-2013).

- The Group's capital was significantly strengthened in 2011 through the Board of Directors' proposal not to distribute a dividend in respect of 2011 and the earnings flow for the year (+49 basis points), the effect of the 2010 scrip dividend and the capital increase reserved for employees (+33 basis points), as well as the capital gain generated by the buyback of hybrid debt in Q4 (+11 basis points).
- At the same time, Societe Generale's Basel 2 risk-weighted assets were 3.2% lower year-on-year, at EUR 324.2 billion at December 31, 2011 vs. EUR 334.8 billion at end-2010 (overall effect of +21 basis points on the Core Tier 1 ratio). This reflects primarily legacy asset disposals and portfolio sales, as well as the reduction of market positions by

(1) This figure includes notably (i) EUR 5.3 billion of deeply subordinated notes, EUR 0.9 billion of undated subordinated notes and (ii) EUR -0.70 billion of net unrealised capital losses.
(2) Excluding CRD3 requirements.
(3) Basel 2 standards incorporating CRD3 requirements.

Corporate and Investment Banking, which caused an overall decline of 30%[1] in legacy asset outstandings and 10%[1] for the outstandings of core activities, and a 48 bp improvement in the Core Tier 1 ratio. At the same time, there was an increase in retail banking activities (+2%), reflected particularly in French Networks' risk-weighted assets (+3%), testifying to the efforts made to support the financing of the economy. The resource constraint in respect of Specialised Financial Services was apparent in consumer finance and equipment finance, whose risk-weighted assets fell by respectively 2% and 1% in 2011.

These combined changes helped offset the effects of the implementation at end-2011 of the new Basel 2.5 rules, as well as the transfer to the Core Tier 1 calculation method used by the European Banking Authority (EBA), i.e. a total of -81 basis points.

The European Banking Authority requires financial institutions to comply with a minimum Core Tier 1 ratio (Basel 2.5) of 9% by June 30, 2012, potentially augmented in the event of sovereign risk exposure. The nature of Societe Generale's exposure relieves it from this additional requirement.

Societe Generale's efforts to strengthen its capital, notably the Board of Directors' proposal not to distribute a dividend in respect of 2011, and manage its risk-weighted assets helped it achieve a **Core Tier 1 ratio (Basel 2.5) of 9.0%** at December 31, 2011, calculated according to the EBA method, thus meeting the EBA's requirements six months ahead of schedule.

The Group is rated A1 by Moody's, A by S&P and A+ by Fitch.

ORGANISATION UNDER BASEL 2

Since January 1, 2008, Societe Generale Group has used the advanced methods (AIRB and AMA) for calculating its minimum capital requirements and the Group continues to extend the scope of application of those advanced methods.

Risk measurement systems are enhanced on an ongoing basis. For instance, portfolio analyses on all Group commitments are carried out and presented to the Group's Management in order to analyse the risk profile of loan portfolios from a sector or geographical standpoint.

In addition, the Group continuously develops its comprehensive stress test procedures, incorporating the Group's full risk profile, which indicates its capacity to withstand macro-economic stress scenarios. They are integrated in the various components involved in the management of financial equilibrium and solvency ratios. They are conducted on a regular basis (at least once a year) as part of the budget process. The results of these stress tests are presented to the Risk Committee. In 2011, the risk appetite system was updated, in the aim of improving the Group's strategic management. This system documents how targets are set and approved, by the Board of Directors, for some of the Group's key indicators, while at the same time integrating an analysis of risk/return for business lines, and thus contributes to providing a complementary point of view from that of the comprehensive stress tests. The updated indicators were presented to the Audit, Internal audit and risk committees and to the Board of Directors. Moreover, this system will ultimately allow the Group's Management to continuously monitor all indicators related to the risks to which the entire Group is exposed, to analyse more precisely the changes in the risk profiles of the Group's diverse business lines and to develop an overall view by the type of risk (market, credit, operational and other risks).

In spring 2011, the Group participated in the European stress test conducted by the EBA (European Banking Authority). The results confirmed the Group's resilience, despite a severe stress scenario that included, in particular, shocks on sovereign outstandings. This demonstrates the Group's ability to adequately finance the economy both under a baseline scenario and in a substantially deteriorated environment.

In an environment marked by the particularly severe euro area crisis in summer 2011, the EBA extended its stress test into the fall focusing on the impact of sovereign portfolios on banks' capital levels. The European Banking Authority requires financial institutions to comply with a minimum Core Tier 1 ratio (Basel 2.5) of 9% by June 30, 2012, potentially augmented in the event of sovereign risk exposure. The nature of Societe Generale's exposure relieves it from this additional requirement. The EBA and the national regulators of each banking establishment are expected to closely monitor compliance with this ratio and each bank's trajectory to reach it. The Group is confident in its ability to comply with this requirement.

(1) Excluding CRD3 requirements.

Regulatory developments

To better incorporate the default risk and rating migration risk of assets in the trading portfolio (tranched and untranched assets), and to reduce the procyclicality of Value at Risk (VaR), in July 2009 the Basel Committee published new proposals (known as Basel 2.5). Rating migration risk and default risk for issuers in the trading portfolio are subject to two capital charges in respect of specific market risk: namely IRC (Incremental Risk Charges, applied to untranched assets) and CRM (Comprehensive Risk Measurement, specific to correlation trading portfolios). Moreover, the regulator requires a stressed VaR calculation. Stressed VaR is similar to VaR but is estimated over a previous crisis period. These proposals were transposed into European law via the Capital Requirements Directive 3 (CRD3) in July 2010 and have been in effect since December 31, 2011.

At end-December 2010, the Basel Committee published the definitive text comprising measures for improving the resilience of the international banking system, whose weaknesses were exposed by the crisis. These proposals, known as Basel 3, aim to reform the prudential framework applicable to the definition of capital and to strengthen capital requirements to safeguard against certain risks. In 2012, the European Directive CRD4 should give regulatory force to the Basel Committee proposals and go into effect on January 1, 2013.

CREATION AND USE OF THE GROUP'S SHAREHOLDERS' EQUITY IN 2011

In 2011, the main changes in equity Tier 1 included:

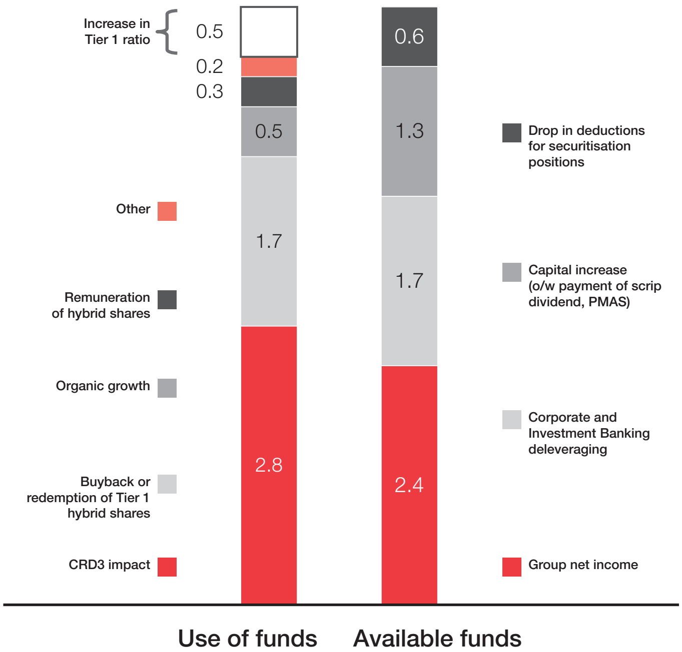
Available funds (EUR 6 billion):

- Group net income of EUR 2.4 billion;
- reduction of EUR 1.7 billion in the size of Corporate and Investment Banking's balance sheet in line with the targets for shrinking the weighted assets of Corporate and Investment Banking;
- a capital increase of EUR 1.3 billion including scrip dividend for EUR 0.9 billion and the capital increase reserved for employees for EUR 0.2 billion;
- reduction of positions on poorly-rated securitisations deducted from shareholders' equity representing EUR 0.6 billion (currency impact included).

Use of funds (EUR 5.5 billion):

- the impact of CRD3 for EUR 2.8 billion from EUR 25.1 billion of additional risk weighted assets and EUR 0.07 billion in additional deductions;
- the buyback or redemption of Tier 1 hybrid shares for EUR 1.7 billion (including EUR 1.4 billion for the buyback of shares and EUR 0.3 billion for exercising an early redemption option);
- EUR 0.5 billion for the internal growth needs of the business lines;
- remuneration of hybrid debt booked in equity for EUR 0.3 billion;
- other items for EUR 0.2 billion.

The EUR 0.5 billion difference between available funds and use of funds strengthens the Tier 1 capital ratio (Tier 1 ratio of 10.7% at end-2011 vs. 10.6% at end-2010).



FINANCING OF THE MAIN INVESTMENTS UNDERWAY

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

SIGNIFICANT NEW PRODUCTS OR SERVICES

In accordance with the Societe Generale Group's innovation strategy, numerous new products were launched in 2011, the most significant of which are listed below:

Business division		New product or service
French Networks	Facilinvest (Crédit du Nord)	Revolving credit limit for business customers of between EUR 3,000 and EUR 10,000, that can be used on simple presentation of a bill. The monthly repayment is based on a pre-defined payment schedule.
	Direct Emetteurs (Boursorama)	Direct trading solution with issuers of turbos, warrants and certificates with Societe Generale, BNP Paribas and Citibank.
	Renewable energy financing (Societe Generale)	On March 2, 2011, Societe Generale and Oséo signed a partnership for the financing of renewable energy production plants. The first section of the partnership agreement covers the financing of photovoltaic power plants. Oséo will be involved in all stages of the financing process: from the project's technical analysis to final implementation.
	SG monétaire Jour SG monétaire 1 mois (Societe Generale)	Creation of SG monétaire Jour (search for a daily return) and SG monétaire 1 mois (surplus cash investment) funds, aimed at outperforming EONIA, minus actual management fees.
	FCP Triple Essai (Societe Generale)	Mutual fund, initial investment not guaranteed at maturity, risk of capital loss. Indexed on the euro area equity markets, the fund's performance depends on changes in the Euro Stoxx 50 index.
	Flash 3 CB (Crédit du Nord)	This new service allows business owners and the self-employed to offer their individual customers the possibility of paying by credit card in three separate payments at no extra cost.
	Compte A Terme with tacit renewal (Societe Generale)	New term account targeting small- and medium-sized enterprises. The account remains open for a duration of one month and is tacitly renewed.
International Retail Banking	Life insurance attached to car loans (BRD – Romania)	New solution aimed at enhancing BRD's life insurance offering. This new service protects holders of a BRD car loan in the event of accidental death, accidental permanent total invalidity and unemployment.
	Extension of the life insurance offering to the corporate sector (SGEB – Bulgaria)	SGEB offers an insurance policy for important persons and Directors of borrower companies. 2-year insurance cover is offered for authorised overdrafts and working capital lines of credit. SGEB is the only bank in the market to offer such a guarantee. It supplements the general SME loan offering (presented in the form of a package consisting of a loan solution, life insurance and cover by the *fonds national de garantie* [national guarantee fund]). Devised in conjunction with Sogelife, this new insurance policy covers death, total and permanent invalidity, and total and irreversible loss of autonomy following an illness or accident.
	Corporate package (SKB – Slovenia)	New package aimed at rewarding customer loyalty and establishing a long-term customer relationship. This service enables customers to progressively obtain advantages on a single package: the more the customer uses the products included in the corporate package, the more advantages it enjoys.

Business division		New product or service
	"Carte Perle" payment card for women (SGA – Algeria)	New card launched to coincide with International Women's Day. The "Carte Perle" combines design and innovation and promotes the image of a modern, trendy Bank (more than 600 cards have already been issued).
	Internet transaction banking service (SGCN – China)	New service enabling individual customers to transfer funds via the Internet. This new solution uses a powerful quantification technology and authentication system to guarantee the security of online transactions.
	"MY PC NET V3000" promotional offering (SGBCI – Côte d'Ivoire)	New package consisting of a new computer and a mobile broadband Internet key with a monthly connection contract for a capacity of 5 GB. Acquisition of the package is financed by a loan at the exceptional rate of 9.90%. The subscriber also benefits from a Sogeline subscription with a 50% reduction on the normal price.
	Packages dedicated to SMEs (SGEB – Bulgaria)	3 packages adapted to the needs of customers including all banking products for daily needs (online bank, cards, text message banking, insurance, statements) to help businesses manage their finances. Customers pay one monthly payment covering all costs, including expenses related to managing the account.
	Short-term loan: "Select" offer (BRD – Romania)	Short-term credit facility with a simplified analysis without additional guarantees. Only companies with sales of over EUR 1 million, solid financial performance and loyalty to the bank will be considered for this offer. The maximum amount granted depends on the company's sales.
	Internet applications: "MojeBanka" & "ProfiBanka" (KB – Czech Republic)	New online banking functions for cardholders allowing them to activate cards to pay online and adjust, from home, their payment ceiling as needed. Different parameters can be modified online, such as the weekly limit for card payments and the personal payment limit via terminals and cash withdrawals from ATMs. In the first three days, KB received 2,000 parameter change requests.
Corporate and Investment Banking	SGI Vinci	Launch of the SGI Vinci index. This systematic index aims to provide a hedge against a decline in the equity market via exposure to the implied volatility of the S&P 500 index (volatility having a negative correlation with the equity market). The index's strategy also helps limit the carry cost characteristic of such a position, while reducing the risk of a poor performance by the index in the event of a decline in volatility.
	SGI Harmonia	Launch of the SGI Harmonia index which provides a multi-asset investment enabling investors to benefit from the positive trends of one or more asset classes. The Harmonia index applies the Equally Weighted Risk Contribution method to maintain a certain level of diversification in order to limit poor performances and extreme losses. This index is recommended by Lyxor Asset Management's quantitative team.
	SGI Chipeco Vol Target Index	Launch of the SGI Chipeco Vol Target Index, a systematic index designed to provide exposure to Chilean, Peruvian and Colombian equity markets via ADRs (American Depositary Receipts, negotiable securities allowing a foreign company to be listed in the United States) or ordinary shares, while benefiting from a mechanism to target volatility. The underlying equities are selected according to historical liquidity levels in order to guarantee the liquidity of the index itself.
	SGI Alpha Return	Launch of the SGI Alpha Return index, an index that represents an alternative investment in the money market and whose objective is to outperform the EONIA rate while securing the principal and the performances of previous years. This performance is generated through exposure to the SGI Diversified Alpha index, a diversified basket of alpha-generating strategies developed by Societe Generale's research, financial engineering and trading teams.
	SGI FX Diversified	Launch of the SGI FX – G10 Diversified, which aims to synthetically replicate the performance of a daily rebalanced equally-weighted basket which is comprised of the three SGI alpha-generating strategies based on G10 currencies (carry trade index, mean reversion index and momentum index). It performs across various market environments thanks to these complementary and un-correlated strategies aimed at diversifying the risk and the performances.

Business division		New product or service
	Enhanced Collar Strategy	New Enhanced Equity Collar Strategy which aims to reduce the cost involved with vanilla collars. This strategy offers a similar kind of protection as a vanilla collar with 1-year downside protection, but offers more performance potential in bullish scenarios.
	Income Strategies linked to the creditworthiness of a Basket of Corporates	Launch of a new Mezzanine tranche strategy linked to a diversified basket of 25 Corporates (Senior Debt). By adopting this strategy, investors receive an attractive coupon every year. In exchange for this opportunity, both the invested capital and the coupon rate are at risk and linked to the number of credit events affecting the companies of the underlying basket (i.e. selling protection against the credit events possibly affecting this basket, as per ISDA definition of Credit Events). Investors however are protected against any credit events affecting the first 3 companies of the basket. The capital redeemed at maturity and the coupon rate will be reduced only starting from the 4th company affected by a credit event.
	SmartIX Equity Indices	Launch of SmartIX® Lyxor, a family of indices weighted by risk, with an objective of avoiding concentration risk and offering greater diversification. With this innovative launch, Lyxor offers a high-performance alternative that is less volatile and more diversified across traditional indices weighted by market capitalisation. Investors now have indices that put risk management at the centre of the portfolio's design.
	Lyxor Dimension	Created in 2009, with the launch of two multi-manager hedge funds, Lyxor Dimension has continuously enhanced its range with the addition of new, innovative and diversified funds. In 2011, Lyxor Dimension extended its offer by adding a single hedge fund. Dimension is the next generation of onshore funds, offering investors access to a range of alternative strategies and themes under the UCITS framework.
Specialised Financial Services and Insurance	Purchase value guarantee (SG Consumer Finance – France)	This additional "purchase value" insurance policy includes a replacement vehicle for 40 days in the event of total loss or theft; in addition, it still includes the loyalty premium (50% of contributions repaid in the event of renewal without a claim).
	Motorbike mobility contract (SG Consumer Finance – France)	Marketing of a new insurance policy for two-wheel vehicles consisting of breakdown and towing service, repatriation in the event of a breakdown, puncture, fuel error.
	Multipremia (SG Consumer Finance – Italy)	Launch by Fiditalia of a product encouraging the customer to comply with payment schedules by offering it a reduction on monthly payments in the case of repayment within the timeframe.
	Pick-up service (ALD Automotive – Czech Republic)	For the maintenance, repair and/or change of tyres on its vehicle, the client now has the possibility of requesting the vehicle be picked up directly from its office, taken directly to the garage and then returned the same day.
	ALD defensive driving programme (ALD Automotive – Romania)	Launch of a training programme offered in partnership with a famous Romanian racing driver and road safety trainer. In addition to a theoretical course, the programme includes one day of defensive driving practices using a simulator and specially adapted vehicles.
	ALD accident management (ALD Automotive – Spain)	Offering of a comprehensive range of services in order to effectively help the customer in the following type of situation: assessment of damages, organisation and monitoring of repairs, management of invoices and repairs, relationship with insurers…
	GWFlat (BDK – Germany)	Auto insurance packaged with the vehicle being financed, which is included in the monthly payments (first of its kind in Germany).

Business division		New product or service
	Premia (Rusfinance – Russia)	Last personal loan payment is free when there have been no credit incidents during the life of the loan.
	Smartphone Application (ALD Automotive – Spain)	Free application integrating useful information on the closest stores and petrol stations.
Global Investment Management & Services	PREMIUM FLEX DEPOSIT offering (Private Banking)	Launch of a term deposit offering enabling clients and prospective clients bringing new capital to Societe Generale Private Banking to benefit from improved rates, approximately 0.5% above current PRIV rates, for a maturity of one year or more. The investor can retrieve his money at any time (100%), with a remuneration rate applied for the given period.
	Agreement with Copal Partners to enhance the “tailored” Equity service offering (Private Banking)	Development of a service to respond to specific client requests such as equity portfolio reviews or the constitution of a list of stocks corresponding to the investment criteria of a specific client. This service is now offered by Societe Generale Private Banking which has achieved a universe of approximately 400 stocks that it follows, half of which thanks to the agreement concluded with Copal Partners.
	Enhanced Yield Commodity Index Fund (TCW)	The Enhanced Yield Commodity Index Fund gains exposure through investing across 20 different commodity swaps with the underlying collateral pool invested in low duration, high quality fixed income investments. The commodity exposure will be constructed on an asset-weighted basis that replicates the weightings of the commodity weights of the Dow Jones UBS Commodity index. The active management of the underlying commodities will employ a “roll” strategy that will invest in commodities across various term structures while maintaining the overall exposure to the commodity index.

MAJOR INVESTMENTS

As part of its strategy to increase its customer base in Europe and secure its long-term growth, the Group made targeted acquisitions in 2011.

Business division	Description of the investment
2011	
International Retail Banking and Specialised Financial Services and Insurance	Acquisition by Rosbank of Rusfinance and DeltaCredit (entities already held by the Group), monitoring of the acquisition of Rosbank and BSGV. As a result of these transactions, the Group now holds 82.4% of its operations in Russia.
Corporate and Investment Banking	Acquisition in the United States of certain assets and the RBS Sempra Commodities teams in the natural gas and electricity sectors.
2010	
French Networks	Acquisition of 100% of Société Marseillaise de Crédit by Crédit du Nord.
International Retail Banking	Societe Generale's stake in Rosbank increases from 65.33% to 74.89%.
Asset Management	Acquisition by TCW of 100% of Metropolitan West Asset Management (MetWest), a fixed income management company in the United States.
2009	
French Networks	Purchase of Dexia's 20% minority stake in Crédit du Nord.
International Retail Banking	7% increase in our stake in Rosbank. As a result of this operation, Societe Generale owns 64.7% of Rosbank.
Specialised Financial Services and Insurance	Buyout of the 13% minority stakeholding in our Moroccan insurance subsidiary ("La Marocaine-Vie") through a Public Buyout Offer.
Asset Management	Setting up of Amundi, one of the European leaders in asset management. 25%-owned by Societe Generale and 75%-owned by Crédit Agricole, Amundi is a result of the merger of the activities of SGAM and CAAM.

Business Line	Description of disposals
2011	
Corporate and Investment Banking	Disposal of 50% of Orbéo.
2010	
Corporate and Investment Banking	Disposal of 49% of Gaselys.
Specialised Financial Services and Insurance	Sale of ECS to Econocom. Following the transaction, Societe Generale becomes a shareholder of Econocom with a 10.4% stake.
2009	
Asset Management	Sale of the London asset management subsidiary (SGAM UK) to GLG Partners, Inc.

RECENT DEVELOPMENTS AND OUTLOOK

The last several months have been marked by a significant – but uneven – deterioration in the global economic environment. Uncertainties on the Euro zone economic growth still remain relatively high and some countries, of which France, were downgraded by rating agencies. However, there have been signs, albeit hesitant ones, that the US economy is improving. On the whole, the emerging markets have been affected by contagion but in different ways. Eastern and Central European countries are currently in a mild recession, although the Group is anticipating mostly positive growth, whereas BRIC (Brazil, Russia, India and China) growth continues to be fuelled by domestic demand, despite a slight slowdown.

Overall, the Group is operating amid an environment that has been characterised by the presence of uncertainty, which is weakening the global economic recovery (factors include: restrictive fiscal policy's side effects on the recovery and on the public debt markets, fluctuation of interest rates and inflation, divergence of growth between emerging economies and developed countries that can create instability in terms of capital flows and exchange rates, change in commodity prices, etc.).

Regarding regulations, market talks started at the request of the G20 for the financial sector have continued. The European Union is currently working on transcribing new Basel 3 requirements into European law in the form of a series of directives. During 2011, The European Banking Authority (EBA) conducted stress tests on capital to evaluate the solvency of the major European banks and the potential need to bolster their capital base. The results led the EBA to encourage banks to reach a Core Tier 1 of at least 9% under "Basel 2.5" starting 30 June 2012.

2011 was also marked by the publication of the Vickers report in the United Kingdom, which suggested ringfencing retail banking activities within universal banks, an issue the European Union will take up in 2012. Following the G20 initiatives, other topics being monitored by the Financial Stability Council including harmonisation of accounting standards, compensation practices, functioning of OTC derivative markets, among others, are still being discussed. At the same time, the Dodd-Frank Act in the US laid the foundation for systemic risk supervision as well as oversight of certain activities of Corporate and Investment Banks (Volcker Rule). Lastly, discussions to create a tax on financial transactions in Europe are ongoing and could be introduced in 2012 at the national-level.

More broadly, market discussions should strive to foster the development of a model that enables the financial sector to grow sustainably, preserves the capacity of banks to finance the economy in an environment where fiscal policy is tighter and avoids skewing competition between countries.

In all, the new regulatory constraints will weigh on the profitability of certain activities and will influence the development model of certain banking players, notably businesses that consume large amounts of scarce resources. Against a backdrop of lower growth in mature countries, the areas offering the most attractive outlook will remain in high demand. Consequently, the banks in the large emerging markets consolidated, in 2011, their position among the top-ranking global players in terms of market capitalisation.

In 2011, Societe Generale Group demonstrated the resilience of its results and the solidity of its universal banking model. The Group pursues Ambition SG 2015, its vast corporate programme, which seeks to strengthen the customer relationship and the efficiency of its operating model and continued to resolutely adapt to the far-reaching changes to its environment. As a result, the outlook for the Group's results, its financial solidity and the rigorous management of its capital, assets and risks will enable the Group to finance its growth while remaining in a position to comply with new capital requirements.

POST-CLOSING EVENTS

No significant post-closing event occurred after December 31, 2011.

BASEL 2: PILLAR III

PUBLICATION OF SOCIETE GENERALE'S PILLAR III REPORT

Societe Generale's Pillar III Annual Report was first published on its institutional website in May 2009, in accordance with the banking supervision regulations laid down by the Basel Committee in 1988 (Basel 2 regulations). The subsequent Annual Reports were released on the same website on May 5, 2010 and April 6, 2011.

Constituting Basel 2's third pillar, the "Solvency and Risk Management Report" promotes market discipline by establishing a set of quantitative and qualitative disclosure requirements. These allow market participants to more effectively assess capital levels, risk exposures and risk management processes and therefore, the capital adequacy of an institution, in accordance with the Basel 2 Pillar I rules. The next Pillar III Report is scheduled for publication in April 2012.

ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

(In billions of euros)	December 31, 2011	December 31, 2010	% change
Cash, due from central banks	44.0	14.1	x 3.1
Financial assets at fair value through profit or loss	422.5	455.1	-7%
Hedging derivatives	12.6	8.2	+55%
Available-for-sale financial assets	124.7	103.8	+20%
Due from banks	86.5	70.3	+23%
Customer loans	367.5	371.8	-1%
Lease financing and similar agreements	29.3	29.1	+1%
Revaluation differences on portfolios hedged against interest rate risk	3.4	2.4	+42%
Held-to-maturity financial assets	1.5	1.9	-23%
Tax assets and other assets	61.0	49.0	+25%
Non-current assets held for sale	0.4	0.1	NM
Deferred profit-sharing	2.2	1.1	x 2.0
Tangible, intangible fixed assets and other	25.8	25.2	+2%
Total	**1,181.4**	**1,132.1**	+4%

LIABILITIES

(In billions of euros)	December 31, 2011	December 31, 2010	% change
Due to central banks	1.0	2.8	-65%
Financial liabilities at fair value through profit or loss	395.2	359.0	+10%
Hedging derivatives	12.9	9.3	+39%
Due to banks	111.3	77.3	+44%
Customer deposits	340.2	337.4	+1%
Securitised debt payables	108.6	141.4	-23%
Revaluation differences on portfolios hedged against interest rate risk	4.1	0.9	x 4.7
Tax liabilities and other liabilities	60.7	56.3	+8%
Non-current liabilities held for sale	0.3	0.0	NM
Underwriting reserves of insurance companies	83.0	82.7	+0%
Provisions	2.5	2.0	+22%
Subordinated debt	10.5	12.0	-12%
Shareholders' equity	47.1	46.4	+1%
Non-controlling Interests	4.0	4.6	-11%
Total	**1,181.4**	**1,132.1**	+4%

MAIN CHANGES IN THE CONSOLIDATED BALANCE SHEET

At December 31, 2011, the Group's consolidated balance sheet totalled EUR 1,181.4 billion, up EUR 49.3 billion (+4.4%) vs. December 31, 2010 (EUR 1,132.1 billion). Changes in the exchange rate impacted the balance sheet as follows: EUR +7.7 billion for the US Dollar, EUR +2.7 billion for the Yen, EUR +0.9 billion for the Pound Sterling, EUR -0.7 billion for the Czech Koruna, EUR +0.2 billion for the Australian Dollar and EUR -0.3 billion for the Russian Rouble.

The main changes to the consolidation scope impacting the consolidated balance sheet are as follows:

In the first half of 2011:

- The Group fully consolidated Ohridska Banka, located in Macedonia, at 70.02%.
- In February 2011, the Group sold its stake in Limited Liability Partnership Prostokredit, previously fully consolidated through SG Consumer Finance, to Eurasian Bank.
- The Group fully consolidated ALD Automotive SRL, held by 91.87% since 2004 and located in Romania.
- The operating activities consolidated through New Esporta Holding Limited were removed from the consolidation scope at June 30, 2011 after the share disposal.

During the second half of 2011:

- The Group fully consolidated Philips Medical Capital France in which its holds 60%.
- The real estate activities previously consolidated through New Esporta Holding Limited were removed from the consolidation scope due to their sale.
- The Group fully consolidated the wholly owned subsidiary SG Leasing and Renting Co Ltd. This entity is located in China.
- The Group fully consolidated Societe Generale Tchadienne de Banque at 55.19%.
- SAS Orbeo, previously proportionately consolidated at 50%, was sold to Rhodia.

In accordance with IFRS 5 "*Non-current receivables held for sale and discontinued operations*", the main items classified in *Non-current assets and liabilities held for sale* are:

- Shares in the private equity activities that were put up for sale by the Group.
- Assets and liabilities relating to commodity trading businesses in North America.

CHANGES IN MAJOR CONSOLIDATED BALANCE SHEET ITEMS

Cash and due from central banks (EUR 44.0 billion at December 31, 2011) increased by EUR 29.9 million (+212.2%) vs. December 31, 2010.

Financial assets at fair value through profit or loss (EUR 422.5 billion at December 31, 2011) decreased by EUR 32.6 billion (-7.2%) vs. December 31, 2010, including a EUR +4.0 billion Dollar effect, a EUR +2.3 billion Yen effect and a EUR +0.5 billion Pound Sterling effect. The trading portfolio (EUR 147.6 billion at December 31, 2011) decreased by EUR 81.1 billion, including EUR -24.7 billion for bonds and other debt securities, EUR -44.1 billion for the shares and other equity securities portfolio and EUR -12.3 billion for other financial assets. Trading derivatives (EUR 241.8 billion at December 31, 2011) increased by EUR 51.0 billion, including EUR +40.6 billion for interest rate instruments, EUR +3.4 billion for foreign exchange instruments, EUR +3.8 billion for equity and index instruments, EUR -3.5 billion for commodity instruments and EUR +6.7 billion for credit derivatives. The financial assets measured using the fair value option through P&L (EUR 33.1 billion at December 31, 2011) decreased by EUR 2.6 billion.

Financial liabilities at fair value through profit or loss (EUR 395.2 billion at December 31, 2011) increased by EUR 36.2 billion (+10.1%) vs. December 31, 2010, including a EUR +3.1 billion Dollar effect, a EUR +0.4 billion Pound Sterling effect, a EUR +2.0 billion Yen effect. Trading portfolio (EUR 138.2 billion at December 31, 2011) decreased by EUR 12.9 billion, including EUR -4.4 billion for securitised debt payables, EUR -14.5 billion for amounts payable on borrowed securities, EUR +0.7 billion for bonds and other debt instruments sold short, EUR +0.07 billion for the shares and other equity instruments sold short portfolio and EUR +5.2 billion for other financial liabilities. Trading derivatives (EUR 239.4 billion at December 31, 2011) increased by EUR 44.2 billion, including EUR +36.2 billion for interest rate instruments, EUR +2.8 billion for foreign exchange instruments, EUR +1.8 billion for equity and index instruments, EUR -2.9 billion for commodity instruments, EUR +7.2 billion for credit derivatives and EUR -0.9 billion for other forward financial instruments. Financial liabilities measured using fair value option through P&L (EUR 17.6 billion at December 31, 2011) increased by EUR 4.9 billion.

Customer loans, including securities purchased under resale agreements, amounted to EUR 367.5 billion at December 31, 2011, down EUR 4.3 billion (-1.2%) vs. December 31, 2010, including a EUR +2.1 billion Dollar effect.

This change mainly reflects as follows:

- a decrease in short-term loans of EUR 6.0 billion,
- a rise in export loans of EUR 0.8 billion,
- a rise in equipment loans of EUR 0.3 billion,
- a rise in housing loans of EUR 5.2 billion,
- a decrease in other loans of EUR 9.8 billion.

Customer deposits, including securities sold to customers under repurchase agreements, amounted to EUR 340.2 billion at December 31, 2011, up EUR 2.8 billion (+0.8%) vs. December 31, 2010, including a EUR +2.0 billion Dollar effect. This change is mainly due to the increase in regulated savings accounts of EUR 4.7 billion, the EUR 13.4 billion fall in other demand deposits and the EUR 13.2 billion fall in other term deposits. Securities sold to customers under repurchase agreements increased by EUR 24.2 billion.

Due from banks, including securities purchased under resale agreements, amounted to EUR 86.5 billion at December 31, 2011, up by EUR 16.2 billion (+23.2%) vs. December 31, 2010, including a EUR +0.5 billion Dollar effect. This change is mainly attributable to the EUR 2.8 billion decrease in demand and overnight deposits and loans, to the EUR 2.2 billion decrease in term deposits and loans and the EUR 21.1 billion increase in securities purchased under resale agreements.

Due to banks, including securities sold under repurchase agreements, amounted to EUR 111.3 billion at December 31, 2011, up by EUR 34.0 billion (+43.9%) vs. December 31, 2010, including a EUR +0.9 billion Dollar effect. This change is mainly due to the EUR 1.9 billion decrease in demand and overnight deposits and to the EUR 29.0 billion increase in term deposits and the EUR 6.6 billion increase in securities sold under repurchase agreements.

Available-for-sale financial assets totalled EUR 124.7 billion at December 31, 2011, up EUR 20.9 billion (+20.1%) vs. December 31, 2010, including a EUR +0.4 billion Dollar effect. This change is the result of the EUR 22.1 billion increase in bonds and other debt securities, the EUR 0.1 billion increase in shares and other equity securities, and the fall of EUR 1.3 billion of the long-term equity investments.

Securitised debt payables totalled EUR 108.6 billion at December 31, 2011, down EUR 32.8 billion (-23.2%) vs. December 31, 2010, including a EUR +2.2 billion Dollar effect. This change is the result of the EUR 4.1 billion increase in bond borrowings and a EUR 38.2 billion fall in interbank certificates and negotiable debt instruments.

Shareholders' equity Group share stood at EUR 47.1 billion at December 31, 2011 vs. EUR 46.4 billion at December 31, 2010. This change mainly reflects the following:

- net income for the financial year at December 31, 2011: EUR +2.4 billion;
- dividend payment in respect of the 2010 financial year: EUR -1.8 billion.

After taking into account non-controlling interests (EUR 4.0 billion), Group shareholders' equity amounted to EUR 51.1 billion at December 31, 2011.

At 31 December 2011, the Group's shareholders' equity contributed to a Basel 2 (integrating Basel 2.5 requirements) solvency ratio of 11.9%. The Tier 1 ratio representing 10.7%, with total weighted commitments of EUR 349.3 billion.

The Core Tier 1 ratio is 9.0%, Bâle 2.5, EBA method.

GROUP DEBT POLICY

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

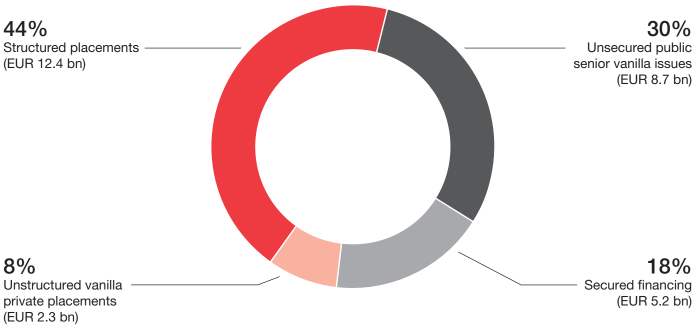
The Group's debt policy is based on 2 principles:

- firstly, maintaining an active policy of diversifying the Societe Generale Group's sources of refinancing in order to guarantee its stability: based on the economic balance sheet at December 31, 2011, customer deposits accounted for 28.4% of the Group's liabilities while debt instruments, interbank transactions and funds generated through the refinancing of securities portfolio amounted to EUR 392 billion (i.e. 33.2% of Group liabilities). The balance of the Societe Generale Group's liabilities comprises shareholders' equity, other financial accounts, provisions and derivative instruments;
- secondly, managing the breakdown of its debt to ensure it is consistent with the assets' maturity profile in order to maintain a balanced consolidated balance sheet and minimise its mismatch risk.

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

During the 2011 financial year, the liquidity raised under the 2011 financing programme amounted to EUR 28.6 billion in senior debt. The refinancing sources break down as EUR 8.7 billion in unsecured senior vanilla issues, EUR 2.3 billion in unstructured vanilla private placements, EUR 12.4 billion in structured placements and EUR 5.2 billion in secured financing (EUR 2.7 billion via CRH, inaugural issuance by SG SFH for EUR 1.5 billion, and SG SCF for EUR 1.0 billion).

2011 FINANCING PROGRAMME: EUR 28.6 BILLION



PROPERTY AND EQUIPMENT

The gross book value of the Societe Generale Group's tangible fixed assets amounted to EUR 24 billion at December 31, 2011. This figure essentially comprises land and buildings (EUR 4.6 billion), assets leased by specialised financing companies (EUR 13.4 billion) and other tangible assets (EUR 6 billion).

The gross book value of the Group's investment property amounted to EUR 497 million at 31 December 31, 2011.

The net book value of tangible assets and investment property amounted to EUR 15.2 billion, representing just 1.28% of the consolidated balance sheet at 31 December 31, 2011. Due to the nature of the Group's activities, the weighting of property and equipment in overall assets is low.

5

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

(at January 1, 2012)

Frédéric OUDEA

Date of birth: July 3, 1963

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Member of the Nomination and Corporate Governance Committee

Holds 22,579 shares directly

1,085 shares through "Societe Generale Actionnariat (fonds E)"

Year of first appointment: 2009 – Year in which current mandate will expire: 2015

Does not hold any other mandate within or outside the SG Group.

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

Anthony WYAND

Date of birth: November 24, 1943

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

Company Director

Chairman of the Audit, Internal Control and Risk Committee, Member of the Nomination and Corporate Governance Committee and the Compensation Committee

Holds 1,636 shares

Year of first appointment: 2002 – Year in which current mandate will expire: 2015

Other mandates held in French listed companies: Director: Société Foncière Lyonnaise.

Mandates held in foreign listed companies: Director: Unicredit Spa.

Mandates held in French unlisted companies: Director: Aviva France, Aviva Participations, Grosvenor Continental Europe.

Biography: A British national, Anthony Wyand was appointed Vice-Chairman of the Board of Directors of Societe Generale on May 6, 2009. He joined Commercial Union in 1971, was Chief Financial Officer and Head of European Operations (1987-1998), Executive Managing Director of CGNU Plc (1998-2000) and Executive Director of Aviva until June 2003.

Robert CASTAIGNE

Date of birth: April 27, 1946

COMPANY DIRECTOR

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

Holds 1,000 shares

Year of first appointment: 2009 – Year in which current mandate will expire: 2014

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

Other mandates held in foreign listed companies: Director: Compagnie Nationale à Portefeuille (until October 3, 2011).

Biography: Graduated with an engineering degree from the Ecole Centrale de Lille and the Ecole Nationale Supérieure du Pétrole et des Moteurs. Doctorate in economics. Spent his entire career with Total SA, first as an engineer, and then in various functions. From 1994 to 2008, he was Chief Financial Officer and a Member of the Executive Committee of Total SA.

Michel CICUREL

Date of birth: September 5, 1947

CHAIRMAN OF THE MANAGEMENT BOARD OF LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD AND OF COMPAGNIE FINANCIERE SAINT-HONORE

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

Holds 1,118 shares

Year of first appointment: 2004 – Year in which current mandate will expire: 2012

Other mandates held in French listed companies: Member of the Supervisory Board: Publicis. Non-voting director: Paris-Orléans.

Mandates held in foreign listed companies belonging to the Director's group: Director: Banque Privée Edmond de Rothschild SA, Geneva.

Mandates held in French unlisted companies belonging to the Director's group: Chairman of the Management Board: La Compagnie Financière Edmond de Rothschild Banque SA, Compagnie Financière Saint-Honoré. Chairman of the Supervisory Board: Edmond de Rothschild Corporate Finance SAS. Vice-Chairman of the Supervisory Board: Edmond de Rothschild Private Equity Partners. Member of the Supervisory Board: Siaci Saint-Honoré, Newstone Courtage (until December 1, 2011), Milestone (since July 4, 2011). Chairman of the Board of Directors: ERS. Permanent representative of Compagnie Financière Saint-Honoré: Cogifrance. Permanent representative of La Compagnie Financière Edmond de Rothschild Banque. Chairman of the Supervisory Board: Edmond de Rothschild Asset Management SAS. Permanent representative of La Compagnie Financière Edmond de Rothschild Banque: Edrim Solutions.

Mandates held in foreign unlisted companies belonging to the Director's group: Chairman of the Board of Directors: Edmond de Rothschild SGR Spa (Italy), Edmond de Rothschild SIM Spa (Italy) (until April 21, 2011), Edmond de Rothschild Investment Services Ltd. (Israel). Director: Edmond de Rothschild Ltd. (London).

Mandates held in French unlisted companies not belonging to the Director's group: Director: Bouygues Telecom.

Biography: After a career at the French Treasury from 1973 to 1982, Michel Cicurel was appointed project director and then Deputy Chief Executive Officer of the Compagnie Bancaire from 1983 to 1988 and Cortal from 1983 to 1989. Deputy Director of Galbani (BSN Group) from 1989 to 1991. Director and Chief Executive Officer, and subsequently Vice-Chairman and Chief Executive Officer of CERUS from 1991 to 1999.

Jean-Martin FOLZ

Date of birth: January 11, 1947

COMPANY DIRECTOR

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

Holds 1,988 shares

Year of first appointment: 2007 – Year in which current mandate will expire: 2015

Other mandates held in French listed companies: Director: Alstom, AXA, Saint-Gobain, Eutelsat.

Mandates held in foreign listed companies: Director: Solvay (Belgium).

Mandates held in French unlisted companies: Member of the Supervisory Board: ONF-Participations (SAS).

Biography: Served as Chairman of the PSA Peugeot Citroën group from 1997 to February 2007, after holding management, then executive management, positions with the Rhône-Poulenc group, Schneider group, Péchiney group and Eridania-Beghin-Say.

Kyra HAZOU

Date of birth: December 13, 1956

Independent Director

Holds 1,000 shares

Year of first appointment: 2011 – Year in which current mandate will expire: 2015

Biography: A British and US national, Kyra Hazou was Managing Director and Group Legal Counsel for Salomon Smith Barney/Citibank from 1985 to 2000, after practising as a lawyer in both London and New York. From 2001 to 2007, she was non-executive Director, Member of the Audit Committee and the Risk Committee of the Financial Services Authority in the United Kingdom.

Jean-Bernard LEVY

Date of birth: March 18, 1955

CHAIRMAN OF THE MANAGEMENT BOARD OF VIVENDI

Independent Director

Holds 1,000 shares

Year of first appointment: 2009 – Year in which current mandate will expire: 2013

Other mandates held in French listed companies: Director: Vinci.

Mandates held in foreign listed companies: Chairman of the Board of Directors: Activision Blizzard Inc. (USA), Vice-Chairman of the Supervisory Board: Maroc Telecom.

Mandates held in French unlisted companies: Chairman of the Supervisory Board: Canal+ Group, Canal+ France, Viroxis. Director: SFR. Chairman of the Board of Directors: Institut Telecom. Member of the Steering Committee: Paris Europlace.

Mandates held in foreign unlisted companies: Chairman of the Board of Directors: GVT (Brazil).

Biography: Graduate of the Ecole Polytechnique and Télécom Paris Tech, appointed Chairman of Vivendi's Management Board on April 28, 2005. Joined Vivendi in August 2002 as Chief Executive Officer. Jean-Bernard Lévy was Managing Partner responsible for Corporate Finance of Oddo et Cie from 1998 to 2002. From 1995 to 1998, he was Chairman and Chief Executive Officer of Matra Communication. From 1993 to 1994, he was Director of the Cabinet of Mr. Gérard Longuet, French Minister for Industry, the Postal Service, Telecommunications and Foreign Trade. From 1988 to 1993, he was Head of Telecommunication Satellites at Matra Marconi Space. From 1986 to 1988, Jean-Bernard Lévy was technical advisor to the Cabinet of Mr. Gérard Longuet, Deputy Minister for the Postal Service and Telecommunications, and from 1978 to 1986 he was an engineer at France Télécom.

Ana Maria LLOPIS RIVAS

Date of birth: August 5, 1950

FOUNDER, CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF IDEAS4ALL

Independent Director

Holds 1,000 shares

Year of first appointment: 2011 – Year in which current mandate will expire: 2015

Other mandates held in foreign listed companies: Director: British American Tobacco.

Mandates held in French unlisted companies: Director: Service Point Solutions.

Biography: A Spanish national, Ana Maria Llopis Rivas spent 11 years working in the Spanish banking sector (Banesto and Santander Group) where she notably founded an online bank and broker; Executive Chairman of Razona, a financial consulting firm, she was then appointed Executive Vice President of Financial and Insurance Markets for the consultancy Indra, as well as non-executive Director and Member of the Audit Committee of Reckitt-Benckiser, and then member of the Supervisory Board of ABN AMRO. She is currently Founder, Chairman and Chief Executive Officer of Ideas4all, Director and Chairman of the Appointments and Remuneration Committee of Service Point Solutions, and Director and member of the Nominations, Remuneration and Corporate Social Responsibility Committees of British American Tobacco.

Elisabeth LULIN

Date of birth: May 8, 1966

FOUNDER AND CHIEF EXECUTIVE OFFICER OF PARADIGMES ET CAETERA

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

Holds 1,394 shares

Year of first appointment: 2003 – Year in which current mandate will expire: 2013

Other mandates held in French listed companies: Director: Bongrain Group, Safran Group.

Biography: After a career at the Ministry of Finance (1991-1996) as adviser to Edouard Balladur and subsequently as technical adviser to Alain Juppé (1994-1995), Elisabeth Lulin was appointed Head of the External Communication unit at INSEE (1996-1998). CEO of Paradigmes & Caetera, a company specialised in public policy benchmarking and forecasting, since 1998. Since 2010, she has been a Senior Advisor to the Monitor Group.

Gianemilio OSCULATI

Date of birth: May 19, 1947

CHAIRMAN OF VALORE SPA

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

Holds 5,000 shares

Year of first appointment: 2006 – Year in which current mandate will expire: 2014

Other mandates held in foreign listed companies: Director: Italmobiliare Spa.

Mandates held in foreign unlisted companies: Chairman: Osculati & Partners Spa, Eurizon Capital Spa, Intesa Sanpaolo Assicura Spa Valore Spa. Chairman and Deputy Director: Eurizonvita SpA. Deputy Director: Intesa Sanpaolo Previdenza Spa, Centrovita SpA, Intesa Sanpaolo Vita SpA. Director: Ariston Thermo Spa, Intesa Sanpaolo Life Ltd., Gas Plus Spa, Miroglio Spa, Sud Polo Vita SpA.

Biography: An Italian national, Gianemilio Osculati was CEO, Managing Director and Chairman at McKinsey Italy, where he specialised in the banking and financial sector. He was Chief Executive Officer of Banca d'America e d'Italia, a subsidiary of Deutsche Bank Group, for six years.

Nathalie RACHOU

Date of birth: April 7, 1957

FOUNDER AND CHIEF EXECUTIVE OFFICER OF TOPIARY FINANCE LTD.

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

Holds 1,000 shares

Year of first appointment: 2008 – Year in which current mandate will expire: 2012

Other mandates held in French unlisted companies: Director: Liautaud et Cie.

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

Luc VANDEVELDE

Date of birth: February 26, 1951

COMPANY DIRECTOR

Founder and Chief Executive Officer of Change Capital Partners

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

Holds 2,799 shares

Year of first appointment: 2006 – Year in which current mandate will expire: 2012

Other mandates held in foreign listed companies: Director: Vodafone.

Mandates held in French unlisted companies: Director: What's Next Partners (WNP).

Biography: A Belgian national, Luc Vandevelde has served as Chief Financial Officer and, subsequently, Chief Executive Officer at a number of blue-chip companies (Kraft, Promodès, Carrefour, Marks and Spencer) in several European countries as well as in the United States.

Patrick DELICOURT

Date of birth: March 2, 1954

HEAD OF EMPLOYEE RELATIONS FOR THE LORRAINE CUSTOMER SERVICE UNIT

Director elected by employees

Year of first appointment: 2008 – Year in which current mandate will expire: 2012

Biography: Societe Generale employee since 1975.

France HOUSSAYE

Date of birth: July 27, 1967

MANAGER OF THE ROUEN PALAIS DE JUSTICE BRANCH

Director elected by employees

Year of first appointment: 2009 – Year in which current mandate will expire: 2012

Biography: Societe Generale employee since 1989.

NON-VOTING DIRECTOR

Kenji MATSUO

Date of birth: June 22, 1949

CHAIRMAN OF MEIJI YASUDA LIFE INSURANCE

Year of first appointment: 2006 – Year in which current mandate will expire: 2014

Biography: A Japanese national, Kenji Matsuo joined Meiji Life in 1973 and was appointed Chairman of Meiji Yasuda Life in 2005.

DIRECTOR PROFILES

	Main sector of activity			
DIRECTOR	Banking, Finance	Other activities	International	Brief description
Frédéric OUDEA	x		x	SG Group since 1995: Corporate and Investment Banking until 2001 – Group CFO from 2003 to 2008
Anthony WYAND	x		x	Since 1971 – Insurance (Commercial Union-CGU-Aviva) – Executive Director from 2000 to 2003
Robert CASTAIGNE		x	x	TOTAL SA: CFO and member of the Executive Committee from 1994 to 2008
Michel CICUREL	x		x	Banking experience since 1983 – Chairman of the Management Board of La Compagnie Financière Edmond de Rothschild and of Compagnie Financière Saint-Honoré since 1999
Jean-Martin FOLZ		x	x	Chairman of the automotive group PSA Peugeot Citroën from 1997 to 2007
Kyra HAZOU	x		x	From 1985 to 2000: Managing Director and Group Legal Counsel for Salomon Smith Barney/Citibank. From 2001 to 2007: Non-executive Director, Member of the Audit Committee and the Risk Committee of the Financial Services Authority in the United Kingdom.
Jean-Bernard LEVY		x	x	Vivendi since 2002: CEO then Chairman of the Management Board since 2005
Ana Maria LLOPIS RIVAS	x		x	Banking experience: 11 years working in the Spanish banking sector (Banesto and Santander Group) where she founded an online bank and broker. Since 2007, Founder, Chairman and Chief Executive Officer of Ideas4all Member of the Supervisory Board of ABN Amro and Director of British American Tobacco
Elisabeth LULIN		x		Auditor in the Audit Department of the French Ministry of Finance from 1991 to 1996 – Founder of a public policy benchmarking consultancy in 1998.
Gianemilio OSCULATI	x		x	Banking experience: CEO of Banca d'America e d'Italia from 1987 to 1993 and Strategy Advisor (McKinsey).
Nathalie RACHOU	x		x	Banking experience from 1978 to 1999 (Banque Indosuez) – Founder of an asset management company in 1999
Luc VANDEVELDE		x	x	CFO and CEO in the mass-market retail sector from 1971 to 2007
Patrick DELICOURT	x			Since 1975 – SG employee
France HOUSSAYE	x			Since 1989 – SG employee

DIRECTORS WHOSE MANDATE EXPIRES IN 2012

Michel CICUREL

Date of birth: September 5, 1947

CHAIRMAN OF THE MANAGEMENT BOARD OF LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD AND OF COMPAGNIE FINANCIERE SAINT-HONORE

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

Year of first appointment: 2004 – Year in which current mandate will expire: 2012

Nathalie RACHOU

Date of birth: April 7, 1957

FOUNDER AND CHIEF EXECUTIVE OFFICER OF TOPIARY FINANCE LTD.

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

Year of first appointment: 2008 – Year in which current mandate will expire: 2012

Luc VANDEVELDE

Date of birth: February 26, 1951

COMPANY DIRECTOR

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

Year of first appointment: 2006 – Year in which current mandate will expire: 2012

EMPLOYEE REPRESENTATIVES ON THE BOARD OF DIRECTORS WHOSE MANDATE EXPIRES IN 2012 *

Patrick DELICOURT

Date of birth: March 2, 1954

HEAD OF EMPLOYEE RELATIONS FOR THE LORRAINE CUSTOMER SERVICE UNIT

Director elected by employees

Year of first appointment: 2008 – Year in which current mandate will expire: 2012

France HOUSSAYE

Date of birth: July 27, 1967

MANAGER OF THE ROUEN PALAIS DE JUSTICE BRANCH

Director elected by employees

Year of first appointment: 2009 – Year in which current mandate will expire: 2012

* Employee representatives will be elected from March 13 to March 20 (second round).

MANDATES HELD BY MEMBERS OF THE BOARD OF DIRECTORS

(At December 31 of each year)

Start	End	Name	2011	2010	2009	2008	2007
2009	2015	**Frédéric OUDEA** Chairman and Chief Executive Officer *Professional address:* Tours SG, 75886 Paris Cedex 18	None	None	None	*Chairman and CEO:* Génébanque (until September 29, 2008), Généfinance and SG FSH (until August 5, 2008). *Director:* Newedge Group (until May 29, 2008).	*Chairman and CEO:* Génébanque, Généfinance, SG FSH.
2002	2015	**Anthony WYAND** Vice-Chairman Company Director	*Director:* Société Foncière Lyonnaise, Unicredit Spa., Aviva France, Aviva Participations.	*Director:* Société Foncière Lyonnaise, Unicredit Spa., Aviva France, Aviva Participations.	*Director:* Société Foncière Lyonnaise, Unicredit Spa., Aviva France, Aviva Participations, Grosvenor Continental Europe.	*Chairman:* Grosvenor Continental Europe SAS. *Director:* Aviva Participations, Unicredit Spa, Société Foncière Lyonnaise. *Member of the Supervisory Board:* Aviva France. *Non-Executive Director:* Grosvenor Group Holding Ltd.	*Chairman:* Grosvenor Continental Europe SAS. *Director:* Aviva Participations, Unicredit Spa, Société Foncière Lyonnaise. *Member of the Supervisory Board:* Aviva France. *Non-Executive Director:* Grosvenor Group Holding Ltd.
2009	2014	**Robert CASTAIGNE** Company Director	*Director:* Sanofi, Vinci, Compagnie Nationale à Portefeuille (until October 3, 2011).	*Director:* Sanofi-Aventis, Vinci, Compagnie Nationale à Portefeuille.	*Director:* Sanofi-Aventis, Vinci, Compagnie Nationale à Portefeuille.	*Chairman and CEO:* Total Nucléaire and Total Chimie (until May 30, 2008). *Director:* Elf-Aquitaine (until June 2, 2008), Hutchinson (until June 27, 2008), Omnium Insurance & Reinsurance Cy Ltd. (until June 19, 2008), Petrofina (until June 27, 2008), Sanofi-Aventis, Total Gabon (until August 29, 2008), Total gestion filiales (until June 6, 2008), Total Upstream UK Ltd. (until June 11, 2008), Vinci, Compagnie Nationale à Portefeuille.	*Chairman and CEO:* Total Nucléaire, Total Chimie. *Director:* Elf-Aquitaine, Hutchinson, Omnium Insurance & Reinsurance Cy Ltd., Petrofina, Sanofi-Aventis, Total Gabon, Total gestion filiales, Total Upstream UK Ltd., Vinci.

Note: professional addresses are only given for those still in employment. For other Board members, please send any post to Societe Generale's postal address, Chapter 3, page 33.

Start	End	Name	2011	2010	2009	2008	2007
2004	2012	**Michel CICUREL** Chairman of the Management Board of La Compagnie Financière Edmond de Rothschild and of Compagnie Financière Saint-Honoré. *Professional address:* 47, Faubourg Saint-Honoré 75008 Paris	*Chairman of the Management Board:* La Compagnie Financière Edmond de Rothschild Banque and Compagnie Financière Saint-Honoré. *Chairman of the Supervisory Board:* Edmond de Rothschild Corporate Finance. *Vice-Chairman of the Supervisory Board:* Edmond de Rothschild Private Equity Partners. *Member of the Supervisory Board:* Publicis, Siaci Saint-Honoré, Newstone Courtage (until December 1, 2011), Milestone (since July 4, 2011). *Chairman of the Board of Directors:* ERS, Edmond de Rothschild SGR Spa (Italy), Edmond de Rothschild SIM Spa (Italy) (until April 21, 2011), Edmond de Rothschild Investment Services Ltd. (Israel). *Director:* Edmond de Rothschild Ltd. (London), Banque Privée Edmond de Rothschild SA (Geneva), Bouygues Telecom. *Permanent representative of La Compagnie Financière Edmond de Rothschild Banque:* Edmond de Rothschild Asset Management (Chairman of the Supervisory Board), EDRIM Solutions. *Permanent representative of Compagnie Financière Saint-Honoré:* Cogifrance. *Non-voting director:* Paris-Orléans.	*Member of the Supervisory Board:* Publicis. *Director:* Banque privée Edmond de Rothschild SA, (Geneva), Edmond de Rothschild Ltd. (London), Bouygues Telecom. *Chairman of the Management Board:* La Compagnie Financière Edmond de Rothschild Banque SA, Compagnie Financière Saint-Honoré. *Permanent representative of La Compagnie Financière Edmond de Rothschild Banque.* *Chairman of the Supervisory Board:* Edmond de Rothschild Asset Management (SAS). *Member of the Supervisory Board:* Siaci Saint-Honoré, Newstone Courtage. *Permanent representative of La Compagnie Financière Edmond de Rothschild:* Edrim Solutions. *Vice-Chairman of the Supervisory Board:* Edmond de Rothschild Private Equity Partners (SAS), Edmond de Rothschild Corporate Finance (SAS). *Chairman of the Board of Directors:* Edmond de Rothschild SGR Spa (Italy), Edmond de Rothschild SIM Spa (Italy), ERS. *Permanent representative of Compagnie Financière Saint-Honoré:* Cogifrance. *Non-voting director:* Paris-Orléans.	*Member of the Supervisory Board:* Publicis. *Non-voting director:* Paris-Orléans. *Director:* Banque privée Edmond de Rothschild SA, (Geneva), Edmond de Rothschild Ltd. (London), Bouygues Telecom. *Chairman of the Management Board:* La Compagnie Financière Edmond de Rothschild Banque SA, Compagnie Financière Saint-Honoré. *Chairman of the Supervisory Board:* Edmond de Rothschild Multi Management (SAS) (until July 3, 2009), Edmond de Rothschild Corporate Finance (SAS) since November 10, 2009. *Member of the Supervisory Board:* Siaci Saint-Honoré, Newstone Courtage. *Vice-Chairman of the Supervisory Board:* Edmond de Rothschild Private Equity Partners (SAS). *Chairman of the Board of Directors:* ERS. *Permanent representative of Compagnie Financière Saint-Honoré:* Cogifrance. *Permanent representative of La Compagnie Financière Edmond de Rothschild Banque:* Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision. *Chairman of the Board of Directors:* Edmond de Rothschild SGR Spa (Italy), Edmond de Rothschild SIM Spa (Italy), ERS, LCF Holding Benjamin (until November 26, 2009).	*Member of the Supervisory Board:* Publicis. *Non-voting director:* Paris-Orléans. *Director:* Banque privée Edmond de Rothschild SA, (Geneva). *Chairman of the Management Board:* La Compagnie Financière Edmond de Rothschild Banque SA, Compagnie Financière Saint-Honoré. *Chairman of the Supervisory Board:* Edmond de Rothschild Multi Management (SAS), Edmond de Rothschild Corporate Finance (SAS). *Member of the Supervisory Board:* Assurances et Conseils Saint-Honoré (until October 31, 2008), Siaci Saint-Honoré (since November 1, 2008), Newstone Courtage, Edmond de Rothschild Private Equity Partners (SAS). *Chairman of the Board of Directors:* ERS. *Permanent representative of Compagnie Financière Saint-Honoré:* Cogifrance. *Permanent representative of La Compagnie Financière Edmond de Rothschild Banque:* Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision. *Chairman of the Board of Directors:* Edmond de Rothschild SGR Spa (Italy) Edmond de Rothschild SIM Spa (Italy), ERS, LCF Holding Benjamin et Edmond de Rothschild (SA) (Geneva), La Compagnie Benjamin de Rothschild SA (Geneva) (until May 6, 2008). *Director:* Edmond de Rothschild Ltd. (London), Bouygues Telecom, Cdb Web Tech (Italy).	*Member of the Supervisory Board:* Publicis. *Chairman of the Supervisory Board:* Edmond de Rothschild Corporate Finance SAS. *Member of the Supervisory Board:* Assurances et Conseils Saint-Honoré, Siaci, Newstone Courtage, Edmond de Rothschild Private Equity Partners (SAS). *Chairman of the Board of Directors:* ERS, Edmond de Rothschild SGR Spa (Italy), Edmond de Rothschild SIM Spa (Italy). *Director:* La Compagnie Benjamin de Rothschild (Geneva), Edmond de Rothschild Ltd. (London), La Compagnie Financière Holding Edmond et Benjamin de Rothschild (Geneva), Banque Privée Edmond de Rothschild (Geneva), Cdb Web Tech (Italy), Bouygues Telecom. *Non-voting director:* Paris-Orléans. *Permanent representative of Compagnie Financière Saint-Honoré:* Cogifrance. *Permanent representative of La Compagnie financière Edmond de Rothschild Banque:* Edmond de Rothschild Asset Management, Edmond de Rothschild Financial Services, Equity Vision.

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Start	End	Name	2011	2010	2009	2008	2007
2007	2015	**Jean-Martin FOLZ** Company Director	*Director:* Alstom, Axa, Saint-Gobain, Eutelsat Solvay (Belgium). *Member of the Board:* ONF-Participations (SAS).	*Director:* Alstom, Axa, Carrefour, Saint-Gobain, Solvay (Belgium).	*Director:* Alstom, Carrefour, Saint-Gobain, Solvay (Belgium). *Member of the Supervisory Board:* Axa.	*Director:* Alstom, Carrefour, Saint-Gobain, Solvay (Belgium). *Member of the Supervisory Board:* Axa.	*Director:* Saint-Gobain, Alstom, Solvay (Belgium). *Member of the Supervisory Board:* Axa, Carrefour.
2011	2015	**Kyra HAZOU**	None	None	None	None	*Director:* Financial Services Authority.
2009	2013	**Jean-Bernard LEVY** Chairman of the Management Board of Vivendi *Professional address:* 42, avenue de Friedland, 75008 Paris	*Chairman of the Board of Directors:* Activision Blizzard Inc., GVT (Brazil), Institut Télécom. *Chairman of the Supervisory Board:* Canal+ Group, Canal+ France, Viroxis. *Vice-Chairman of the Supervisory Board:* Maroc Telecom. *Director:* Vinci, SFR. *Member of the Steering Committee:* Paris Europlace.	*Chairman of the Board of Directors:* Activision Blizzard, GVT (Brazil), Institut Télécom. *Vice-Chairman of the Supervisory Board:* Canal+ Group, Maroc Télécom. *Director:* Vinci, Vivendi Games Inc., Activision Blizzard Inc., NBC Universal Inc. *Member of the Steering Committee:* Paris Europlace.	*Chairman of the Board of Directors:* Activision Blizzard, GVT (Brazil). *Vice-Chairman of the Supervisory Board:* Canal+ Group, Maroc Télécom. *Director:* Vinci, Vivendi Games Inc., Activision Blizzard Inc., NBC Universal Inc.	*Chairman of the Board:* Canal+ *France.* *Vice-Chairman of the Supervisory Board:* Canal+ Group, Maroc Télécom. *Director:* Vinci, Vivendi Games Inc., Activision Blizzard Inc., NBC Universal Inc.	*Director:* Vivendi Games Inc.
2011	2015	**Ana Maria LLOPIS RIVAS** Founder Chairman and Chief Executive Officer of Ideas4all	*Founder, Chairman and CEO:* Ideas4all. *Member of the Supervisory Board:* ABN Amro. *Director:* Service Point Solutions, British American Tobacco.	*Founder, Chairman and CEO:* Ideas4all. *Member of the Supervisory Board:* ABN Amro. *Director:* Service Point Solutions, British American Tobacco.	*Founder, Chairman and CEO:* Ideas4all. *Member of the Supervisory Board:* ABN Amro. *Director:* Service Point Solutions, British American Tobacco.	*Founder, Chairman and CEO:* Ideas4all. *Member of the Supervisory Board:* ABN Amro. *Director:* British American Tobacco.	*Founder, Chairman and CEO:* Ideas4all. *Member of the Supervisory Board:* ABN Amro. *Director:* British American Tobacco.
2003	2013	**Elisabeth LULIN** Founder and Chief Executive Officer of Paradigmes et Caetera *Professional address:* 23, rue Lecourbe, 75015 Paris	*Director:* Bongrain Group, Safran Group.	*Director:* Bongrain Group.	*Director:* Bongrain Group.	*Director:* Bongrain Group.	*Director:* Bongrain Group.

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Start	End	Name	2011	2010	2009	2008	2007
2006	2014	**Gianemilio OSCULATI** Chairman of Valore Spa *Professional address:* Piazza San Sepolcro, 1-20123 Milan, Italy	*Chairman:* Osculati & Partners Spa, Eurizon Capital Spa, Intesa Sanpaolo Assicura, Valore Spa. *Chairman and Deputy Director:* Eurizon Vita Spa. *Deputy Director:* Intesa Sanpaolo Previdenza Spa, Centrovita SpA, Intesa Sanpaolo Vita SpA. *Director:* Ariston Thermo Spa, Intesa Sanpaolo Life Ltd., Gas Plus Spa, Miroglio Spa, Sud Polo Vita SpA.	*Chairman:* Osculati & Partners Spa, Eurizon Capital Spa, Eurizon Tutela Spa, Valore Spa. *Chairman and Deputy Director:* Eurizon Vita Spa. *Director:* Ariston Thermo Spa, Banque de crédit et de dépôts SA, Eurizon Life, Gas Plus Spa, Miroglio Spa.	*Chairman:* Osculati & Partners Spa. *Chairman and CEO:* Eurizon Vita Spa. *Director:* Ariston Thermo Spa, Banque de crédit et de dépôts SA, Eurizon Capital Spa, Eurizon Tutela Spa, Eurizon Life, Gas Plus Spa, Miroglio Spa, MTS Group, Fideuram Spa, (until April 7, 2009), Seves Spa (until January 7, 2009).	*Chairman:* Osculati & Partners Spa. *Director:* Miroglio Spa, MTS Group, Fideuram Spa, Seves Spa (from November 14, 2008 to January 7, 2009).	*Chairman:* Osculati & Partners Spa. *Director:* Miroglio Spa, MTS Group.
2008	2012	**Nathalie RACHOU** Founder of Topiary Finance Ltd *Professional address:* 11 Elvaston Place, London SW 5QG, United Kingdom	*Director:* Liautaud et Cie.	*Director:* Liautaud et Cie.	*Director:* Liautaud et Cie.	*Director:* Liautaud et Cie.	*Director:* Liautaud et Cie.
2006	2012	**Luc VANDEVELDE** Company Director *Professional address:* College House, 272 Kings Road London SW3 5AW, United Kingdom	*Director:* Vodafone, WNP.	*Director:* Vodafone, WNP. *CEO:* Change Capital Partners.	*Director:* Vodafone. *CEO:* Change Capital Partners.	*Director:* Vodafone. *CEO:* Change Capital Partners.	*Director:* Vodafone. *CEO:* Change Capital Partners.
2008	2012	**Patrick DELICOURT** Director elected by employees *Professional address:* Tours SG, 75886 Paris Cedex 18	None	None	None	None	None
2009	2012	**France HOUSSAYE** Director elected by employees *Professional address:* Tours SG, 75886 Paris Cedex 18	None	None	None	None	None

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GENERAL MANAGEMENT

(AT JANUARY 1, 2012)

Frédéric OUDEA

Date of birth: July 3, 1963

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Séverin CABANNES

Date of birth: June 21, 1958

DEPUTY CHIEF EXECUTIVE OFFICER

Holds 14,116 shares directly

1,257 shares through "Societe Generale Actionnariat (Fonds E)"

Other mandates held in French unlisted companies belonging to the Societe Generale Group: Director: Amundi Group, Crédit du Nord.

Mandates held in foreign unlisted companies belonging to the Societe Generale Group: Director: TCW Group Inc.

Mandates held in French unlisted companies not belonging to the Societe Generale Group: Member of the Supervisory Board: Stéria Group Sca.

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

Jean-François SAMMARCELLI

Date of birth: November 19, 1950

DEPUTY CHIEF EXECUTIVE OFFICER

Holds 16,772 shares directly

2,416 shares through "Societe Generale Actionnariat (Fonds E)"

Other mandates held in French listed companies belonging to the Societe Generale Group: Director: Boursorama, Banque Tarneaud.

Mandates held in French listed companies not belonging to the Societe Generale Group: Director: Sopra Group.

Mandates held in French unlisted companies belonging to the Societe Generale Group: Chairman of the Board of Directors: Crédit du Nord, Compagnie Générale d'Affacturage (until October 11, 2011). Director: Amundi Group, Sogecap, Sogeprom. Non-voting director: Ortec Expansion. Permanent representative of Crédit du Nord on the Supervisory Board: Banque Rhône Alpes, Société Marseillaise de Crédit. Permanent representative of SG Financial Services Holding on the Board of Directors: Franfinance (until April 14, 2011).

Mandates held in foreign unlisted companies belonging to the Societe Generale Group: Member of the Supervisory Board: SG Marocaine de Banques.

Biography: Joined Societe Generale in 1974, held various positions in the Paris branches of the French Network until 1987. From 1987 to 1991 he was Head of the Dijon branch, then Head of the Water and Metal Industry construction division of Corporate Banking until 1995. Jean-François Sammarcelli was subsequently made Head of the Real Estate Division, before being appointed Chief Operating Officer, then Chief Financial Officer, of SG CIB. In 2002 he became Corporate and Investment Banking's Head of Corporates and Institutions. He was Head of the French Network in 2005 and in 2006 became Head of Retail Banking. Since January 1, 2010, he has held the posts of Deputy Chief Executive Officer and Head of Retail Banking.

Bernardo SANCHEZ INCERA

Date of birth: March 9, 1960

DEPUTY CHIEF EXECUTIVE OFFICER

Holds 2,095 shares

Other mandates held in foreign listed companies belonging to the Societe Generale Group: Director: Banque Roumaine de Développement, National Societe Generale Bank, Rosbank, Societe Generale de Banques en Côte d'Ivoire. Member of the Supervisory Board: Komerčni Banka A.S.

Mandates held in French unlisted companies belonging to the Societe Generale Group: Director: Franfinance, Sogecap, Compagnie Générale de Location d'Equipements.

Mandates held in foreign unlisted companies belonging to the Societe Generale Group: Director: ALD Automotive Group Plc, Societe Generale de Banques au Cameroun, Societe Generale de Banques au Sénégal. Member of the Supervisory Board: Societe Generale Marocaine de Banques.

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

POSITIONS HELD OVER THE PAST FIVE YEARS

	2011	2010	2009	2008	2007
Frédéric OUDEA Chairman and Chief Executive Officer *Professional address:* Tours SG, 75886 Paris Cedex 18	None	None	None	*Chairman and CEO:* Genebanque (until September 29, 2008), Genefinance and SG FSH (until August 5, 2008). *Director:* Newedge Group (until May 29, 2008).	*Chairman and CEO:* Génébanque, Généfinance, SG FSH.
Séverin CABANNES Deputy Chief Executive Officer *Professional address:* Tours SG, 75886 Paris Cedex 18	*Director:* Crédit du Nord, TCW Group, Amundi Group. *Member of the Supervisory Board:* Groupe Steria Sca.	*Director:* Crédit du Nord, TCW Group. *Member of the Supervisory Board:* Komerčni Banka, Groupe Steria Sca.	*Director:* Crédit du Nord, TCW Group. *Member of the Supervisory Board:* Komerčni Banka, Groupe Steria Sca.	*Director:* Crédit du Nord, Généfimmo, Rosbank, SG Global Solutions. *Member of the Supervisory Board:* Komerčni Banka, Groupe Steria Sca.	*Director:* Crédit du Nord, Généfimmo, SG Global Solutions. *Member of the Supervisory Board:* Komerčni Banka, Groupe Stéria Sca.
Jean-François SAMMARCELLI Deputy Chief Executive Officer *Professional address:* Tours SG, 75886 Paris cedex 18	*Chairman of the Board of Directors:* CGA (until October 11, 2011), Crédit du Nord. *Director:* Amundi Groupe, Banque Tarneaud, Boursorama, Sogecap, Sogeprom, Sopra Group. *Member of the Supervisory Board:* SG Marocaine de Banques. *Permanent representative of SG FSH on the Board of Directors:* Franfinance (until April 14, 2011). *Permanent representative of Crédit du Nord on the Supervisory Board:* Banque Rhône Alpes, Société Marseillaise de Crédit. *Non-voting director:* Ortec Expansion.	*Chairman of the Board of Directors:* CGA. Crédit du Nord. *Director:* Amundi Groupe, Banque Tarneaud, Boursorama, SG Equipment Finance (until April 29, 2010), Sogecap, Sogeprom, Sogessur. *Member of the Supervisory Board:* SG Marocaine de Banques. *Permanent representative of SG FSH on the Board of Directors:* Franfinance. *Permanent representative of Crédit du Nord on the Supervisory Board:* Banque Rhône Alpes, Société Marseillaise de Crédit. *Non-voting director:* Ortec Expansion.	*Chairman of the Board of Directors:* CGA. *Director:* Boursorama, Crédit du Nord, SG Equipment Finance, Sogecap, Sogeprom, Sogessur. *Member of the Supervisory Board:* SG Marocaine de Banques, SKB Banka (until May 21, 2009). *Permanent representative of SG FSH on the Board of Directors:* Franfinance. *Non-voting director:* Ortec Expansion.	*Chairman:* CGA. *Director:* SG Equipment Finance, Sogecap, Sogessur. *Member of the Supervisory Board:* SG Marocaine de Banques, SKB Banka. *Permanent representative of SG FSH on the Board of Directors:* Franfinance.	*Chairman:* CGA. *Director:* SG Equipment Finance, Sogecap, Sogessur. *Member of the Supervisory Board:* SG Marocaine de Banques, SKB Banka. *Permanent representative of SG FSH on the Board of Directors:* Franfinance.

	2011	2010	2009	2008	2007
Bernardo SANCHEZ INCERA Deputy Chief Executive Officer *Professional address:* Tours SG, 75886 Paris cedex 18	*Director:* ALD Automotive Group, Banque Roumaine de Développement, Franfinance, Sogecap, Compagnie Générale de Location d'Equipements, National Societe Generale Bank, Rosbank, Societe Generale de Banques au Cameroun, Societe Generale de Banques en Côte d'Ivoire, Societe Generale de Banques au Sénégal. *Member of the Supervisory Board:* Komerčni Banka A.S., Societe Generale Marocaine de Banques.	*Director:* ALD Automotive Group, Banque Roumaine de Développement, Franfinance, National Societe Generale Bank, Rosbank, Societe Generale de Banques au Cameroun, Societe Generale de Banques en Côte d'Ivoire, Societe Generale de Banques au Sénégal. *Member of the Supervisory Board:* Komerčni Banka A.S., Societe Generale Marocaine de Banques.	*Deputy Chief Executive Officer:* Monoprix SA. *Chairman:* Monoprix Exploitation, Aux Galeries de la Croisette. *Chairman of the Supervisory Board:* Naturalia France (SAS). *Member of the Supervisory Board:* DMC. *Director:* Grosvenor, GIE S'Miles.	*Deputy Chief Executive Officer:* Monoprix SA. *Chairman:* Monoprix Exploitation, Aux Galeries de la Croisette. *Chairman of the Supervisory Board:* Naturalia France (SAS). *Member of the Supervisory Board:* DMC. *Director:* Grosvenor, GIE S'Miles.	*Deputy Chief Executive Officer:* Monoprix SA. *Chairman:* Monoprix Exploitation, Aux Galeries de la Croisette. *Member of the Supervisory Board:* DMC. *Director:* GIE S'Miles.

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

ABSENCE OF CONFLICTS OF INTEREST

To the best of the Board of Directors' knowledge:

- there are no potential conflicts of interest between the Board of Directors' and the Deputy Chief Executive Officers' obligations towards Societe Generale and their professional or private interests. If necessary, conflict of interest situations are governed by article 10 of the Board of Directors' Internal Rules;
- none of the persons referred to above has been selected pursuant to an arrangement or understanding with major shareholders, customers, suppliers or other parties;
- there is no family relationship between any of the persons referred to above;
- no restrictions other than legal have been agreed to by any of the persons referred to above with regard to the disposal of their stake in Societe Generale's capital.

ABSENCE OF CRIMINAL CONVICTIONS

To the best of the Board of Directors' knowledge:

- no convictions for involvement in fraud have been delivered against any of its members or any of the Deputy Chief Executive Officers in the past five years;
- none of its members nor any of the Deputy Chief Executive Officers has been involved (in their capacity as members of the Boards of Directors, Management Board or Supervisory Board, or as senior executives) in bankruptcy, sequestration or liquidation proceedings in the past five years;
- none of its members nor any of the Deputy Chief Executive Officers has received criminal charges and/or an official public sanction from a statutory or legal authority (including professional organisations);
- none of its members nor any of the Deputy Chief Executive Officers has been prevented by a court from acting as a member of the administrative, management or supervisory body of an issuer or from intervening in the management or conduct of an issuer's business in the past five years.

EXECUTIVE COMMITTEE

(AT JANUARY 3, 2012)

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

Frédéric OUDEA

Chairman and Chief Executive Officer

Séverin CABANNES

Deputy Chief Executive Officer

Jean-François SAMMARCELLI

Deputy Chief Executive Officer

Bernardo SANCHEZ INCERA

Deputy Chief Executive Officer

Bertrand BADRE

Group Chief Financial Officer

Caroline GUILLAUMIN

Head of Group Communication

Didier HAUGUEL

Head of Specialised Financial Services and Insurance

Anne MARION-BOUCHACOURT

Head of Group Human Resources

Jean-Louis MATTEI

Head of International Retail Banking

Françoise MERCADAL-DELASALLES

Group Head of Corporate Resources and Innovation

Benoit OTTENWAELTER

Group Chief Risk Officer

Jacques RIPOLL

Head of Global Investment Management and Services

Patrick SUET

Corporate Secretary and Group Chief Compliance Officer

Didier VALET

Head of Corporate and Investment Banking

GROUP MANAGEMENT COMMITTEE

(AT JANUARY 20, 2012)

The Management Committee, which is made up of around fifty of the Group's senior executives, meets to discuss Group strategy and other issues of general interest to the Group.

Frédéric Oudéa, Chairman and Chief Executive Officer

Séverin Cabannes, Deputy Chief Executive Officer

Jean-François Sammarcelli, Deputy Chief Executive Officer

Bernardo Sanchez Incera, Deputy Chief Executive Officer

Bertrand Badré, Group Chief Financial Officer

Caroline Guillaumin, Head of Group Communication

Didier Hauguel, Head of Specialised Financial Services and Insurance

Anne Marion-Bouchacourt, Head of Group Human Resources

Jean-Louis Mattéi, Head of International Retail Banking

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

Benoit Ottenwaelter, Group Chief Risk Officer

Jacques Ripoll, Head of Global Investment Management & Services

Patrick Suet, Corporate Secretary and Group Chief Compliance Officer

Didier Valet, Head of Corporate & Investment Banking

Thierry Aulagnon, Head of Coverage and Investment Banking, Corporate & Investment Banking

Philippe Aymerich, Chief Executive Officer of Crédit du Nord

Alain Benoist, Head of Group Processes & Information Systems

Albert Bocle, Head of Sales and Marketing of Societe Generale Retail Banking in France

Henri Bonnet, Chairman of the Management Board of Komerčni Banka and Group Country Head for the Czech Republic and Slovakia

François Boucher, Head of Information Systems and Process Automation of Retail Banking in France

Gilles Briatta, Deputy Group Corporate Secretary

Serge Cailly, Deputy Head of Societe Generale Retail Banking in France

Marie Cheval, Head of Global Transaction and Payment Services

Bernard David, Deputy Head of International Retail Banking

Véronique de La Bachelerie, Chief Financial Officer of Retail banking in France

François Dossa, Chief Executive Officer of Banco SG Brazil and Group Country Head for Brazil

Marie Christine Ducholet, Chief Executive Officer of Societe Generale Equipment Finance

Mohamed El Dib, Chief Executive Officer of NSGB Bank (Egypt)

Dan Fields, Head of Global Markets, Corporate & Investment Banking

Ian Fisher, Head of Corporate and Investment Banking and Group Country Head for the United Kingdom

Olivier Garnier, Group Chief Economist

Vladimir Golubkov, Chief Executive Officer of Rosbank (Russia)

Donato Gonzalez-Sanchez, Head of Corporate and Investment Banking and Group Country Head for Spain and Portugal

Laurent Goutard, Head of Societe Generale Retail Banking in France

Philippe Heim, Head of Group Strategy

Edouard-Malo Henry, Head of Group Internal Audit

Xavier Jacquemain, Deputy Head of Group Human Resources and Head of Human Resources for the Corporate Divisions

Arnaud Jacquemin, Deputy Group Chief Financial Officer

Slawomir Krupa, Deputy Head of Global Finance & Chief Executive Officer for the Central and Eastern Europe, Middle East and Africa region, Corporate & Investment Banking

Christophe Leblanc, Chief Operating Officer, Corporate & Investment Banking

Diony Lebot, Chief Executive Officer of Societe Generale Americas

Mike Masterson, Chief Executive Officer of ALD International and Head of the Full Service Leasing and Car Fleet Management business line

Inès Mercereau, Chairman and Chief Executive Officer of Boursorama

Christophe Mianné, Deputy Chief Executive Officer, Corporate & Investment Banking

Hikaru Ogata, Chief Executive Officer for the Asia Pacific region, Corporate & Investment Banking

Craig Overlander, Deputy Chief Executive Officer of Societe Generale Americas

Pierre Palmieri, Head of Global Finance, Corporate & Investment Banking

Jean-Luc Parer, Advisor to the Management of Corporate & Investment Banking

Philippe Perret, Chairman and Chief Executive Officer of Sogecap and Head of the Insurance business line

Guy Poupet, Chairman and Chief Executive Officer of Banque Roumaine de Développement and Group Country Head for Romania

Bruno Prigent, Head of Societe Generale Securities Services

Sylvie Rémond, Deputy Head of Group Risk

Patrick Renouvin, Deputy Head of International Retail Banking, in charge of Resources

Gianluca Soma, Chief Executive Officer of Societe Generale Consumer Finance, and Head of the Consumer Credit business line

Marc Stern, Chief Executive Officer of TCW and Head of Global Investment Management & Services in the United States

Catherine Théry, Head of Group Internal Control Coordination

Daniel Truchi, Head of Private Banking

CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE

Corporate governance declaration

Societe Generale refers to the most recent version of the AFEP-MEDEF Corporate Governance Code for listed companies (April 2010 – available from the website www.medef.fr).

Since early 2000, the Board of Directors and the Committees have been governed by Internal Rules. Moreover, a Director's Charter also lists the compliance rules that apply to Societe Generale Directors. The Internal Rules and the Director's Charter, together with the Company's by-laws, are available to shareholders in the Registration Document.

Board of Directors

Societe Generale is a *société anonyme* (public limited company) managed by a Board of Directors. In accordance with the Company's by-laws, it is up to the Board to decide whether the roles of Chairman and Chief Executive Officer are performed by the same person or separated. From May 13, 2008 until Daniel Bouton's resignation on May 6, 2009, the roles of Chairman and Chief Executive Officer were separated. On May 6, 2009, the Board of Directors decided once again to merge the roles of Chairman and Chief Executive Officer, to ensure a tighter governance structure able to respond faster and better able to meet the challenges of the crisis, and appointed Frédéric Oudéa in this capacity, effective May 24, 2009. Frédéric Oudéa is assisted by three Deputy Chief Executive Officers: Severin Cabannes, appointed in May 2009, Jean-François Sammercelli and Bernardo Sanchez Incera, appointed as of January 1, 2010.

Upon renewal of Frédéric Oudéa's mandate in 2011, the Board of Directors maintained this structure for the General Management.

On May 6, 2009, the Board of Directors also decided to create the position of Vice-Chairman of the Board of Directors. This position was entrusted to Anthony Wyand, who is also Chairman of the Audit, Internal Control and Risk Committee (formerly the Audit Committee) and a member of the two other Committees. The Vice-Chairman assists the Chairman in his tasks, "particularly the organisation and correct operation of the Board of Directors and other Committees, and the supervision of corporate governance, internal control and risk management" (article 2 of the Board of Directors' Internal Rules). Following the renewal of his mandate as Director in 2011, Mr. Wyand was reappointed to his role on the Board of Directors.

The by-laws do not impose any specific limitations on the powers of the Chief Executive Officer or the Deputy Chief Executive Officers, who fulfil their duties in accordance with current laws and regulations, the by-laws, the Internal Rules and the guidelines approved by the Board of Directors. Article 1 of the Internal Rules defines the cases in which the prior approval of the Board of Directors is required (strategic investment projects exceeding a given amount, etc.).

Board of Directors (at January 1, 2012)

The Board has twelve Directors appointed by the General Meeting and two Directors elected by employees.

The make-up of the Board is intended to strike a balance between a diversified mix of independence, ability and experience as well as following the principles of equality and diversity that reflect Societe Generale's internationalisation. Ability and experience in the financial sector and in managing large international companies are basic criteria for selecting Directors.

The Directors appointed by the General Meeting have four-year mandates. The expiry dates for these mandates are spread out in such a way as to ensure that around one-quarter are renewed each year. Two Directors are elected by the employees of Societe Generale for a three-year mandate.

The Board of Directors is comprised of five women and nine men (i.e., 36% women, or 33.3% excluding the Director elected by the employees), in accordance with the provisions of the Law of January 27, 2011. Its composition therefore complies with the rules and provisions of the AFEP-MEDEF Code governing equality as well as the Copé-Zimmermann Law, which entered into force in 2011. Five Directors are non-French nationals. The Directors' average age is 57.5. In 2011, the renewal of the mandates of Frédéric Oudéa, Anthony Wyand and Jean-Martin Folz as well as the appointment of Kyra Hazou and Ana Maria Llopis Rivas as Director were approved by the Shareholders' Meeting, and Jean Azéma tendered his resignation.

Since January 18, 2006, Mr. Kenji Matsuo has represented Meiji Yasuda Life as non-voting Director. His mandate as non-voting Director was renewed at the Board meeting on January 12, 2010.

In accordance with the AFEP-MEDEF Corporate Governance Code, the Board of Directors, based on the report by its Nomination and Corporate Governance Committee (formerly the Nomination Committee), examined the independence of each of its members at December 31, 2011 against the criteria set out in the aforementioned Code.

In particular, it examined the banking and advisory relations between the Group and the companies that its Directors manage, with a view to determining whether these relationships were of such a nature and importance as to colour the Directors' judgement. This analysis was based on a thorough examination that factored in a number of criteria, including the Company's overall debt and liquidity, the ratio of bank loans to total debt, Societe Generale's total exposure and the ratio of this exposure to total bank loans, advisory mandates, other commercial relations, etc. The Board of Directors also analysed the situation of those Directors with ties to groups that hold Societe Generale shares.

On the basis of these criteria, the Board of Directors considered that Ms. Lulin, Ms. Hazou, Ms. Llopis Rivas, Ms. Rachou and Messrs Castaigne, Cicurel, Folz, Lévy, Osculati and Vandevelde should be regarded as independent Directors.

The other Directors are not considered to be independent under the criteria given in the AFEP-MEDEF Code.

However, note should be made of the special situation of Mr. Wyand, who has sat on Societe Generale's Board of Directors as an individual since 2002. He should therefore be considered to be independent. However, from 1989 to 2002, Mr. Wyand represented the Aviva Group (formerly CGNU) on the Board of Directors. Following a strict interpretation of the APEF-MEDEF recommendations, the Board of Directors therefore decided to not consider Mr. Wyand as an independent Director as, for more than twelve years, he sat on the Board of Directors as a permanent representative and individual. Nonetheless, the Board believes that he has the independence of judgement required to perform the tasks entrusted to the Vice-Chairman, particularly in terms of corporate governance, internal control and risks.

Ten out of fourteen Directors were therefore independent at January 1, 2012, i.e. 71.4% of the Board of Directors (83% of the Directors appointed by the General Meeting).

This proportion is well above the Board's aim of ensuring that 50% of all Directors are independent, as recommended in the AFEP-MEDEF Code.

It is also in line with the Board's aim of ensuring a well-balanced and diversified mix of competencies and experience among the Directors, and reconciling continuity with a process of gradual renewal.

Directors

The Group's Directors are required to hold a significant number of shares in a personal capacity: the statutory minimum was 600 shares per Director appointed by the General Meeting. The Director's Charter sets a target of 1,000 shares as of 2011.

The amount and distribution of attendance fees are detailed below.

The Director's Charter stipulates that Directors of Societe Generale should abstain from carrying out transactions in securities issued by companies on which they possess inside information. Like Group employees with access to privileged information, Directors are prohibited from conducting transactions in Societe Generale shares during the thirty days prior to the publication of results, and from carrying out speculative trading in Societe Generale shares (shares must be held for at least two months, options trading is banned).

The Director's Charter was modified in January 2005 to extend this rule to transactions involving securities of listed subsidiaries of Societe Generale. Directors must inform the French Securities Regulator *(Autorité des marchés financiers* or AMF) of any transactions they or persons close to them have carried out in Societe Generale shares.

Duties and powers of the Board

The Board of Directors determines the Company's strategy and ensures its implementation. The Board's Internal Rules stipulate that it must regularly examine the Group's strategy and deliberate ex ante on changes to the Group's management structure and on transactions – in particular acquisitions and disposals – that are liable to have a significant impact on the Group's earnings, the structure of its balance sheet or its risk profile.

Since 2003, the Internal Rules have clearly stated the rules applicable in cases where the Board of Directors gives its prior approval to investment projects or more generally strategic transactions (see Article 1 of the Internal Rules).

The Board is informed of and regularly discusses Group policy with respect to human resources, information systems and organisation.

The Board sets the compensation of the Chief Executive Officers, approves the rules governing the Group's remuneration policy, in particular for traders, and decides on the implementation of stock option and performance share plans in accordance with the authorisation granted by the General Meeting.

Functioning of the Board

Internal Rules govern how the Board of Directors operates. The Board is convened by the Chairman or at the request of one-third of the Board members. At least five meetings are scheduled each year, notably to approve the parent company and consolidated financial statements.

At least once a year, it must devote an item of its agenda to an evaluation of its performance. Similarly, the Board also deliberates at least once a year on the risks to which the Company is exposed. Where appropriate, the Board's opinion is published in press releases issued following its meetings.

Each Director receives the information necessary to carry out his or her duties, notably with a view to preparing for each Board meeting. In addition, Directors receive any pertinent information – including that of a critical nature – on significant events affecting the Company.

Each Director receives the training necessary to fulfil his or her mandate.

Report of the Vice-Chairman on his role and activities in 2011

1. The Vice-Chairman's role is to assist the Chairman in the organisation and correct operation of the Board of Directors as well as the supervision of corporate governance and the bank's internal control and risk management structures. He fulfils this role mainly through his chairmanship of the Audit, Internal Control and Risk Committee and his membership on the Nomination and Corporate Governance Committee and the Compensation Committee. He regularly meets with key French and foreign investors to explain and discuss the bank's policies in these areas. He also has meetings with the Group's main banking supervisors.
2. As Chairman of the Audit, Internal Control and Risk Committee, the Vice-Chairman ensures that it reviews all of the issues that warrant the Board's attention, notably risk appetite, in order to provide it with clarification on any areas of concern and the guidelines that it should follow in terms of financial aspects, internal control and risks. He regularly reports to the Board about the Committee's activities. These reports for 2011 are summarised in the Activity Report on page 97 of the Registration Document.
3. As a member of the Compensation and Nomination Committees, the Vice-Chairman is directly involved in all major decisions regarding the bank's remuneration policy, the organisation and composition of the Board of Directors and the Management's organisation. The Vice-Chairman closely monitors these issues, alongside the Chairman of the Nomination and Corporate Governance Committee, and is responsible for organising and chairing the annual meeting of the Board of Directors, which assesses the performance of the Chairman and Chief Executive Officer and the General Management team, in the absence of the Chairman and Chief Executive Officer. He also chairs Board meetings dedicated to the compensation of the General Management team's members. Finally, he reports to the Board about his activities and his conclusions regarding the fulfilment of its responsibilities during the annual review by the Board of its operation. The report on the Board's work in these areas is presented below.
4. The Vice-Chairman has continued to meet with the bank's shareholders, with the aim of explaining and reviewing both the bank's governance and the continuous improvement of its internal control and risk management structure. He met with the principal representatives of organisations who provide advice on governance and voting at General Meetings. He represented the Group at the meeting of the International Governance Network in Paris and at other meetings organised by various organisations in Brussels, New York and London.
5. In order to fulfil his role, the Vice-Chairman maintains close relations with the Chairman and Chief Executive Officer through regular meetings and exchanges of opinions about the structure and performance of the Board of Directors and the Management team, and all the main issues currently affecting the bank, its performance, its strategy and its external communication. Between Board meetings, he communicates periodically with the other Directors to keep them abreast of Bank news – for example, during the liquidity crisis – and to discuss their concerns.
6. The Vice-Chairman's responsibilities also lead him to maintain frequent relations with the other members of the Group's Executive Committee in Paris and outside France. He also periodically inspects the Group's national and international operations. In 2011, for example, he visited operations in the UK, the US and in the Czech Republic. In 2011, he dedicated around a quarter of his time to the various activities performed as part of the tasks entrusted to him by the Board.

Activity report of the Board of Directors for 2011

The Board of Directors met nine times in 2011, with meetings lasting an average of three hours. The attendance rate of Directors was 92%, the same as in 2010.

The Board approved the annual, half-yearly and quarterly financial statements and examined the 2011 budget.

The Board was kept regularly informed of the developments in the **financial crisis** and discussed its consequences for the Group, particularly during the liquidity crisis that began during the summer of 2011. It examined disposal and acquisition proposals.

It reviewed the Group's global **strategy** and in particular the 2010-2015 strategic and financial plan during a two-day strategic seminar. The following main areas were discussed:

- Corporate and Investment Banking;
- Asset Management (Amundi, TCW);
- BHFM: Central and Eastern European subsidiaries;
- the Group's position and strategy in Russia;
- DFSF business lines;
- review of costs and operating model;
- strengthening internal control;
- information systems and technology;
- impact of financial reforms on the Group (notably in the US);
- recovery plans and resolutions;
- compliance risk control;
- Group reputation, communications policy, etc.

The Board reviewed the Group's status with respect to **risk** exposure. It discussed the Group's risk appetite and risk mapping. It approved the overall market risk limits. It examined the Annual Reports submitted to the French Prudential Supervisory Authority *(Autorité de Contrôle Prudentiel)* on risks and internal control, as well as the responses to the follow-up letters drafted after the French Prudential Supervisory Authority's audits. It was kept informed of the progress of major projects (Convergence, Resolution, etc.)

In terms of **compensation,** the Board set the compensation of the Chief Executive Officers and the status of the Deputy Chief Executive Officers. It also defined the Group's strategy in terms of the remuneration of traders following the decisions made by the G20 and the French Government. It decided on performance share plans and a capital increase reserved for employees as part of the Global employee share ownership plan of spring 2011. It discussed the policy regarding professional and wage equality.

Each year, the Board conducts a review of its operation; every three years, the review is carried out by an external expert. The conclusions of this 2011 review are mentioned in the evaluation section of this report.

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

Audit, Internal Control and Risk Committee

Societe Generale has had an Audit Committee since 1995. This Committee, which in 2010 was renamed the Audit, Internal Control and Risk Committee, fulfils all the duties given to an Audit Committee by Directive 2006/43/EC, applicable laws and banking regulations as well as the AMF recommendation of July 22, 2010.

As at January 1, 2012, it was composed of five Directors – Ms. Lulin, Ms. Rachou, Mr. Castaigne, Mr. Osculati and Mr. Wyand – four of whom are independent, and chaired by Mr. Wyand. All the members are specially qualified in the financial and accounting fields, risk analysis and internal control, as they hold, or have held, positions as bankers, Chief Financial Officers or auditors. The Audit, Internal Control and Risk Committee plays the following roles:

- ensuring monitoring of the process for drawing up financial information, particularly examining the quality and reliability of the systems in place and making suggestions for their improvement, and verifying that corrective actions have been implemented if faults are found in the process;
- analysing the draft financial statements to be submitted to the Board in order in particular to verify the clarity of the information provided and to offer an assessment of the relevance and consistency of the accounting methods used to draw up parent company and consolidated financial statements;
- ensuring that Statutory Auditors are independent, in particular by reviewing the breakdown of the fees paid by the Group to them as well as to the network to which they may belong and through prior approval of all assignments that do not fall within the framework of a statutory audit of accounts, but which may be the consequence of, or a supplement to, the same, all other assignments being prohibited; implementing the procedure for selecting the Statutory Auditors and submitting an opinion to the Board of Directors concerning the appointment or renewal of such as well as their remuneration;
- examining the work programme of the Statutory Auditors and more generally ensuring the supervision of account monitoring by the Statutory Auditors;
- offering an assessment of the quality of internal control, in particular the consistency of risk assessment, monitoring and management systems, and proposing additional actions

where appropriate. To this end, the Committee shall in particular:

- review the Group's internal audit programme and the Annual Report on internal control drawn up in accordance with banking regulations, as well as formulate an opinion on the organisation and operation of the internal control departments,
- review the follow-up letters sent by the French Prudential Supervisory Authority and issue an opinion on draft responses to these letters,
- examine the market risk and structural interest rate risk control procedures and be consulted about setting risk limits,
- formulate an opinion on the Group's global provisioning policy, as well as on specific provisions relating to large sums,
- examine the annual risk assessment and control procedures report in accordance with the French Banking Regulations,
- review the policy concerning risk management and off-balance sheet commitment monitoring, in particular in the light of memoranda drafted to this end by the Finance Division, the Risk Division and the Statutory Auditors.

The Statutory Auditors attend Audit, Internal Control and Risk Committee meetings, unless the Committee decides otherwise.

Activity report of the Audit, Internal Control and Risk Committee for 2011

The Committee met 10 times in 2011, with an attendance rate of 100% (99% in 2010).

At each closing of the accounts, the Committee meets alone with the Statutory Auditors, before hearing the presentation of the financial statements by the Chief Financial Officer and the comments of the Risk Division on all matters pertaining to risks. Since 2002, one of the Chief Executive Officers has attended part of the meetings called to approve the accounts and has discussed the highlights of the quarter with the Committee. More in-depth presentations are given by other managers on certain subjects, notably the principal risks, asset and liability management, internal control and the financial aspects of planned acquisitions. Training and information sessions are organised in response to internal needs and any outside developments. Training was therefore provided in SG CIB's Financing activity and its risks in 2011.

In 2011, the Committee reviewed the **draft** annual, half-yearly and quarterly consolidated **financial statements** before their presentation to the Board, and submitted its opinion to the Board on these statements. It reviewed the 2010-2015 strategic and financial plan. The Committee continued its in-depth monitoring of developments in the **financial crisis** and the euro crisis and their consequences for the Group. On several occasions it examined the liquidity position and the capital level, particularly in the light of the planned changes to the prudential rules.

As part of its **risk control** responsibilities, the Committee adopted a broad approach to the various risk factors and discussed the Group's risk appetite. It reviewed the Group's risk mapping and the suggested approach for defining risk appetite. In particular, it examined issues related to country risk and sovereign debt.

As such, it ensures that adequate provisions are booked for the principal identified risks and closely monitors the evolution of major risks, such as credit risk, market risk, structural interest rate, exchange rate or liquidity risk, and legal risk, as well as changes in significant on- and off-balance sheet items. It also reviews the operational risk control structure. The Committee reviews the procedures used to control market risks and is consulted on the annual revision of market risk limits. Notably, it regularly monitors hedge fund risks and examines the Annual Report on risk assessment and monitoring procedures. It also gives the Compensation Committee its opinion on the incorporation of risk within the compensation structure for regulated employees (financial market professionals and others). Finally, the Committee discussed the Group's IT security.

In 2011, the Committee devoted several meetings to issues related to compliance and reputational risk management as well as anti-money laundering.

In terms of **internal control**, the Committee regularly reviewed General Inspection and Audit activities and the roll-out of the new Internal Audit Department within the Group, and was kept informed of the significant incidents observed in the area of compliance. It examined the Annual Report on internal control. It reviewed the schedule for the General Inspection Department and audit teams and the procedures for following up audit recommendations. It reviewed the activity of the subsidiaries' Audit Committees to check the effective application of the Group's rules. It regularly follows up risk monitoring, particularly of operational risks within SG CIB as part of the Fighting back project, notably through the Resolution project, aimed at improving and modernising the system for processing and monitoring transactions and activities. In particular, the Committee monitored work related to accounting, and monitored the start of the Enterprise Risk Management project, intended to strengthen operational risk management throughout the bank.

The Committee followed the bank's liquidity situation very closely, including the liquidity project.

It was also consulted on the draft responses by the Group to the follow-up letters from the French Prudential Supervisory Authority *(Autorité de Contrôle Prudentiel)*.

The Committee reviewed several Group activities, particularly from an internal control and risk standpoint (Amundi, TCW, PRIV, Newedge, SG CIB, Boursorama, insurance, Rosbank, Corporate Divisions).

It monitored major projects launched by the Group under Ambition SG 2015 (e.g. Convergence, account audit management, etc.) with particular emphasis placed on transforming the operating model.

It examined a number of disposal and acquisition proposals from a financial point of view, before their examination by the Board.

Every six months, the Committee is given a financial benchmark which shows the performances of the Group's core businesses in relation to its main competitors. This benchmark is presented to the Board once per year.

The Committee discussed the Statutory Auditors' audit programme and fees for 2011.

Lastly, the Committee proposed to the Board the terms and conditions for the renewal of the Statutory Auditors' mandate, which expires in 2012. After discussing the current terms and conditions of the Statutory Auditors' performance of their mandate, and noting that the mandates of the partners in charge will soon be up for renewal, the Committee recommended that the Board renew the mandate of the current Statutory Auditors firm in 2012, while specifying that the subsequent renewal would be subject to a call for tenders.

Compensation Committee

At January 1, 2012, the Compensation Committee was made up of four Directors: Messrs Cicurel, Folz, Vandevelde and Wyand, three of whom are independent. It is chaired by Mr. Folz, an independent Director. The Committee:

- proposes to the Board, in accordance with the guidelines given by the AFEP-MEDEF Corporate Governance Code and with professional standards, the policy governing the remuneration of the Chief Executive Officers and Directors, and particularly the determination criteria, structure and amount of this remuneration, including compensation and benefits in kind, such as personal protection insurance or pension benefits, as well as any remuneration received from Group companies, and ensures that the policy is properly applied;
- prepares the annual performance appraisal of the Chief Executive Officers;
- submits a proposal to the Board of Directors for the performance share and stock option award policy and formulates an opinion on the list of beneficiaries;
- prepares the decisions of the Board relating to the employee savings plan;
- examines each year and gives its opinion to the Board on the proposals of the General Management concerning the principles of the remuneration policy applicable within the Group and verifies with the General Management that the policy has been implemented;
- conducts an annual review of the remuneration policy of employees referred to by regulation No. 97-02 on the internal control of credit institutions, particularly employees whose activities have a significant impact on the Group's risk profile; it checks that the report made to it by the General Management complies with regulation No. 97-02 and is consistent with the applicable professional standards. It also ensures that the General Management and Risk Management and Compliance do in fact cooperate in the definition and application of this policy, as required by professional standards, and that due consideration is given to the opinions of Risk Management and Compliance. It receives all the information necessary for it to complete its mission and particularly the Annual Report sent to the French Prudential Supervisory Authority *(Autorité de Contrôle Prudentiel)* and individual breakdowns of compensation amounts above a threshold that it determines. It calls on the internal control departments or outside experts where necessary. It reports to the Board on its activities. The Committee may carry out the same assignments for Group companies monitored by the French Prudential Supervisory Authority on a consolidated or sub-consolidated basis;
- gives the Board its opinion on the section of the Registration Document dealing with these issues and produces an Annual Activity Report, submitted to the Board for its approval, which is then inserted in the Registration Document.

Activity report of the Compensation Committee for 2011

The Compensation Committee met seven times in 2011. The attendance rate of its members was 96% (94% in 2010).

During its meetings, the Committee did the groundwork for the Board's decisions on the **status and remuneration of the Chief Executive Officers.**

The Committee prepared the **appraisals of the Chief Executive Officers** and discussed them with the Group's other outside Directors. It examined the annual targets of the Chief Executive Officers and Directors submitted to the Board.

In accordance with CRD3 and its national transposition into French law, the Compensation Committee ensured that the remuneration policies adopted by the Group complied not only with the Directive, but were also aligned with the Company's own capital requirements targets and risk control policy.

The Committee reviewed the remuneration policy applicable within the Group, particularly concerning employees whose activities have a significant impact on the Group's risk profile, in accordance with the new regulations. It dedicated several meetings to this examination and to verifying that the structure proposed for regulated employees complied with the new, particularly complex, rules. It above all ensured that the remuneration policy effectively takes into account the risks generated by the activities and adherence by employees to risk management policies and professional standards and consulted the Audit, Internal Control and Risk Committee in this regard. The Committee also drew on work by external and internal control bodies to check that the rules set for 2010 had been observed.

In addition, it reviewed the terms of the capital increase reserved for employees. Lastly, the Committee proposed the share plans to the Board. It proposed the approval of additional profit-sharing for employees.

The remuneration policy thus defined is described in detail on pages 116 and following.

Nomination and Corporate Governance Committee

This Committee is composed of the Chairman of the Board and the members of the Compensation Committee. It is chaired by the Chairman of the Compensation Committee. This Committee is assigned the task of submitting proposals to the Board for the appointment of Directors and of successors to the Chief Executive Officers and Directors, especially where a position becomes vacant unexpectedly, after carrying out any necessary inquiries.

It provides the Board with proposals for appointments to the Board's Committees.

The Committee carries out preparatory work for the examination by the Board of Directors of corporate governance issues. It is responsible for the evaluation of the Board of Directors' performance, which is carried out at least once every three years.

It submits a proposal to the Board of Directors for the presentation of the Board of Directors to be included in the Annual Report and notably the list of independent Directors.

It gives the Board of Directors its opinion on the section of the Registration Document dealing with these issues and produces an Annual Activity Report, submitted to the Board for its approval, which is then inserted in the Registration Document.

The Nomination and Corporate Governance Committee is informed prior to the appointment of any member of the Group's Executive Committee and any Corporate Division heads who do not sit on this Committee. It is informed of the list of replacements for these senior managers.

Activity report of the Nomination and Corporate Governance Committee for 2011

The Nomination and Corporate Governance Committee met six times in 2011, with an attendance rate of 100% (97% in 2010).

It prepared the Board's review of the Corporate Governance section of the 2011 Annual Report, in particular the section concerning the assessment of Directors' independence. The Committee prepared the conclusions of the Board of Directors' self-assessment of the Board's operation.

The Committee prepared **proposals for the appointment of Chief Executive Officers and Directors** to be submitted at the 2011 General Meeting.

It examined the **succession plan** for the Chief Executive Officers in order to be in a position to make a proposal to the Board at the appropriate time. It examined the succession plan for members of the Executive Committee.

Appraisal of the Board of Directors and Chief Executive Officers

Each year since 2000, the Board of Directors has devoted part of a meeting to debating the scope of its operations based on an appraisal conducted with the directors themselves. This appraisal is performed either by the Board Secretary, or by an external specialist consultant, through individual interviews based on an interview guide approved by the Nomination and Corporate Governance Committee. In both cases, the answers are presented anonymously in a summary document that serves as a basis for discussion by the Board.

On November 7 2011, the Board conducted the annual appraisal of its operations, based on a written and oral report by the Board Secretary. The previous appraisal, performed by an external consultant, was discussed in August 2010.

All the directors concluded that the Board adequately fulfils its role, drawing on:

- a very strong relationship of trust with the Chairman and Chief Executive Officer and his leadership of the Board's work, which enables each director to contribute fully to the discussions and ensures a highly balanced relationship between the Board and the Chairman;
- the spirit of cooperation and teamwork that governs the relations between all directors;

- the diligence and dedication of the directors;
- the quality of information provided to the Board and the transparency of the Management team on all matters liable to concern the directors;
- the quality of the preparatory work for the Board meetings.

The main areas of satisfaction were:

- the quality of dialogue on Group strategy;
- the progress achieved in risk monitoring, primarily through the risk appetite determination exercise;
- the Vice-Chairman's contribution to quality of governance;
- the progress made in keeping the Board informed of Committee operations;
- the quality of the process for establishing the annual targets of the General Management and assessing its performance.

The main areas for improvement noted by the directors were:

- the quality and delivery time of matters for review, both of which have improved but require further improvement;
- monitoring of strategic decisions, risks and liquidity.

The Board's discussions of this appraisal resulted in a variety of measures designed to further improve the quality and availability of matters for review submitted to the Board and its Committees, as well as the presentation of issues to the Board. The Board's annual work programme and agenda will be increasingly structured and focused on top-priority issues, with the aim of implementing enhanced monitoring of strategic decisions, risks and liquidity. In particular, a summary report of changes in the Group's main risks will be submitted at each Board meeting.

Since 2003, the Chief Executive Officers have undergone a yearly appraisal prepared by the Compensation Committee at a meeting attended only by non-staff appointed directors or directors who are not CEOs of a Group company. This appraisal examines the Chief Executive Officers' success in meeting the annual targets they were assigned by the Board of Directors at the start of the fiscal year, based on a report prepared by the Chief Executive Officers themselves and reviewed by the Compensation Committee. This meeting is chaired by the Vice-Chairman and coordinated by the Chairman of the Compensation Committee, and its conclusions are transmitted to the Chairman by the Vice-Chairman and the Chairman of the Compensation Committee.

General Meeting

The by-laws (see page 434) define the conditions for shareholders' participation in the General Meeting. A summary of these rules can be found in Chapter 3 of the Registration Document.

Attendance fees paid to Company Directors

The total amount of attendance fees was increased from EUR 1,030,000 to EUR 1,250,000 by the General Meeting of May 24, 2011.

The rules for distributing attendance fees amongst Directors are as follows as from 2009:

- the Chairman and Chief Executive Officer does not receive any attendance fees;
- the global amount of attendance fees is divided into two parts: one fixed part equal to one-third of the global amount and one variable part equal to the remaining two-thirds. The Vice-Chairman receives *prorata temporis* a special allocation equal to 35% of the fixed part.

The balance of the fixed part is distributed *prorata temporis* as follows:

- four shares for the Chairman of the Audit, Internal Control and Risk Committee,
- three shares for the members of the Audit, Internal Control and Risk Committee,
- two shares for the Chairman of the Nomination and Corporate Governance Committee and Compensation Committee,
- one share for the other Directors.

The variable part is distributed among Directors on the basis of the number of Board and Committee working meetings attended by each Director over the year.

Compensation and benefits in kind awarded to the Chief Executive Officers and Directors and the disclosure of information as provided for in article L. 225-100-3 of the French Commercial Code

The information in the Chairman's Report that describes the principles and rules defined by the Board of Directors to calculate the compensation and benefits in kind awarded to the Chief Executive Officers and Directors can be found in this chapter under the heading "Remuneration policy".

The section "Information about article L. 225-100-3 of the French Commercial Code" can be found in Chapter 3.

REPORT OF THE CHAIRMAN ON INTERNAL CONTROL AND RISK MANAGEMENT

This report has been prepared in compliance with article L. 225-37 of the French commercial code[1]. It summarises the internal controls of the consolidated Societe Generale Group and is in no way intended to give a detailed description of the internal control procedures implemented by each of the Group's activities and subsidiaries. The Chairman of each French limited liability company carrying out a public offering, and that is a subsidiary of the Group, is required to draft a specific report.

Given the extent and diversity of the risks inherent in banking, internal control is a vital instrument in risk management policy that plays an important role in ensuring the sustainability of activities. It forms part of a strict regulatory framework defined at a national level, and is also the focus of various projects at an international level (Basel Committee, European Union). Internal control concerns all personnel in all areas of the Group. While the primary responsibility therein lies with the operational staff, a number of Corporate Divisions are also involved, notably the Risk Division, the Corporate Secretariat (notably in charge of Compliance), all of the Group's finance departments and the Internal Audit Division. These entities all contributed to the production of this report. The report was approved by the Board of Directors after being examined by the Audit, Internal Control and Risk Committee.

RISK MANAGEMENT

Banking activities are exposed to various types of risks

Given the diversity and evolution of the Group's activities, risk management involves the following main categories:

- **credit and counterparty risk** (including country risk): risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes counterparty risk linked to market transactions (replacement risk) and securitisation activities. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of counterparties;
- **market risk**: risk of a loss of value on financial instruments arising from changing market parameters, in their volatility and in correlations between them. In particular, these parameters are exchange rates, interest rates, and securities prices (equity, bonds), commodities prices, derivatives prices and that of all other assets, such as real estate;
- **structural interest rate and exchange rate risk**: risk of loss or of write-downs in the Group'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 involving equity capital, investments and bond issues);
- **liquidity risk**: risk of the Group not being able to meet cash flow or collateral requirements and when they fall due at a reasonable price;
- **operational risks** (including accounting and environmental risks): risk of losses or sanctions due to failures in procedures and internal systems, human error or external events;
- **non-compliance risk**: risk of legal, administrative or disciplinary sanction, material financial losses or reputational damage arising from failure to comply with the provisions governing the Group's activities;
- **reputational risk**: risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Group's ability to maintain or engage in business relationships and to sustain access to sources of financing;

(1) The Corporate Governance section of this report is on pages 93 to 100.

- through its Insurance subsidiaries, the Group is also exposed to a variety of risks linked to the insurance business. These include the risk of premium pricing risk, mortality risk and structural risk liked to life and non-life insurance activities, including pandemics, accidents and catastrophic events (such as earthquakes, hurricanes, industrial disasters, or acts of terrorism or war);
- through its Specialised Financial Services, mainly its operational vehicle leasing subsidiary, the Group is exposed to **residual value risk** (the net resale value of an asset at the end of the lease being less than estimated).

Managing and assessing risks

FORMAL DEFINITION OF THE GROUP'S RISK APPETITE

Since 2009, the Risk Division and Finance Division have been leading a coordinated process, along with operational divisions, to formally define the Group's risk appetite through an analysis of the risk/return ratio of the major businesses. As part of the Group's annual budget process since 2011, this process presents indicators evaluating financial stability, capital adequacy, leverage and liquidity. These indicators are presented to the members of Audit, Internal Control and Risk Committee (AICRC) as well as the Board of Directors. As a result, its governing bodies have at their disposal additional strategic oversight tools used to set goals and allocate scarce resources (capital and liquidity) to businesses.

GROUP RISK MAPPING

This procedure aims to identify and estimate the main risks of potential loss expected for the year to come, whatever their nature: credit risks, market risks and operational risks. These risks are placed on a grid relating impact and probability of occurrence for each risk. A loss level is assigned to each scenario, combining confirmation with experts and statistical approaches that use historic data. These scenarios are categorised on a scale representing three distinct levels of stress: base case, stress and extreme stress. It may be a question of isolated losses that are material because of their extent (for example, the default of a major counterparty), or of events involving many counterparties (for example, contagion affecting a sector of activity or several sectors).

The risk map is presented annually to the members of AICRC as well as the Board of Directors.

CREDIT RISK:

Credit risk supervision is organised by business division (French Networks/International Retail Banking/Corporate & Investment Banking/Specialised Financial Services and Insurance/ Global Investment Management & Services) while certain departments have a more cross-business approach (monitoring of country risk and the risk linked to financial institutions). The counterparty risk on market transactions is linked to market risks. Their main duties include:

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

MARKET RISKS:

The Market Risk Department carries out independent supervision of the Group's market activities. Its main duties include:

- approving limit requests within the global authorisation limits set by the Board of Directors and the General Management;
- monitoring positions and market risks;
- defining methodologies and measurement tools (VaR, Stressed VaR, Incremental Risk Charge (IRC), Comprehensive Risk Measure (CRM), stress tests, sensitivity to market parameters, etc.);
- validating Front Office valuation models, verifying market parameters and determining reserves.

STRUCTURAL RISKS:

Since January 1, 2011, liquidity risk monitoring and management have been provided by two distinct entities in compliance with the regulatory principles that advocate the segregation of risk oversight and control functions:

- the Balance Sheet Management and Financing Department, responsible for structural risk oversight and the supervision and coordination of all of the Group's treasury functions (external Group financing, internal entity financing and centralised collateral management). It also manages the

Group's central funding department, and implements financial deals;

- the ALM Risk Monitoring Department, which is dedicated to Group structural risk control, and in particular verification of models and monitoring of compliance with limits and management practices by the Group's business divisions, business lines and entities.

Each entity carries out the Level 1 control of structural risks and is responsible for performing the periodic assessment of risks incurred, risk reporting, developing hedging proposals and implementing decisions taken. Each entity is required to comply with Group standards and the limits assigned to them.

The Finance Departments of the supervisory divisions must ensure compliance with these principles for each entity within their remit.

The Finance Committee, a General Management body, draws support from Group Finance Division for the supervision of structural risks.

OPERATIONAL RISKS:

The Operational Risk Department ensures the cross-business monitoring and management of these risks within the Group and is responsible for all reporting to the General Management, Board of Directors and the banking supervisory authorities. It also endeavours to improve the consistency and integrity of the system. Procedures and tools have been rolled out within the Group in order to identify, evaluate (both quantitatively and qualitatively) and manage its operational risk:

- Risk and Control Self-Assessment, the aim of which is to identify and measure the Group's exposure to the different categories of operational risk in order to accurately map the levels of intrinsic and residual risk, having taken into account the quality of risk prevention and control systems;
- Key Risk Indicators (KRIs), which provide upstream alerts as to the risks of operating losses;
- scenario analyses, which consist in estimating infrequent but severe potential losses to which the Group could be exposed;
- data collection and analysis on internal losses and losses incurred in the banking industry following the materialisation of operational risks;
- monitoring of major action plans within the Group implemented in 2010, based on the deployment of a new IT application.

The **Business Continuity Plan** (BCP) function reports to the Operational Risk Department. It is committed to improving the Group's business continuity plans, notably by testing them on a regular basis.

A **Crisis Management** function, which is separate from the BCP function, strengthens the incorporation of this specific issue within the Group and the implementation of appropriate tools and measures.

COMPENSATION POLICY AND RISK

Since the end of 2010, within the regulatory framework defined by the European Capital Requirements Directive CRD3, Societe Generale has implemented specific governance to determine variable compensation. In addition to financial market professionals, the rules established by this directive now also apply to all persons whose activity is liable to have a material impact on the risk profile of the institutions that employ them, including those carrying out control functions.

According to the principles approved by the Board of Directors, based on the proposal of the Compensation Committee, the mechanisms and processes relating to the compensation of such employees take account of the financial result generated by the transactions they perform as well as their observation of risk and compliance policies. The compensation paid to employees performing control functions is independent of the results of the transactions they control, but is rather based on criteria specific to their activity.

The Risk Division and Compliance Division contribute to the definition and application of this policy.

Risk quantification procedures and methodologies

The **AIRB (Advanced Internal Rating-Based)** approach and the **AMA (Advanced Measurement Approach**) are used to calculate regulatory capital requirements for credit and operational risk. The system for monitoring rating models is operational, as required by Basel 2. This system is described in detail in Chapter 9 of this Registration Document.

With respect to market risk, the risk measurement model used has been approved by the French Prudential Supervisory Authority for nearly all transactions concerned. In recent years, the Group has undertaken considerable work to improve the VaR calculation method.

The Group has obtained the approval of the French Prudential Supervisory Authority to use its internal models within the framework of the regulatory development that came into force on December 31, 2011, to calculate capital charges linked to issuer risk in trading portfolios (IRC – Incremental Risk Charge – and CRM – Comprehensive Risk Measure models), as well as linked to market risk (stressed VaR model).

Finally, the Societe Generale Group is carrying out a project to gain approval to use its internal model for calculating exposures at default, which are used to calculate capital charges linked to counterparty risk of derivative positions in trading portfolios (EEPE – Expected Effective Potential Exposure model).

In accordance with the requirements of Pillar II, the Group is continuing to improve its **stress test system**, which is based on two key components:

- at an overall level, broad stress tests (macroeconomic or ICAAP stress tests) provide a quantification of risk for all of the Group's entities and activities (credit, market and operational risks combined). The use of global stress tests is part of the budget process, and the results are presented to the Risk Committee;
- specific stress tests are performed on request to round out the overall analysis with a more detailed approach based on different criteria (sector, subsidiary, product, country, etc.).

The stress tests, used to measure the Group's resilience to various macroeconomic scenarios, are a key component of the Group's risk management. They may result in limits being set and provide clarification on potential losses as part of the budget process.

RISKS RELATED TO NEW PRODUCTS AND ACTIVITIES

Each Division submits all new products, businesses or activities to a **New Product procedure**. Jointly steered by the Risk Division and the business divisions, this procedure aims to ensure that before any product launch:

- all types of risk incurred have been identified, understood and dealt with correctly;
- compliance is assessed with respect to the laws and regulations in force, codes of good professional conduct and risks to the reputation and image of the Group;
- all the support functions are committed and have no reservations, or no longer have any.

This procedure is underpinned by a very broad definition of a New Product, which applies to the creation of a new product, the outsourcing of essential or important services, the adaptation of an existing product to a new environment or the transfer of activities involving new teams or new systems.

Throughout the whole Group, 514 New Product Committee meetings were held during 2011.

Lastly, its **information systems are regularly upgraded** to accommodate changes in the products processed and the associated risk management techniques, both locally (within the banking entities) and centrally (Risk Division).

THE PLAYERS INVOLVED IN RISK MANAGEMENT AND CONTROL

Risk management organisation and procedures are defined at the highest management level

Group risk management is governed by two main bodies: the Board of Directors and General Management.

The procedures for managing, preventing and evaluating risks are regularly analysed in-depth by the Board of Directors and, in particular, its **Audit, Internal Control and Risk Committee.**

First and foremost, the **Board of Directors** defines the Company's strategy by assuming and controlling risks, and ensures that it is applied. A risk dashboard is submitted to it. In particular, the Board of Directors ensures the adequacy of the Group's risk management infrastructure, monitors the development of the cost of risk and approves the risk limits for market risks. Presentations on the main aspects of, and notable changes to, the Group's risk management strategy are made to the Board of Directors by the General Management at least once a year (more often if circumstances require it). For example, the Board of Directors validated the Group's Code of Tax Conduct in November 2010.

Within the Board of Directors, the **Audit, Internal Control and Risk Committee** is responsible for examining the consistency of the internal framework for monitoring risks as well as ensuring compliance with this framework and with existing laws and regulations.

THE ROLE OF THE BOARD OF DIRECTORS' AUDIT, INTERNAL CONTROL AND RISK COMMITTEE[1]

The purpose of this Committee is to assess the quality of internal control, in particular the consistency of risk assessment, monitoring and management systems, and to propose additional initiatives where appropriate.

To this end, the Committee is responsible primarily for:

- reviewing the Group's internal audit programme and the Annual Report on Internal Control drawn up in accordance with banking regulations, as well as formulating an opinion on the organisation and operation of the internal control departments;
- reviewing the follow-up letters sent by the French Prudential Supervisory Authority and issuing an opinion on draft responses to these letters;
- examining the market risk and structural interest rate risk control procedures and is consulted about setting risk limits;
- examining the risk management policy and monitoring off-balance sheet commitments;
- annually examining the Activity Reports of the Audit and Internal Control Committees of the Group's major subsidiaries.

Under conditions that it determines, the Committee may interview the Company's Chief Executive Officers, the Statutory Auditors and the managers in charge of drawing up the financial statements, internal control, risk management, compliance control and internal audits.

The Committee draws up an Annual Activity Report which is included in the Chairman's Report on Corporate Governance, presented separately on page 97 of this Registration Document.

Chaired by **General Management,** three specialised committees of the Group Executive Committee are responsible for central oversight of internal control and risk management:

- the **Risk Committee,** which met 15 times in 2011, discusses the Group's risk strategy, particularly management of the different risks (credit, country, market and operational risks) as well as the structure and implementation of the risk monitoring system. The Group also has a Large Exposures Committee, which focuses on reviewing large individual exposures;
- the **Finance Committee,** which, as part of its oversight of the Group's financial policy, validates the structural risk monitoring and control system and reviews changes in the Group's structural risks through reports consolidated by the Finance Division;
- the **Internal Control Coordination Committee (ICCC)**, which manages the consistency and effectiveness of the internal control mechanism as a whole.

Under the authority of General Management, the Group's Corporate Divisions, which are independent from the business divisions, are dedicated to the management and internal control of risks

The Corporate Divisions provide the Group's Executive Committee with all the information needed to assume its role of managing the Group's strategy, under the authority of the Chief Executive Officer.

With the exception of the business divisions' Finance Departments, all the Corporate Division report directly to the Group's General Management or to the Corporate Secretariat (which in turn reports directly to the General Management), also responsible for compliance within the Group.

- **the Risk Division**, which contributes to the Group's development and profitability by ensuring that the risk control system is adequate and efficient, and by overseeing all transactions carried out within the Group.

  Accordingly, the Risk Division is responsible for:

  - ensuring the hierarchical and functional supervision of the Group's Risk function; to this end, the Head of Risk Management is responsible for the Group's Risk function as defined by Regulation 97-02, as amended by the decree of January 19, 2010,
  - identifying all Group risks,
  - putting into practice a governance and monitoring system for these risks, including cross-business risks, and submitting regular reports on their nature and their magnitude to General Management, the Board of Directors and the supervisory authorities,
  - helping to define risk policies in light of business objectives and corresponding risk factors,
  - defining or validating the methods and procedures used to analyse, assess, approve and monitor risks,
  - validating transactions and limits proposed by business managers,

(1) The Internal Rules of the Board of Directors are available on page 436 of the Registration Document.

- defining the risk monitoring information system, and ensuring its suitability for the needs of the businesses and its consistency with the Group's information system;

- **the Group Finance Division**, which, in addition to its financial management responsibilities, also carries out extensive accounting and finance controls (structural risk related to interest rates, exchange rates and liquidity); as such:
  - the Balance Sheet Management and Financing Department within the Group Finance Division is responsible for defining its policy for interest rate, exchange rate and liquidity risks, and, in particular, evaluating and planning for the Group's financing needs. It also defines steering indicators and global stress test scenarios for different structural risks, sets the main limits for core businesses and entities, analyses Group exposure to structural risks, defines hedging actions and provides regulatory monitoring for structural risks,
  - the ALM Risk Monitoring Department is responsible for identifying the Group's structural risks; monitoring limits; defining principles and validating models applied by the Group's entities; consolidating and reporting on structural risks, and defining and monitoring the structural risk measurement standards framework while periodically reviewing the structure of asset-liability management of the Group's entities.

    Reporting to the Group Chief Financial Officer, the ALM Risk Monitoring Department (liquidity, interest rate and exchange rate risk) is also functionally supervised by the Head of the Risk Division, to whom it gives a summary of its activity and who validates its work plan jointly with the Chief Financial Officer. It is included in the governance of the Group's risk structure as defined by CRBF 97-02. Furthermore, several Risk Division departments are involved on various levels in supervising ALM risks (reviewing models related to market activities, contributing to validating all of the Group's liquidity models, giving opinions on limits set by liquidity indicators, and monitoring potential limit overruns as part of escalation procedures). Their actions are coordinated by the cross-business risk monitoring department for the Head of the Risk Division;

- **the Finance Departments of the core businesses**, which are hierarchically attached to the managers of the business divisions and functionally attached to the Group Finance Division. They make sure that accounts are prepared correctly at the local level and control the quality of the information in the consolidated financial reports submitted to the Group;

- **the Group Compliance Department**, which reports to the Corporate Secretary, who is also Head of Compliance, ensures that all compliance laws, rules and principles applicable to the Group's banking and investment activities are respected by staff. It also provides reputational risk protection;

- **the Group Legal Department**, which reports to the Corporate Secretary, monitors the security and legal compliance of the Group's activities in collaboration with the legal departments of its subsidiaries and branches;

- **the Group Tax Department**, which reports to the Corporate Secretary, monitors compliance with all applicable tax laws;

- **the Group Human Resources Division**, which notably monitors the implementation of compensation policies;

- **the Group Corporate Resources Division**, which is specifically responsible for information system security;

- **the Group Internal Audit Division**, which is in charge of internal audits, under the authority of the Head of Group Internal Audit.

INTERNAL CONTROL

Framework

INTERNAL CONTROL IS PART OF A STRICT REGULATORY FRAMEWORK APPLICABLE TO ALL BANKING ESTABLISHMENTS

In France, the conditions for conducting internal controls in banking establishments are defined in the amended Regulation No. 97-02 of the French Banking and Financial Regulation Committee (CRBF), which is updated regularly. This text, which applies to all credit institutions and investment companies, defines the concept of internal control, together with a number of specific requirements relating to the assessment and supervision of the various risks inherent to the activities of the companies in question, and the procedures under which the deliberating body must assess and evaluate the quality of the internal controls carried out.

In June 2004, the Basel Committee defined the four principles – independence, universality, impartiality, and sufficient resources – which must form the basis of the internal audits carried out by credit institutions.

At Societe Generale, these principles have been applied primarily through various directives, one of which establishes the general framework for the Group's internal control, another which constitutes the Group Audit Charter, while the others relate to the work of the Risk Division, management of credit risks, market risks, operational risks, structural risks (interest rate, exchange rate, liquidity), compliance control and reputational risk control.

Internal control covers all resources that enable the Group's General Management to ascertain whether the transactions carried out and the organisation and procedures in place within the Company are compliant with the legal and regulatory provisions in force, professional and ethical practices, internal regulations and the policies defined by the Company's executive body. Internal control is designed to:

- ensure that the risks incurred by the company are adequately controlled;
- guarantee the reliability, exhaustiveness and accuracy of financial and management information;
- verify the integrity and availability of information and communication systems.

THE INTERNAL CONTROL SYSTEM IS BASED ON FOUR KEY PRINCIPLES

- **The exhaustiveness of the scope** of controls, which cover all types of risks and are applicable to all Group entities;
- **Operational staff responsibilities** in terms of controlling the risks that they take and the transactions they process;
- **The proportionality of controls to the scale of risks incurred;**
- **Independent internal audits.**

Its predominant features are:

- the distinction between internal audits and permanent controls;
- the balance of the permanent control approach, which combines a multi-risk operational control with interventions by functions specialised by type of risk.

INTERNAL CONTROL IS BASED ON A BODY OF STANDARDS AND PROCEDURES

All Societe Generale Group activities are governed by rules and procedures covered by a set of documents referred to collectively as the "**Normative Documentation**". This documentation includes any documents:

- setting forth rules for action and behaviour applicable to Group staff;
- defining the structures of the businesses and the sharing of roles and responsibilities;
- describing the management rules and internal procedures specific to each business and activity.

The Normative Documentation primarily includes:

- **Directives**, which define the governance of the Societe Generale Group, the structures and duties of its Business and Corporate Divisions, as well as the operating principles of cross-business systems and processes (Code of Conduct, Charters, etc.);
- **Instructions**, which set out the operating framework of an activity and the management principles and rules applicable to products and services rendered, and also define internal procedures.

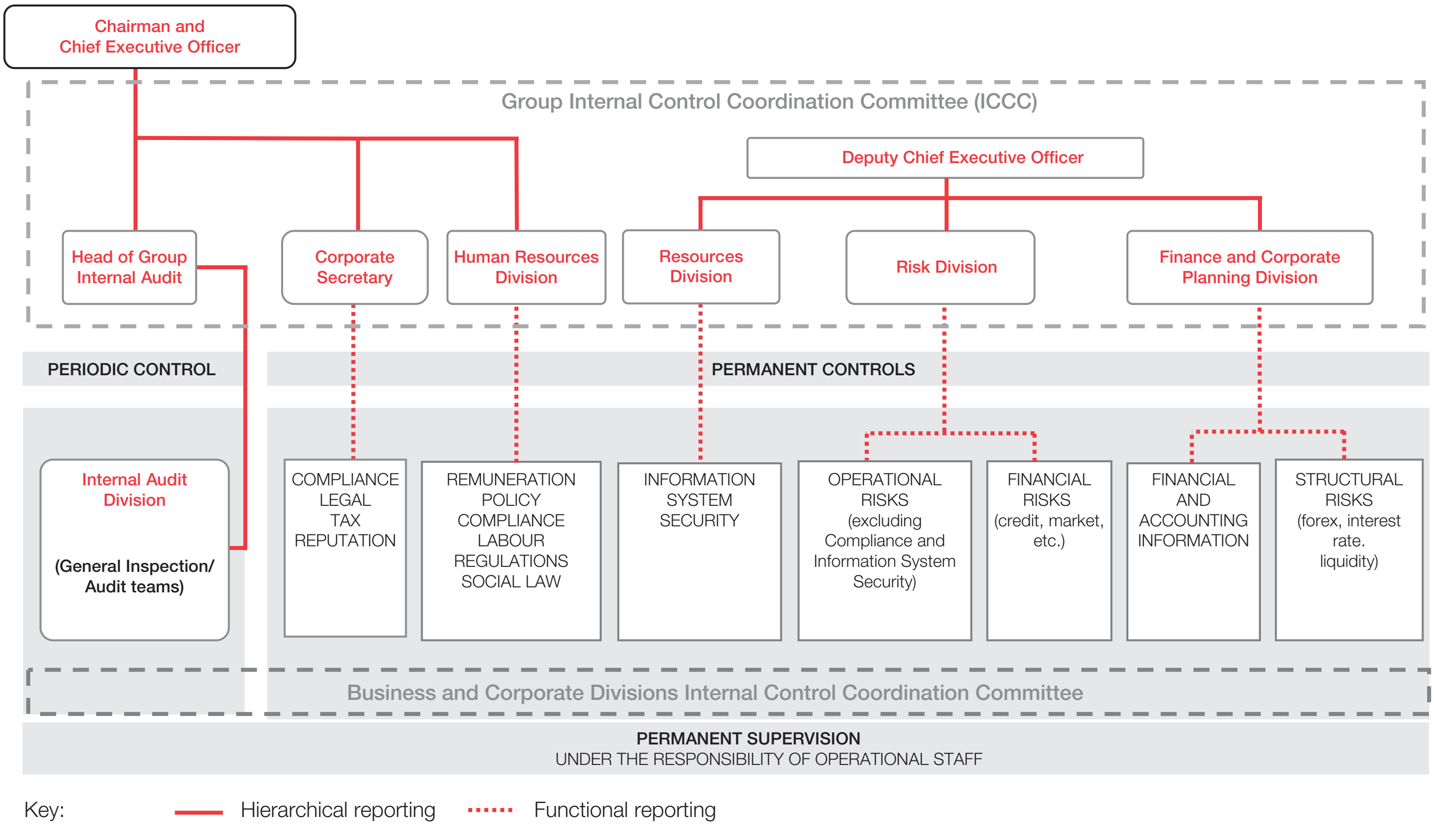
The Normative Documentation has force of law within the Group. It falls under the responsibility of the Group Corporate Secretary, who serves as Group Head of Compliance vis-à-vis supervisory bodies in France and abroad.

In addition to the Normative Documentation, operating procedures specific to each Group activity are applied. The regulations and procedures in force are designed to follow basic rules of internal control such as:

- segregation of functions;
- immediate, irrevocable recording of all transactions;
- reconciliation of information from various sources.

COORDINATION OF THE CONTROL SYSTEM OCCURS AT THE GROUP LEVEL AND IS ROLLED OUT IN EACH BUSINESS DIVISION AND CORPORATE DIVISION

In accordance with the provisions of amended Regulation No. 97-02 of the French Banking and Financial Regulation Committee (CRBF), the internal control system includes both permanent controls and internal audits.



A Deputy Chief Executive Officer is responsible for ensuring the overall consistency and effectiveness of the internal control system. This Deputy Chief Executive Officer also chairs the **Group Internal Control Coordination Committee (Group ICCC),** comprised of the Corporate Secretary, the Chief Risk Officer, the Chief Financial Officer, the Group Chief Information Officer, the Head of Group Internal Audit, the Head of Internal Control Coordination and, beginning in January 2011, the Head of Human Resources.

THE GROUP INTERNAL CONTROL COORDINATION COMMITTEE MET 11 TIMES IN 2011.

The Committee reviewed the risk control and management system of all of the Group's Business Divisions and Corporate Divisions. Moreover, the Committee addressed the following issues in 2011:

- control of market abuse risk;
- procedures and operation of New Product Committees;
- control of outsourced essential services;
- management of conflicts of interest;
- project risk management;
- control application of MiFID provisions and review the control system for client protection regulations;
- RISQ and Compliance intervention in compensation of market participants;
- alignment of incentive policy for transforming the business;
- role of Group functions and optimisation of their interaction with businesses;
- anti-money laundering system with Focus on Russia;
- anti-corruption system.

The structure implemented at the Group level to coordinate the actions of participants in internal control is rolled out in all core businesses. All of the Group's business and Corporate Divisions have an Internal Control Coordination Committee. Chaired by the head of the business or Corporate Division, these Committees bring together the competent heads of internal audit and permanent control for the business or Corporate Division, as well as the Head of Group Internal Control Coordination and the heads of the Group-level control functions.

Permanent control

Permanent control comprises:

- **permanent supervision**, which is the responsibility of operational staff and their managers, and the coordination of which is performed by the Operational Risk Department of the Risk Division. The permanent supervision system itself is supplemented by numerous other operational controls (for example, automated controls in IT processing chains, organisational controls implementing the segregation of functions within the structure, etc.);
- Level 2 controls performed by departments specialising in the prevention of the major risk groups;
- **governance specific to certain types of risks**, which notably draws on dedicated Group-level committees, enabling regular reviews at the appropriate managerial level to be carried out.

THE FIRST LEVEL OF RESPONSIBILITY FOR PERMANENT CONTROL LIES WITH THE GROUP'S OPERATIONAL STAFF

The permanent supervision of activities by operational staff themselves forms the cornerstone of the permanent control process. This is defined as all of the measures taken on a permanent basis to ensure the compliance, security and validity of transactions performed at the operational level. Its two components are:

- **day-to-day security: all operational staff** are required to permanently comply with the applicable rules and procedures governing all transactions carried out;
- **formal supervision: Management is required to make regular checks** using written procedures to verify that staff are complying with the rules and procedures for processing transactions and for ensuring effective day-to-day security.

To achieve this, operating methods are formally defined and transmitted to all staff. In addition, permanent supervision procedures are adapted to each Group entity according to their specific activities.

Crédit du Nord rounds out its system with Level 2 permanent controls, carried out by staff with this exclusive responsibility. These controls are aimed at ensuring that all regulations in effect under the permanent supervision system are applied.

AT THE SAME TIME, THE CORPORATE DIVISIONS, WITH THE SUPPORT OF THE FUNCTIONS UNDER THEIR RESPONSIBILITY, CONTRIBUTE TO THE PERMANENT CONTROL OF THE GROUP'S TRANSACTIONS

The Risk Division, with agents in the Group's business divisions and subsidiaries, is responsible for implementing the credit, market and operational risk control system and ensuring risks are monitored in a consistent fashion across the Group.

> According to the latest voluntary census (during 2011), Group Risk function staff dedicated to risk management and permanent control remained stable at just over 5,000 people (including 940 within the Group Risk Division itself at the end of December 2011).

The work of the Risk Division is described in detail in the introductory paragraph of Chapter 9 of the Registration Document on page 194.

The Head of Information System Security and Operational Risk Management coordinates the management of information system risks at the Group level.

The system for management, monitoring and communication related to information system security and risks is coordinated at the Group level by the Head of Information System Security and Operational Risk Management. This system has been rolled out within each of the core businesses, business lines and entities. At the operating level, the Group has a CERT (Computer Emergency Response Team) that manages incidents, monitors developments in information system security and combats cybercrime using a multitude of information and supervision sources both internal and external to the Group.

The information system risk management and security system is governed by the "Strategic Security Initiatives" validated by General Management and all businesses which are part of the Corporate Divisions Supervisory Committee. It is regularly updated to keep up with technological developments, new threats or new applications (for example, cloud computing).

In 2011, the Group strengthened its security methodologies. In addition, security standards for the most sensitive domains (security for online banking, internet access, etc.) were released and programmes that aim to limit specific risks for certain businesses were rolled out.

The need to adapt the information system security network to the risks inherent to banking activity has been taken into account within the framework of Group operational risk management. The Group security action plan, which specifies major strategic guidelines for security (approved in July 2008), will be reviewed in 2012. Moreover, each year employees are informed of and trained in the procedures and approach to adopt in order to deal with risks linked to the use of IT systems.

Within the Group Finance Division, the Balance Sheet Management and Financing Department is responsible for defining principles and approving Group standards governing structural interest rate risks (maturity standards, risk monitoring indicators and tools) to be applied by all entities included in the Group's scope of consolidation.

The organisational structure for Level 1 and Level 2 controls was formally defined jointly by the Balance Sheet Management Department and the Finance Departments of the business divisions. These documents describe the responsibilities of different players for a given process.

The entities' Finance Departments are responsible for controlling structural risk. Structural risk managers are in charge of drafting quarterly reports and carrying out Level 1 controls before publishing them.

The Balance Sheet Management Department performs Level 2 structural risk controls at entities, and consolidates Group entity positions.

The Group's Corporate Secretary is responsible for monitoring Group compliance. He also ensures Group legal and tax security and compliance.

He is assisted in these tasks by:

- **the Compliance Department,** which verifies that all laws and regulations as well as compliance rules and principles applicable to the Group's banking and investment services activities are observed, and that all staff respect codes of good conduct and individual compliance. To do so, it coordinates the compliance function. It also monitors the prevention of reputational risk.

  Established in February 2011, the Compliance Department dedicated its first year to building the compliance function by relying on a coordinated network of compliance officers covering all of the Group's entities, to providing the function with a consistent framework of standards, to raising awareness and training its participants in preventing non-compliance risks and to defining a set of standard checks for major non-compliance risks;

- **the Group Compliance Committee,** which meets monthly and includes the Compliance officers from Core Businesses and Corporate Divisions, as well as the heads of Internal Control Coordination, Internal Audit, the Operational Risk Department and the Legal Department. The Committee examines current compliance issues and the most significant incidents that occurred during the period;
- **the Legal and Tax Departments,** which monitor the legal and tax compliance and security of all of the Group's activities.

These Corporate Divisions are represented by local staff within each operating entity and, in certain subsidiaries and branches, by departments exercising the same type of function. The Corporate Division teams are responsible for compliance monitoring and training as well as for the distribution of relevant information throughout the Group.

Internal audit

The Internal Audit Division comprises, under the authority of the Head of Group Internal audit, all internal audit teams, whose main purpose is to adopt an objective, thorough and impartial approach to verify the compliance of operations, the level of risk effectively incurred, the proper application of procedures, and the effectiveness and relevance of the permanent control system.

The Group's internal audit system is permanent and independent of the Group's operating entities. It covers all Group entities and activities and may focus on any aspect of their operation, without restriction.

Each Internal Audit Department regularly identifies the areas of risk to which its core business is exposed. It then defines an annual schedule of audits to make sure that the exposure is covered in full. The internal audit teams then put forward recommendations based on their findings, and follow these up to check that they are implemented correctly.

Given the risks at stake, the Group's internal audit teams are provided with the requisite resources, from both a qualitative and quantitative point of view, to carry out their functions effectively.

The Group's internal audit departments comprise some 1,500 members of staff. The system is made up of:

- **the Internal Audit teams,** which report to the Head of Group Internal Audit and functionally depend on the heads of the core businesses and Corporate Divisions;
- **the General Inspection department.**

The Internal Audit Division has a matrix-based structure, with:

- **a regional scope (primary):** the auditable scope is divided into three regions, ensuring full coverage of their geographical scope, regardless of the type of activity performed;
- **a business scope (secondary):** each head of a Core Business, Corporate Division or business line, has been appointed a single Auditor, whose role is to ensure the proper coverage of the relevant scope, meet the requests of the relevant operational manager, who must be kept informed of the progress made in the implementation of recommendations within the scope.

The Internal Audit Division also has specialised audit teams: an accounting audit team, legal audit team, tax audit team, IT infrastructure and security audit team and modelled risks audit team. The specialised audit teams provide expertise to support the general audit teams. They may also carry out independent assignments based on their areas of specialisation. The specialised audit teams are not responsible for covering a given scope, with the exception of the IT infrastructure and security audit team.

The General Inspection department audits all aspects of the business activities and operations of entities within the Group. It reports its findings, conclusions and recommendations to the General Management. The department's activity is defined by an audit plan validated annually by General Management, and covers all Group entities without exception. In the course of its assignments, it makes a certain number of recommendations, the implementation of which is monitored on a quarterly basis by the Group Executive Committee.

AUDIT COMMITTEES

The Audit Committees, comprising auditors and operational managers, meet at least once a year to examine Internal Audit's operating conditions and activity. They mainly address the assignments carried out over the course of the year, the audit plan for the subsequent year, and the implementation of recommendations.

As part of his role, the Head of Group Internal Audit is required to meet regularly with the Audit, Internal Control and Risk Committee of the Board of Directors. During these meetings, he presents the internal audit section of the Annual Report on the internal control system, as specified in article 42 of amended French Banking and Financial Regulation Committee (CRBF) regulation No. 97-02, as well as the most important recommendations which are behind schedule. The Audit, Internal Control and Risk Committee examines the Group annual internal audit plan and comments on the organisation and operations of the internal audit department.

The Head of Group Internal Audit also maintains regular, organised contact with the Statutory Auditors and representatives of the supervisory authorities.

CONTROL OF THE PRODUCTION AND PUBLICATION OF FINANCIAL AND MANAGEMENT INFORMATION

The players involved

There are many participants in the production of financial data:

- the Board of Directors' **Audit, Internal Control and Risk Committee** has the task of examining the draft financial statements which are to be submitted to the Board, as well as verifying the conditions under which they were prepared and ensuring not only the relevance but also the consistency of the accounting principles and methods applied. The Statutory Auditors meet with the Audit, Internal Control and Risk Committee during the course of their assignment;
- **the Group Finance Division** gathers all accounting and management data compiled by the subsidiaries and core businesses in a series of standardised reports. It consolidates and verifies this information so that it can be used in the overall management of the Group and disclosed to third parties (supervisory bodies, investors, etc.);
- **the Finance Departments of subsidiaries and core businesses** carry out Level 2 controls on the accounting data and entries booked by the back offices and on the management data submitted by the front offices. They compile the financial statements and regulatory information required at the local level and submit reports (accounting data, finance control, regulatory reports, etc.) to the Group Finance Division. Within the Finance Department of Corporate and Investment Banking, the Product Control Group (PCG) is more specifically responsible for guaranteeing, independently of the businesses, the production and validation of Corporate and Investment Banking's income statement and balance sheet. In particular, it is in charge of validating the valuations of the financial instruments traded. It also reconciles the economic results produced by the front office with the accounting results produced by the back office;
- the Risk Division **consolidates the risk monitoring data** from the Group's core businesses and subsidiaries in order to control credit, market and operational risks. This information is used in Group communications to the Group's governing bodies and to third parties. Furthermore, in collaboration with the Group Finance Division, it is responsible for the Basel 2 approval process, including producing solvency ratios;
- **the back office** is responsible for all support functions relating to transactions carried out by the front offices. It checks that financial transactions are economically justified, records transactions in the accounts and manages means of payment.

Beyond consolidating accounting and financial information as described above, the Group Finance Division is charged with significant control responsibilities: it monitors the financial aspects of the Group's capital transactions and its financial structure, manages its assets and liabilities, and consequently defines, manages and controls the Group's financial position and structural risks. Furthermore, it ensures that the regulatory financial ratios are respected, defines accounting standards, frameworks, principles and procedures for the Group, ensures they are observed and verifies the accuracy of all financial and accounting data published by the Group.

Accounting standards

Local financial statements are drawn up in accordance with local accounting standards, and the consolidated Group financial statements are prepared in accordance with the standards defined by the Group Finance Division, which are based on IFRS as adopted by the European Union. The Group Finance Division has its own standards unit, which monitors the applicable regulations and drafts new internal standards to comply with any changes in the regulatory framework.

Procedures for producing financial and accounting data

Each entity within the Group prepares its own accounting and management statements on a monthly basis. This information is then consolidated each month at the Group level and published for the markets on a quarterly basis. Data reported are subject to analytical reviews and consistency checks performed by core business Finance Departments and sent to the Group Finance Division. The Group Finance Division transmits the consolidated financial statements, management reports and regulatory statements to General Management and any interested third parties.

In practice, procedures have been tailored to the growing complexity of products and regulations. Moreover, specific action plans can be implemented where necessary.

Internal control procedures governing the production of financial and accounting data

ACCOUNTING DATA ARE COMPILED INDEPENDENTLY OF THE FRONT OFFICES

Accounting and management data are compiled by the back and middle offices and product control teams independently of the sales teams, thereby guaranteeing that information is both accurate and objective. These teams carry out a series of controls defined by Group procedures on financial and accounting data:

- daily verification of the economic justification of all of the reported information;
- reconciliation, within the specified deadlines, of accounting and management data using specific procedures.

Given the increasing complexity of the Group's financial activities and organisation, staff training and IT tools are reviewed on a permanent basis to make sure the production and verification of accounting and management data are effective and reliable.

SCOPE OF CONTROL

In practice, the internal control procedures implemented in the Group's businesses are designed to guarantee the quality of financial and accounting information, and notably to:

- ensure that the transactions entered in the Group's accounts are exhaustive and accurate;
- validate the valuation methods used for certain transactions;
- ensure that transactions are correctly assigned to the corresponding fiscal period and recorded in the accounts in accordance with the applicable accounting regulations, and that the accounting aggregates used to prepare the Group financial statements are compliant with the regulations in force;
- ensure the inclusion of all entities that must be consolidated in accordance with Group regulations;
- check that the operational risks associated with the production and transmission of accounting data through the IT system are correctly controlled, that the necessary adjustments are accurately performed, that the reconciliation of accounting and management data is satisfactory, and that the flows of cash payments and other items generated by transactions are exhaustive and adequate.

LEVEL 2 CONTROL BY THE FINANCE DEPARTMENTS OF CORE BUSINESSES

The Finance Department of each subsidiary verifies the accuracy and consistency of the financial statements with respect to the relevant accounting frameworks (local standards and IFRS for subsidiaries as well as French standards for branches). It performs Level 1 and 2 controls to guarantee the accuracy of disclosed information.

The data received for consolidation from each subsidiary are supplied from corporate accounting data by the subsidiaries, after they are locally brought into compliance with Group accounting principles. Each subsidiary must be able to explain the transition from the parent company financial statements to the financial statements reported through the consolidation tool.

The consolidated data are subject to a Level 2 control by the core business Finance Departments, including analytical reviews, consistency checks and reviews of specific issues. The conclusions drawn from this work are transmitted in a summary report submitted every quarter to the Group Finance Division.

SUPERVISION BY THE GROUP FINANCE DIVISION

Once the statements produced by the various entities have been restated according to Group standards, they are entered into a central database and processed to produce the consolidated statements.

The department in charge of consolidation checks that the consolidation scope is compliant with the applicable accounting standards and performs multiple checks on data received for consolidation. These checks include confirming that gathered data is properly aggregated, verification of recurrent and non-recurrent consolidation entries, exhaustive treatment of critical points in the consolidation process, and treatment of any residual differences in reciprocal/intercompany accounts. Ultimately, the department ensures the overall consolidation process was correct by carrying out analytical reviews of the summary data and checking the consistency of the main aggregates in the financial statements. Changes in shareholders' equity, goodwill, provisions and any deferred taxes consolidated in the fiscal year in question are also analysed.

The Group Finance Division also has a team dedicated to accounting supervision. This team performs controls to ensure that Group accounting standards are correctly applied by taking part in acquisitions or in audits of accounting data on specific issues to verify the consistency of accounting treatment at the cross-business level. Since 2011, this team is also in charge of organising and coordinating the roll-out of the permanent accounting control certification system.

The accounting audit system

CONTROLS BY ALL OPERATIONAL STAFF INVOLVED IN THE PRODUCTION OF ACCOUNTING, FINANCIAL AND MANAGEMENT DATA

The operational staff monitor their activities via a permanent supervision process, under the direct responsibility of their management teams, repeatedly verifying the quality of the controls carried out on accounting data and the associated accounting treatment.

CONTROLS BY THE GENERAL AUDIT TEAMS AND THE ACCOUNTING AUDIT TEAM OF THE INTERNAL AUDIT DIVISION

In the course of their assignments, the general audit teams verify the quality of the accounting and management data produced by the audited entities. They check certain accounts, assess the reconciliations between accounting and management data, and the quality of the permanent supervision procedures for the production and control of accounting data. They also identify any areas where manual processing may be required to make up for gaps in the IT tools and which therefore need to be closely checked.

The Accounting Audit Team is mainly responsible for:

- providing its expertise in identifying the Group's main accounting risks;
- carrying out audits to verify the proper application of the Group's accounting standards in areas deemed to be the most significant for the accuracy of the Group's accounting information;
- undertaking training initiatives and creating methodologies to help disseminate expertise in the auditing of accounting risks to the general audit teams and the General Inspection department.

The departments then issue recommendations to the parties involved in the production and control of accounting, financial and management data in order to improve this process through more specific initiatives aimed at particular entities or activities.

CONTROLS CARRIED OUT BY THE GENERAL INSPECTION DEPARTMENT

At the third level of control, the Group General Inspection department generally carries out accounting audits as part of its assignments, but also conducts specific audits to check the quality of the controls carried out by the staff responsible for producing accounting, financial and management data.

HIGHLIGHTS OF THE YEAR AND DEVELOPMENTS UNDERWAY

Quarterly certification of accounting controls

In 2009, the Group initiated a project aiming to reinforce and standardise the permanent control system for the Group's financial and accounting information, relying on the basic principles of a Sarbanes-Oxley approach.

The Group's new permanent accounting supervision system is composed of:

- a reference framework of key controls that constitute control objectives, through which the entities/Corporate Divisions informed local checks performed and ensured they were exhaustive;
- the "key controls to certify", determined based on a materiality test;
- indicators for monitoring accounting risk, which correspond to a consolidated view of anomalies within each entity;
- a declaration of anomalies by exception – excluding "key controls to certify".

Starting in the first quarter of 2011, a "cascading" certification process has been integrated into the quarterly closure of the accounts. All upstream contributors certify to downstream contributors that they have properly performed the checks they are responsible for and indicate any anomalies found according to materiality thresholds. Certification is then cosigned by the Chief Executive Officer and Chief Financial Officer of each entity, as well as each core business and finally by the Group Chief Financial Officer.

Seventy-nine entities representing a substantial contribution to Group accounts are now integrated into the system. Periodic certifications have allowed the new framework's general principles to be implemented while summaries are presented to the Group Finance Division, the Audit, Internal Control and Risk Committee, and the Internal Control Coordination Committee.

The "Liquidity" project

The Group's "Liquidity" project aims to provide the Group with a stronger, harmonised system for managing and steering liquidity, and to effectively meet new regulatory requirements related to controlling this structural risk.

2011 was marked by finalising the definition of a reinforced internal system for measuring, steering and controlling liquidity and by its application to liquidity limits, indicators, procedures and governance. A significant project implementing or revising static liquidity models and interpreting Basel 3 standards was therefore carried out. Its results are being implemented in the information systems. Thanks to these developments, in 2012 the Group's businesses will be supervised through an expanded set of indicators (external refinancing and internal resource allocation, French Prudential Supervisory Authority (ACP) and Basel 3 regulatory ratios, and liquidity mismatch position). This will reinforce the integration of liquidity into Group steering, both in terms of risk management and performance evaluation.

This year, the project also initiated the first stage of delivery for a new integrated Group information system that is dedicated to measuring and reporting liquidity risk. Starting at the end of the first quarter of 2012, this tool will allow Basel ratios and liquidity gaps to be produced each month on an industrial scale for all entities and businesses. Its scope will then be broadened throughout 2012 to integrate new forecasting and simulation functions, centralise production of all Group reports and then expand this common information platform to cover measuring and reporting structural interest- and exchange-rate risks.

The "Enterprise Risk Management" Project

Effectively launched in January 2011, the "Enterprise Risk Management" (ERM) project aims to improve the consistency and effectiveness of the Group's risk management system, by fully integrating risk prevention and control with the day-to-day management of the bank's businesses.

At the end of the definition stage, the Executive Committee validated the programme's scope and objectives in May, based on three driving forces: rolling out strategic steering based on a controlled appetite for risk, optimising control systems and revitalising risk-awareness culture among all Group employees. Some components of the action plan will be staggered until 2013.

Throughout its first fiscal year, different undertakings included:

- implementing regular quantification and calibration of the Group's risk appetite. This will be connected to operational steering mechanisms in 2012;
- completing risk mapping, particularly in the areas of compliance and taxes, and beginning to revise the Risk and Control Self-Assessment (RCSA) process;
- starting to build a library of standard controls, defined by dedicated risk structures, that will form the basis of an overhaul of permanent monitoring;
- initiating an ambitious plan for revitalising risk-awareness culture among Group employees that primarily relies on reinforcing training programmes.

The Private Banking "Force" project

In 2011, the Private Banking Division implemented its "Force" project, launched in October 2010, with the goal of increasing the safety and quality of the commercial relationship with clients through transparency between customers and account managers, spreading risk-awareness culture and implementing specific controls.

Supported by a remodelled framework of rules, procedures and controls, updated governance and the creation of a new specialised control function, "Force" has now been rolled out and is currently being adapted to local conditions for all PRIV locations.

Reorganisation of permanent control for Rosbank

Under the framework of transforming and consolidating Societe Generale's system in Russia, which was marked in 2011 by the legal and financial merger of two universal banks (Rosbank and BSGV) and by Rosbank's purchase of two specialised banking subsidiaries (Rusfinance and DeltaCredit), the ongoing reorganisation of permanent control took significant steps forward. A specific project was dedicated to this reorganisation, which allowed a consistent department to be created.

Reporting to Rosbank's Corporate Secretary, this department supervises permanent monitoring, operational risks and compliance while ensuring full hedging of the bank's activities on Russian territory. These different sectors benefited from the implementation of the Group's tools and practices, and from the experience of two expatriate Group managers who more specifically took over permanent monitoring and compliance. Links with Societe Generale's Corporate Divisions were strengthened. They helped regularly monitor permanent control activities in Russian entities. Finally, governance bodies that comply with Group practices were established, notably an Audit Committee that meets at least four times a year and the creation of a Permanent Control Committee.

Reorganisation of compliance and operational risk control in Investment Banking

In order to simplify the organisation and reinforce the independence of the compliance function for Investment Banking, the role of SG CIB Compliance Officer (RCO), previously assigned to the Head of the SAFE (Security and Anti-Fraud Expertise) Division under the functional supervision of the Group Corporate Secretary, was reassigned in October 2011 to Investment Banking's Head of Compliance under the Group's Compliance Division and functionally dependent on the Head of SG CIB.

In addition, in January 2012 SG CIB moved all activities and resources dedicated to managing operational risks under SAFE to Paris and major foreign locations. This organisational change aims to increase the effectiveness of SG CIB's operational risk structure by eliminating certain redundancies, further standardising processes and work methods and pooling support tasks. Reporting to SG CIB's COO and functionally dependent on the Group's Risk Division, the new SAFE department now employs more than 200 people.

Investment Banking's anti-fraud "control tower"

In 2011, very significant progress was made in enhancing and industrialising the "Control Tower", developed two years ago by Investment Banking's SAFE Division with the goal of rapidly identifying an unusual concentration of anomalies or "weak signs" within a determined scope of activity:

- more than 100 indicators are now measured at a fine level of granularity (accounting unit and employee);
- their use is backed up by SG CIB's market transaction database, refreshed daily using a powerful data-processing tool, and is supported by research on pre-determined fraud scenarios as well as the use of innovative statistical approaches;
- this process will be extended to implement methods for "analysing social networks," which will allow "invisible" connections between different data/indicators collected to be brought to light, as well as identify any links or correlations between events. The full deployment of this approach in 2012 will reinforce the level of maturity that SG CIB has now reached in terms of combating rogue trading.

REMUNERATION OF GROUP SENIOR MANAGEMENT

REMUNERATION OF CHIEF EXECUTIVE OFFICERS

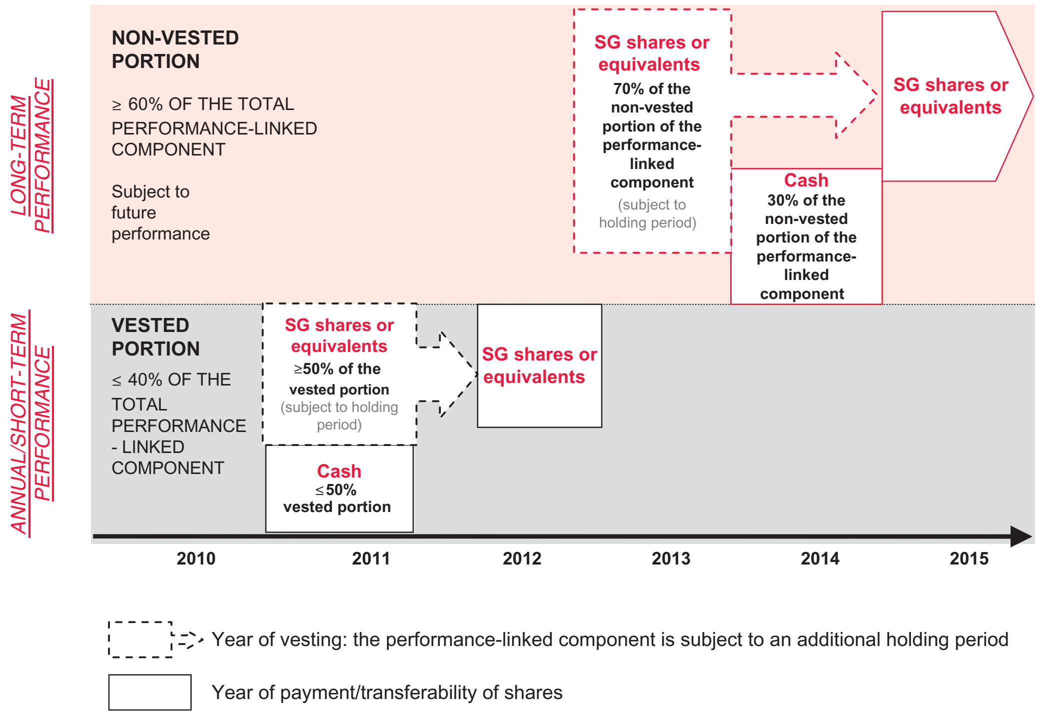
Remuneration principles

The compensation of Chief Executive Officers complies with the European Capital Requirements Directive (CRD3) of November 24, 2010, implementing decisions made during the Pittsburgh G20 summit of September 2009 and transposed into French law by the ministerial decree of December 13, 2010. Its principles take effect as of January 1, 2011. Moreover, Societe Generale applies the recommendations and principles of the AFEP-MEDEF Corporate Governance Code[1]. In keeping with these principles, the compensation of Chief Executive Officers is determined by the Board of Directors and is based on the proposal of the Compensation Committee, which meets several times a year to discuss it.

Aside from complying with regulations, the Board of Directors sets remuneration principles based on developments in the environment and the competitive context. The variable compensation is based not only on financial performance indicators but also on the longer-term transformation of the business and the consideration of its responsibility in social and environmental terms.

Beyond the fixed salary, which takes into account experience, responsibilities and market practices, the variable pay combines short- and long-term horizons as well as payment in cash and in equity (or equivalents). This approach aims to ensure sound risk management over time while encouraging alignment with the interests of shareholders.

According to these principles, the variable 2010 compensation is made up of four parts, as shown in the diagram below:



(1) AFEP-MEDEF Corporate Governance Code.

This arrangement leads to a structure where the variable compensation is highly uncertain and linked primarily to the progress of Societe Generale shares. The vested portion of the performance-linked component of pay is the maximum of 20% of the total amount awarded.

The amounts of performance-linked compensation paid for this fiscal year are determined according to the contribution of Chief Executive Officers to the Group's success. It is evaluated through two parts:

- a quantitative portion (which accounts for a maximum of 60% of the annual performance-linked compensation), based on the achievement of objectives linked to the Group's annual intrinsic performance. The results do not include solely accounting-based results linked to Marked to Market on Societe Generale debt and on Marked to Market CDS. This performance is supported by financial indicators based on the Group's budget targets. For Deputy Chief Executive Officers, these objectives also take into account their scope of supervision;
- a qualitative portion (which accounts for a maximum of 40% of the annual performance-linked compensation), based on the achievement of key objectives underpinning the success of the Company's strategy and set ahead of the fiscal year.

The variable compensation paid to the Chairman and Chief Executive Officer and Deputy Chief Executive Officers is reduced by the amount of any attendance fees they may receive, both from Societe Generale Group companies and companies outside the Group of which they are Directors.

In compliance with the AFEP-MEDEF Corporate Governance Code, it is capped as a percentage of the annual fixed salary.

Individual remuneration

The standardised presentation of Chief Executive Officers remuneration, drawn up in accordance with paragraph 21-2 of the AFEP-MEDEF Corporate Governance Code and the December 2008 recommendations of the French Securities Regulator (*Autorité des marchés financiers*), is presented below. The individual remuneration of each Chief Executive Officer is compared to that received for the previous fiscal year and broken down into fixed salary and performance-linked remuneration.

The performance-linked component paid to Chief Executive Officers for the 2011 fiscal year will be determined at the March 2012 meeting of the Board of Directors and will be published on Societe Generale's website as part of our effort of transparency and in compliance with the AFEP-MEDEF Corporate Governance Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The fixed salary of the Chairman and Chief Executive Officer was revised for the first time on January 1, 2011 since his appointment as Chairman and Chief Executive Officer in May 2009. It is EUR 1,000,000 per year.

The quantitative portion of the performance-linked component awarded for the 2010 fiscal year was determined by the Board of Directors, taking into account the accomplishments of that fiscal year. It was assessed based on the achievement of the Group's budget targets with respect to net earnings per share and gross operating income.

The qualitative portion was evaluated in comparison with specific, predetermined goals covering different areas such as strategy, human resource management, performance management, the Group's Ambition SG 2015 transformation project and corporate social responsibility.

The Board of Directors has set the different portions of the performance-linked component while taking into account the new standards applicable to banking executives (European CRD3), as follows:

VARIABLE COMPENSATION AWARDED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR 2010

Vested portion	Cash	Paid in March 2011	EUR 598,400
	SG shares or equivalents	To be paid in March 2012 *depending on market value at maturity*	12,163 share equivalents
Non-vested portion (contingent on performance)	Cash	To be paid in March 2014 *depending on achievement of performance conditions*	Between EUR 0 and EUR 523,600
	Performance shares	To be paid in March 2013 and transferable in March 2015 *depending on achievement of performance conditions*	Between 0 and 34,461 shares

The total value of these portions of the performance-linked pay is currently unknown, as it depends on the value of Societe Generale shares and the achievement of the following performance conditions:

- non-vested portion in cash: Group net earnings per share (EPS) for 2013 greater than or equal to 75% of net EPS for 2010, or the SG share price's annual Total Shareholder Return (TSR) over 3 years (2011, 2012 and 2013) higher than the median annual TSR for 11 of the Group's peers (list page 122);
- non-vested portion in performance shares: the applicable condition is set out on page 122.

The variable compensation paid to Frédéric Oudéa in March 2011 is the first received since 2009, the year he was appointed as Chief Executive Officer, as he refused any variable compensation, whether paid or deferred, for 2008 and 2009:

HISTORY OF VARIABLE COMPENSATION PAID DURING THE YEAR TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

(In euros)	2009	2010	2011
Performance-linked component paid in cash	0	0	598,400
Number of vested shares	0	0	0
Number of exercisable options	0	0	0

As in 2010, Mr. Frédéric Oudéa received no stock options in 2011.

The Chairman and Chief Executive Officer receives additional compensation of EUR 300,000, subject to income tax and social security contributions. It is paid in addition to his fixed salary on a monthly basis but is not taken into consideration for the calculation of the performance-linked component. This additional compensation was awarded to him after the loss of benefits from the supplementary pension plan to which he was entitled as a salaried executive manager of Societe Generale. Mr. Frédéric Oudéa lost the benefits of this plan when he was appointed Chairman and Chief Executive Officer and terminated his employment contract in application of the principle of not combining an employment contract with a mandate.

DEPUTY CHIEF EXECUTIVE OFFICERS

The fixed salaries of the Deputy Chief Executive Officers were set at EUR 650,000 for Messrs. Cabannes and Sammarcelli and at EUR 700,000 for Mr. Sanchez Incera in March 2011 when their mandates were renewed.

In accordance with the provisions previously determined by the Board of Directors, the quantitative portion of the performance-linked component was assessed based on:

- the achievement of the Group's budget targets in terms of earnings per share and gross operating income;
- the fulfilment of budget targets for each Deputy Chief Executive Officer's scope of supervision in terms of gross operating income and Group net income before tax. The quantitative component of Mr. Cabannes' performance-linked pay is also contingent on reaching a target related to Group cost/income ratio.

The qualitative component was assessed by the Board of Directors based on the achievement of specific predefined targets for the General Management team and for each Deputy Chief Executive Officer.

VARIABLE COMPENSATION AWARDED TO THE DEPUTY CHIEF EXECUTIVE OFFICERS FOR 2010

		Mr. Cabannes	Mr. Sammarcelli	Mr. Sanchez Incera
Vested portion	**Cash**	EUR 332,640	EUR 337,920	EUR 333,840
	SG shares or equivalents	6,761 share equivalents	6,868 share equivalents	6,785 share equivalents
Non-vested portion (contingent on performance)	**Cash**	Between EUR 0 and 291,060	Between EUR 0 and 295,680	Between EUR 0 and 292,110
	Performance shares	Between 0 and 19,156 shares	Between 0 and 19,460 shares	Between 0 and 19,225 shares

As with Mr. Frédéric Oudéa, the total value of the performance-linked compensation is currently unknown, as it depends on changes in pricing of Societe Generale shares and the fulfilment of the performance conditions set out above and on page 122.

HISTORY OF VARIABLE COMPENSATION PAID DURING THE YEAR TO THE DEPUTY CHIEF EXECUTIVE OFFICERS

(In euros)		2009	2010	2011
Mr. Cabannes	Performance-linked component paid in cash	0	320 ,000	332,640
	Number of vested shares	0	0	0
	Number of exercisable options	0	0	0
Mr. Sammarcelli[(1)]	Performance-linked component paid in cash	N/A	0	337,920
	Number of vested shares		0	0
	Number of exercisable options		0	0
Mr. Sanchez Incera[(1)]	Performance-linked component paid in cash	N/A	0	333,840
	Number of vested shares		0	0
	Number of exercisable options		0	0

N/A Not applicable

(1) Messrs. Jean-François Sammarcelli's and Bernardo Sanchez Incera's mandates as Deputy Chief Executive Officers started on January 1, 2010.

As in 2010, the Deputy Chief Executive Officers received no stock options in 2011.

Shareholding and ownership obligations[(1)]

In 2002, the Board of Directors decided that the Group's Chief Executive Officers should hold a minimum number of Societe Generale shares. In order to comply with AMF recommendations and align the interests of the Executive Officers with those of the business, the Board of Directors meeting of March 7, 2011, increased their requirement, respectively raising them to:

- 80,000 shares for the Chairman and Chief Executive Officer (30,000 shares previously);
- 40,000 shares for the Deputy Chief Executive Officers (15,000 shares previously).

This minimum must be reached by the end of a five-year mandate. When this is not the case, the Executive Officer must keep 50% of the vested shares granted through SG share plans as well as all vested shares from the exercising of options after deducting the cost of financing the said exercising of options and the corresponding social security charges and taxes.

Former employees may hold shares directly or indirectly through the Company Savings Plan.

In addition, and in accordance with the law, Chief Executive Officers are required to hold a proportion of the vested shares granted through SG share plans or from using the options awarded under stock option plans in a registered account until the end of their mandates. For performance shares, this proportion has been set by the Board at 20% of each grant vested shares and, for options, at 40% of the capital gains made on exercising the options, net of tax and any other mandatory deductions and minus any capital gains used to finance the acquisition of the shares.

The Chief Executive Officers are therefore required to hold a large and increasing number of shares and are prohibited from hedging their shares or options throughout the vesting and holding period.

Each year, the Chief Executive Officers must provide the Board of Directors with the necessary information to ensure that these obligations are met in full.

Post employment benefits

PENSIONS

As Mr. Frédéric Oudéa terminated his employment contract by resigning when he was appointed Chairman and Chief Executive Officer, he no longer enjoys the right to any supplementary pension from Societe Generale.

(1) AFEP-MEDEF Corporate Governance Code.

Supplementary pension plan(1)

Regarding benefits awarded after the end of their mandates, Mr. Sammarcelli retains the supplementary pension plan for the Company's managers ("Outside Classification" status) which applied to him as an employee prior to his initial appointment as Chief Executive Officer.

This plan, closed in 1991, entitled its beneficiaries, upon claiming their pension benefits from French Social Security, to a pension payment equal to a percentage of their pensionable earnings, calculated according to the number of annuities taken into account and capped at 70% of said remuneration in the event of retirement after the legal retirement age set by Social Security. The total amount of the pension is increased for beneficiaries who have raised at least three children, as well as for those who retire after the legal retirement age set by Social Security. The annuities taken into account by virtue of their years of professional service extend as much to their years' service as employees as to their mandates as chief executive officers. Their base compensation is their last annual fixed salary as an employee. The pension paid by the Company is equal to the difference between the total pension defined above and all other retirement pensions or similar paid by French Social Security as well as any other retirement benefits linked to the salaried status of the beneficiaries. 60% of said pension shall be paid to any surviving spouse in the event of the death of a beneficiary.

Accordingly, at December 31, 2011, Mr. Sammarcelli's pension rights to be covered by Societe Generale amounted to EUR 185,000 per year.

Supplementary pension allocation plan(2)

Mr. Cabannes and Mr. Sanchez Incera retain the benefits of the supplementary pension allocation plan for senior managers which applied to them as employees prior to their appointment as Chief Executive Officers.

This supplementary plan was introduced in 1991. It provides beneficiaries, upon claiming their French Social Security pension, with a total pension equal to the product of the following:

- the average, over the last ten years of their career, of the proportion of fixed salaries exceeding "Tranche B" of the AGIRC pension increased by the performance-linked component limited to 5% of their fixed salary;
- the rate equal to a number of annuities (corresponding to their years of professional service within Societe Generale) divided by 60.

The AGIRC "Tranche C" pension acquired in respect of their professional service within Societe Generale is deducted from this total pension. The supplementary amount that is Societe Generale's responsibility is increased for beneficiaries who have raised at least three children, as well as for those who retire after the legal retirement age set by Social Security. It may not be less than 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 employed by the Company upon claiming his pension.

SEVERANCE PAY

The Chairman and Chief Executive Officer's severance pay was eliminated on renewal of his mandate at the Board of Directors' meeting of May 24, 2011.

Messrs. Cabannes, Sammarcelli and Sanchez Incera do not benefit from any provision for compensation in the event that they are required to step down from their position as Chief Executive Officers. Although the employment contracts they held prior to their appointment are suspended during their term of office, the compensation provided for in said contracts shall remain due in the event of their unilateral termination based on the remuneration level in force on the date it was suspended.

NON-COMPETE CLAUSE

In the event that Mr. Frédéric Oudéa leaves the office of Chairman and Chief Executive Officer, he would be bound by a non-compete clause prohibiting him from accepting a position with a listed insurance company or credit institution both in France and abroad, or an unlisted credit institution in France. In exchange, he could continue to receive his fixed salary. Parties will however have a right to waive such a clause. Starting at the renewal of his mandate in May 24, 2011, the length of this non-compete clause has been revised from 12 to 18 months and compensated as fixed salary. It remains below the 24-month limit recommended by the AFEP-MEDEF Corporate Governance code.

The Deputy Chief Executive Officers are not bound by any non-compete clause.

Other benefits of Chief Executive Officers

The Chief Executive Officers have their own company car and insurance, and enjoy the same benefits in terms of health coverage and death/invalidity insurance as the employees. No other advantage is granted to the chief executive officers.

(1) Related-party agreement with Mr. Sammarcelli approved at the General Meeting in 2010.
(2) Related-party agreements with Messrs. Cabannes and Sanchez Incera approved at the General Meeting in 2009-2010.

REMUNERATION OF THE OTHER MEMBERS OF THE EXECUTIVE COMMITTEE WHO ARE NOT CHIEF EXECUTIVE OFFICERS

Remuneration

The remuneration of the other members of the Executive Committee is set by the General Management and reviewed by the Compensation Committee. It comprises two parts:

- a fixed salary, determined according to each member's responsibilities and taking into account market practices;

In 2011, remuneration was as follows (in millions of euros):

- a performance-linked pay, set at the discretion of the General Management, which depends on both the Group's results and the individual's quantitative and qualitative performance over the previous fiscal year. The variable compensation for these senior managers complies with the rules set by the European CRD3 and the ministerial decree of December 13, 2010.

In addition to this remuneration, senior managers also benefit from the general incentive schemes established under the Company's collective agreements.

Finally, Executive Committee members have their own company car.

(In millions of euros)	**Basic salary**	**Performance-linked compensation**		**Total compensation**
		Vested portion in cash (not deferred)	**Vested portion in shares or equivalents and non-vested portion**	
Other members of the Executive Committee at December 31, 2011[1]	3.4	TBD	TBD	TBD

(1) These amounts include the pay of Ms. Guillaumin, Ms. Marion-Bouchacourt and Ms. Mercadal-Delassalles and Messrs. Hauguel, Mattei, Ottenwaelter, Ripoll, Péretié, Suet and Valet, for the period they were members of the Executive Committee.
TBD = To Be Determined.

Societe Generale shareholding obligations

In accordance with the Chief Executive Officers' new duties, the minimum number of shares has been increased and set at 6,500 shares for Executive Committee members (or an increase of 30% in comparison with 2010). For the Head of Investment Banking, this obligation is equivalent to average total compensation for one year.

This minimum must be reached within five years. Until the minimum shareholding level is met, the senior manager must keep half of the vested shares. Shares may be held directly or indirectly through the Company Savings Plan.

Each year, Executive Committee members must provide the Board with the necessary information to ensure that these obligations are met in full.

STOCK OPTIONS AND SHARE PLANS FOR EMPLOYEES

General policy

The Group has suspended stock-option grants since 2011. Free shares have been issued in France since 2006 and abroad since 2009, as authorised at the General Meeting. The Board of Directors, following the recommendations of the Compensation Committee, has defined the following policy.

The performance shares grant is intended to motivate, secure the long-term loyalty of and reward three categories of employees:

- those who have made a significant contribution to the Group's results with respect to their responsibilities;
- those with high-potential, whose expertise is highly sought-after on the labour market;
- those whose work has proved extremely valuable to the company.

Moreover, within the framework of the remuneration and fidelity policy applied to market professionals, defined in compliance with the rules set out by the ministerial act of December 13, 2010, with the aim of significantly raising the risk awareness of market professionals over the long term, part of the performance-linked bonus of certain employees in the business divisions in question is deferred in the form of performance shares.

The grant of these financial instruments is accounted for under personnel expenses in the Company's financial statements in accordance with the IFRS 2 standard.

Vesting conditions and performance condition history

Vesting conditions for options and shares were strengthened during the General Meeting in May 2010. As a result, beginning in 2011, grants are wholly contingent on continued employment within the Group at the vesting date and on collective performance, whatever the category and level of the beneficiary. Between 2006 and 2010, Group performance conditions were applied to certain grants to Group senior managers, managers and experts.

In compliance with AFEP-MEDEF recommendations, Group performance conditions applicable to Group senior management are demanding and have been set a priori.

In light of the financial crisis, the performance conditions were not achieved and the shares and options subject to this condition did not vest. This accounted for around half of total grants made to employees.

HISTORY OF PERFORMANCE CONDITIONS FOR PLANS AT VESTING DATE

Plan year	Description of performance condition	Condition monitoring
2006 Plan	Average ROE condition for 2006-2007 and 2006-2008 (depending on vesting period)	Not met
2007 Plan	Average ROE condition for 2007-2008 and 2007-2009 (depending on vesting period)	Not met
2008 Plan	2009 and 2010 EPS conditions (depending on vesting period)	Not met
2009 Plan	Average EPS condition for 2009-2011	Not met

Performance conditions based on Group ROE for the 2012 fiscal year applicable to the options and shares grants for the 2010 and 2011 plans will be reported in March 2013.

2011 Plan

At the proposal of the Compensation Committee, the Board of Directors, at its meeting of March 7, 2011, allocated performance shares to certain members of staff, in application of the 22nd resolution of the General Meeting of May 25, 2010. Plan beneficiaries numbered 5,969, of whom 2,076 are women and 268 are not managers, with a total of 2.4 million shares or 0.32% of capital.

The vesting of shares is subject to the beneficiary remaining employed within the Group throughout the vesting period. Once the period is over, shares vest only if a performance condition has been met.

For Group senior management and Chief Executive Officers, the condition is based on the level reached by two performance indicators: the first is intrinsic to the Group (Return on Equity) and, in the event the level required for the first indicator is not achieved, the second (Total Shareholder Return), measured in relative terms compared to a sample of Societe Generale's peers.

1. The first criterion concerns Group ROE (Return on Equity) after tax in 2012:

- if ROE is greater than or equal to 15%, all shares subject to the performance condition vest,
- if ROE ranges from 10% to 15%, the number of shares vested between these two limits is calculated linearly, with an ROE of 10% enabling the vesting of half of the shares subject to the performance condition,
- if ROE is less than 10%, the number of vested shares depends on the achievement of the performance criterion below;

2. The second performance criterion would only apply if the first condition was not met and would enable the vesting of up to 50% of the shares. It measures Societe Generale Group's relative performance in terms of annualised Total Shareholder Return (TSR) for the Societe Generale share over three years (2010, 2011 and 2012) compared with the median of the annualised TSRs for a sample of peers.

   The sample consists of the 11 largest banks by market capitalisation in the European Economic Area and Switzerland at December 31, 2009, excluding banking groups that have received significant government aid and those whose Group net income includes a proportion of profits from insurance activities of at least 35 %. It is made up of universal banks, investment banks and retail banks and includes the following financial institutions: Barclays, BBVA, BNP Paribas, Crédit Agricole, Credit Suisse, Deutsche Bank, HSBC, Intesa Sanpaolo, Santander, Standard Chartered and Unicredit.

For other employees, the performance condition is based on the Societe Generale Group's earnings.

There are two vesting periods according to whether the shares are allocated to beneficiaries resident for tax purposes in France or beneficiaries non-resident for tax purposes in France, this status being assessed on the grant date.

- for the first group, the shares shall vest after two years. In accordance with French legislation, the shares may not be transferred or sold for two years following their vesting;
- for the second group, the shares shall vest after four years.

STANDARD TABLES IN ACCORDANCE WITH AMF RECOMMENDATIONS

Table 1

SUMMARY OF REMUNERATION AND STOCK OPTIONS AND SHARES ALLOCATED TO EACH CHIEF EXECUTIVE OFFICER(1)

(In euros)	2010 fiscal year	2011 fiscal year(2)
Mr. **Frédéric OUDEA,** Chairman and Chief Executive Officer		
Remuneration due for the fiscal year *(detailed in table 2)*	2,876,325	TBD
Value of options granted during the fiscal year *(detailed in table 4)*	0	0
Value of performance shares granted during the fiscal year *(detailed in table 6)*	0	497,617
Total	2,876,325	TBD
Mr. **Séverin CABANNES,** Deputy Chief Executive Officer		
Remuneration due for the fiscal year *(detailed in table 2)*	1,512,751	TBD
Value of options granted during the fiscal year *(detailed in table 4)*	0	0
Value of performance shares granted during the fiscal year *(detailed in table 6)*	0	276,613
Total	**1,512,751**	**TBD**
Mr. **Jean-François SAMMARCELLI**, Deputy Chief Executive Officer		
Remuneration due for the fiscal year *(detailed in table 2)*	1,527,556	TBD
Value of options granted during the fiscal year *(detailed in table 4)*	0	0
Value of performance shares granted during the fiscal year *(detailed in table 6)*	0	281,002
Total	**1,527,556**	**TBD**
Mr. **Bernardo SANCHEZ INCERA,** Deputy Chief Executive Officer		
Remuneration due for the fiscal year *(detailed in table 2)*	1,613,680	TBD
Value of options granted during the fiscal year *(detailed in table 4)*	0	0
Value of performance shares granted during the fiscal year *(detailed in table 6)*	0	277,609
Total	**1,613,680**	**TBD**

(1) This represents the remuneration due in respect of mandates exercised during the fiscal year.
(2) Performance-linked amounts in respect of the 2011 fiscal year shall be set by the Board of Directors after assessing Societe Generale's performance and the appraisal of the Chairman and Chief Executive Officer and Deputy Chief Executive Officers based on the objectives set by the Board.
TBD = To Be Determined

Table 2

SUMMARY OF THE REMUNERATION OF EACH CHIEF EXECUTIVE OFFICER(1)

(In euros)	2010 fiscal year		2011 fiscal year	
	Amounts paid	Amounts due for the fiscal year	Amounts paid	Amounts due for the fiscal year
Mr. **Frédéric OUDEA,** Chairman and Chief Executive Officer				
– fixed salary	850,000	850,000	1,000,000	1,000,000
– non-deferred performance-linked component(2)	0	598,400	598,400	TBD(3)
– deferred performance-linked component(4)	0	1,122,000	0	TBD(3)
– additional remuneration(5)	300,000	300,000	300,000	300,000
– attendance fees	0	0	0	0
– benefits in kind(6)	5,925	5,925	5,925	5,925
Total	**1,155,925**	**2,876,325**	**1,904,325**	**TBD**
Mr. **Séverin CABANNES,** Deputy Chief Executive Officer				
– fixed salary	550,000	550,000	650,000	650,000
– non-deferred performance-linked component(2)	310,636	332,640	302,796	TBD(3)
– deferred performance-linked component(4)	0	623,700	0	TBD(3)
– attendance fees	9,364	0	29,844	0
– benefits in kind(6)	6,411	6,411	6,411	6,411
Total	**876,411**	**1,512,751**	**989,051**	**TBD**
Mr. **Jean-François SAMMARCELLI,** Deputy Chief Executive Officer				
– fixed salary	550,000	550,000	650,000	650,000
– non-deferred performance-linked component(2)	332,500	337,920	326,471	TBD(3)
– deferred performance-linked component(4)	0	633,600	0	TBD(3)
– attendance fees	0	0	11,449	0
– benefits in kind(6)	6,036	6,036	6,036	6,036
Total	**888,536**	**1,527,556**	**993,956**	**TBD**
Mr. **Bernardo SANCHEZ INCERA,** Deputy Chief Executive Officer				
– fixed salary	650,000	650,000	700,000	700,000
– non-deferred performance-linked component(2)	0	333,840	330,933	TBD(3)
– deferred performance-linked component(4)	0	625,932	0	TBD(3)
– attendance fees	0	0	2,907	0
– benefits in kind(6)	3,908	3,908	5,024	5,024
Total	**653,908**	**1,613,680**	**1,038,864**	**TBD**

(1) The remuneration is compensation for the duties of Chief Executive Officer. It is expressed in euros gross before tax.
(2) The criteria used to calculate this remuneration are detailed in the chapter on the remuneration of Chief Executive Officers.
(3) Performance-linked amounts in respect of the 2011 fiscal year shall be set by the Board of Directors after assessing Societe Generale's performance and the appraisal of the Chairman and Chief Executive Officer and Deputy Chief Executive Officers based on the objectives set by the Board.
(4) This amount includes a portion deferred for one year and awarded as share equivalents whose value is based on the future performance of Societe Generale shares, and one portion deferred for three years subject to the Group's earnings (EPS). Amounts to be paid in March 2012 will be communicated in the first update to the 2012 Registration Document. It does not include the performance shares awarded on March 7, 2011 (See Table 6).
(5) This additional compensation was awarded to Mr. Oudéa when he had to terminate his employment contract due to his appointment as Chairman and Chief Executive Officer.
(6) This relates to the availability of a company car.
TBD = To Be Determined

Table 3

TABLE OF ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY DIRECTORS

(In euros)	Amounts received in 2010		Amounts received in 2011		Fees		Attendance in 2011 (%)			
Directors	**Balance for the 2009 fiscal year**	**Interim payment for the 2010 fiscal year**	**Balance for the 2010 fiscal year**	**Interim payment for the 2011 fiscal year**	**For the 2010 fiscal year**	**For the 2011 fiscal year***	**CA[6]**	**CACIR[7]**	**COSEL[8]**	**COREM[9]**
AZEMA Jean										
Attendance fees[1]	15,079	14,186	18,446	14,283	32,632	26,933	50			
Other remuneration	0	0	0	0	0	0				
BOUTON Daniel										
Attendance fees	13,232	-	-	-	-	-				
Other remuneration	0	-	-	-	-	-				
CASTAIGNE Robert										
Attendance fees	64,520	38,983	72,246	45,819	111,229	118,992	100	100		
Other remuneration	0	0	0	0	0	0				
CICUREL Michel										
Attendance fees	36,002	23,723	35,576	23,195	59,299	65,469	67		100	86
Other remuneration	0	0	0	0	0					
DAY Robert										
Attendance fees	16,060	-	-	-	-	-				
Other remuneration	0	-	-	-	-	-				
DELICOURT Patrick[2]										
Attendance fees	26,032	16,570	22,729	18,739	39,299	51,807	100			
Other remuneration	0	0	0	0	0	0				
FOLZ Jean-Martin										
Attendance fees	47,653	28,373	46,891	33,022	75,264	94,507	100		100	100
Other remuneration	0	0	0	0	0	0				
HAZOU Kyra										
Attendance fees[3]	-	-	-	-	-	24,798	100			
Other remuneration	-	-	-	-	-	-				
HOUSSAYE France										
Attendance fees[4]	14,872	16,570	22,729	18,739	39,299	51,807	100			
Other remuneration	0	0	0	0	0	0				
LEVY Jean-Bernard										
Attendance fees	23,212	16,570	22,729	17,254	39,299	47,254	89			
Other remuneration	0	0	0	0	0	0				
LLOPIS RIVAS Ana Maria										
Attendance fees[3]	-	-	-	-	-	24,798	100			
Other remuneration	-	-	-	-	-	-				
LULIN Elisabeth										
Attendance fees	67,142	38,983	72,246	44,334	111,229	114,439	89	100		
Other remuneration	0	0	0	0	0	0				
OSCULATI Gianemilio										
Attendance fees	67,142	34,214	53,682	45,819	87,896	118,992	100	100		
Other remuneration	0	0	0	0	0	0				
PRUVOST Philippe										
Attendance fees	3,919	-	-	-	-	-				
Other remuneration	0	-	-	-	-	-				
RACHOU Nathalie										
Attendance fees	68,938	38,983	72,246	45,819	111,229	118,992	100	100		
Other remuneration	0	0	0	0	0	0				
RICARD Patrick										
Attendance fees	7,839	-	-	-	-	-				
Other remuneration	0	-	-	-	-	-				

(In euros)	Amounts received in 2010		Amounts received in 2011		Fees		Attendance in 2011 (%)			
Directors	**Balance for the 2009 fiscal year**	**Interim payment for the 2010 fiscal year**	**Balance for the 2010 fiscal year**	**Interim payment for the 2011 fiscal year**	**For the 2010 fiscal year**	**For the 2011 fiscal year***	**CA(6)**	**CACIR(7)**	**COSEL(8)**	**COREM(9)**
VANDEVELDE Luc										
Attendance fees	39,599	22,531	36,768	27,652	59,299	83,684	100		100	100
Other remuneration	0	0	0	0	0	0				
WYAND Anthony										
Attendance fees	141,166	110,868	153,160	133,019	264,028	307,526	100	100	100	100
Other remuneration	0	0	0	0	0	0				
Total					1,030,000	1,250,000	92	100	100	96
Non-voting Director										
MATSUO Kenji										
Remuneration(5)	9,998	0	12,632	0	12,632	10,824				
Other remuneration	0	0	0	0	0	0				

* The remainder of the attendance fees collected for the 2011 fiscal year was paid to Board members at the end of January 2012.
(1) Paid to Groupama Vie/Groupama Gan Vie.
(2) Paid to Societe Generale trade union CFDT.
(3) No interim payment for new Directors.
(4) Paid to Societe Generale trade union SNB.
(5) Paid to Meiji Yasuda Life Insurance.
(6) CA: Board of Directors.
(7) CACIR: Audit, Internal Control and Risk Committee.
(8) COSEL: Nomination and Corporate Governance Committee.
(9) COREM: Compensation Committee.

Table 4

OPTIONS TO SUBSCRIBE TO OR PURCHASE SHARES AWARDED DURING THE FISCAL YEAR TO EACH CHIEF EXECUTIVE OFFICER BY THE ISSUER AND BY ANY GROUP COMPANY

The Board of Directors did not award any options in 2011.

Table 5

OPTIONS TO SUBSCRIBE TO OR PURCHASE SHARES EXERCISED DURING THE FISCAL YEAR

Name of Chief Executive Officer	Date of plan	Number of options exercised during the fiscal year	Exercise price
Frédéric Oudéa		Not exercised in 2011	
Séverin Cabannes		Not exercised in 2011	
Jean-François Sammarcelli		Not exercised in 2011	
Bernardo Sanchez Incera		Not exercised in 2011	
Total		**0**	

Table 6

PERFORMANCE SHARES GRANTED TO EACH CHIEF EXECUTIVE OFFICER

Performance shares awarded by the General Meeting of Shareholders during the fiscal year to each Chief Executive Officer by the issuer and by any Group company.

Name of Chief Executive Officer	Date of plan	Number of shares granted during the fiscal year	Share value according to method used for consolidated statements[(1)]	Vesting date	Availability date	Performance conditions
Frédéric Oudéa	March 7, 2011	34,461	497,617	March 31, 2013	March 31, 2015	yes[(2)]
Séverin Cabannes	March 7, 2011	19,156	276,613	March 31, 2013	March 31, 2015	yes[(2)]
Jean-François Sammarcelli	March 7, 2011	19,460	281,002	March 31, 2013	March 31, 2015	yes[(2)]
Bernardo Sanchez Incera	March 7, 2011	19,225	277,609	March 31, 2013	March 31, 2015	yes[(2)]
Total		**92,302**	**1,332,841**			

(1) Valuation based on IFRS 2 value, after taking a haircut related to the performance condition into account.
(2) Performance condition details on Page 122.

Table 7

PERFORMANCE SHARES VESTED DURING THE FISCAL YEAR FOR EACH CHIEF EXECUTIVE OFFICER[(1)]

	Date of plan	Number of shares vested during the fiscal year
Séverin Cabannes	March 21, 2008	390
Jean-François Sammarcelli	March 21, 2008	614
Total		**1,004**

(1) The 2011 vested shares were granted to beneficiaries in relation to their salaried employment before they became Chief Executive Officers.

Table 8

RECORD OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED INFORMATION ON SUBSCRIPTION OR PURCHASE OPTIONS

Date of General Meeting	May 27, 2008	May 27, 2008	May 30, 2006	May 30, 2006	May 30, 2006	April 29, 2004	April 29, 2004	April 29, 2004	April 23, 2002
Date of Board Meeting	March 9, 2010	March 9, 2009	March 21, 2008	September 18, 2007	January 19, 2007	April 25, 2006	January 18, 2006	January 13, 2005	January 14, 2004
Total number of shares[1] available for subscription or purchase	**1,000,000**	**1,024,552[5]**	**2,328,128**	**135,729**	**1,418,916**	**154,613**	**1,738,543**	**4,656,319**	**4,267,021**
of which the number of shares available for subscription or purchase by Chief Executive Officers[2]									
Frédéric Oudéa	0	0	52,739	0	14,137	0	16,171	24,954	20,892
Séverin Cabannes	0	0	17,030	0	0	0	0	0	0
Jean François Sammarcelli	0	28,456	26,830	0	16,747	0	18,074	0	0
Bernardo Sanchez Incera	0	0	0	0	0	0	0	0	0
of which the number of shares available for subscription or purchase by Executive Committee members in office at the time of their allocation	415,596	155,289	177,205	0	260,421	0	280,555	327,869	328,741
Total number of beneficiaries	684	778	1,830	159	1,076	143	1,065	1,767	1,550
of which are Executive Committee members in office at the time of their allocation	10	7	10	0	8	0	6	7	7
Starting date for exercising options	March 9, 2014	March 31, 2012	March 21, 2011	September 18, 2010	January 19, 2010	April 25, 2009	January 18, 2009	January 13, 2008	January 14, 2007
Expiration date	March 8, 2017	March 8, 2016	March 20, 2015	September 17, 2014	January 18, 2014	April 24, 2013	January 17, 2013	January 12, 2012	January 13, 2011
Subscription or purchase price[3]	41.20	23.18	63.60	104.17	115.60	107.82	93.03	64.63	60.31
Exercise procedures (where the plan includes several tranches)									
Number of shares subscribed at Dec. 31, 2011	**0**	**411**	**0**	**0**	**0**	**0**	**2,174**	**53,340**	**727,877**
Total number of cancelled or lapsed subscription or purchase options	**8,784**	**115,186**	**1,260,266**	**31,142**	**292,164**	**39,728**	**149,570**	**369,705**	**3,539,144**
Subscription or purchase options outstanding at end of fiscal year	**991,216**	**908,955**	**1,067,862**	**104,587**	**1,126,752**	**114,885**	**1,586,799**	**4,233,274**	**0**
Potential dilutive effect[4]	0.13%	0.12%	0.14%	-	-	-	-	-	-

(1) Exercising one option gives rights to one SG share. This table takes account of adjustments performed following capital increases. This line does not take into account the options exercised since the grant date.
(2) Mr. Oudéa and Mr. Cabannes were appointed Chief Executive Officers in 2008. Mr. Sammarcelli and Mr. Sanchez Incera were appointed Chief Executive Officers in 2010.
(3) The subscription or purchase price is equal to the rounded average market price of the Societe Generale share during the twenty trading days preceding the meeting of the Board of Directors.
(4) The dilutive effect is the result of dividing the remaining number of options that may be subscribed by the number of shares making up the capital stock.
(5) Does not include the 320,000 options for the Chief executive officers who gave them up.

Table 9

SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO THE TOP TEN EMPLOYEES WHO ARE NON-CHIEF EXECUTIVE OFFICERS AND OPTIONS EXERCISED BY THE LATTER

	Total number of options allocated/shares subscribed or purchased	Weighted average price
Options awarded, during the fiscal year, by the issuer and any company included in the scope for the allocation of options, to the ten employees of the issuer and any company included in this scope, whose number of options awarded is highest *	0	0.00
Options held in respect of the issuer and the companies referred to previously and exercised during the fiscal year by the ten employees of the issuer and those companies, whose number of options purchased or subscribed is highest	0	0.00

* No option plan was implemented by Societe Generale during the 2011 fiscal year.

Table 10

POSITION OF CHIEF EXECUTIVE OFFICERS

	Mandate dates		Employment contract(1)(4)		Additional pension plan(2)		Compensation or benefits due or likely to be due as a result of leaving office or changing positions		Compensation relating to a non-compete clause(3)	
	start	end	yes	no	yes	no	yes	no	yes	no
Frédéric Oudéa Chairman and Chief Executive Officer	2009	2015		X		X		X	X	
Séverin Cabannes Deputy Chief Executive Officer	2008	2015	X		X			X		X
Jean-François Sammarcelli Deputy Chief Executive Officer	2010	2015	X		X			X		X
Bernardo Sanchez Incera Deputy Chief Executive Officer	2010	2015	X		X			X		X

(1) As a mandate as Chief Executive Officer may not be held together with an employment contract, the only persons concerned by the AFEP-MEDEF recommendations are the Chairman of the Board of Directors, the Chairman and Chief Executive Officer and Chief Executive Officer in companies with a Board of Directors.
(2) Details of additional pension plans can be found on pages 119 and 120.
(3) Details of Mr. Frédéric Oudéa's compensation relating to a non-compete clause can be found on page 120.
(4) Messrs. Cabannes', Sammarcelli's and Sanchez Incera's employment contracts were suspended during their mandate.

TRANSACTIONS CARRIED OUT BY CHIEF EXECUTIVE OFFICERS AND DIRECTORS IN SOCIETE GENERALE SHARES

Summary statement published in compliance with article 223-26 of the general regulations of the AMF.

Frédéric OUDEA, Chairman and Chief Executive Officer, performed 1 transaction:

Transaction type	Date	Amount
Payment of dividends in shares	June 24, 2011	34,577.40

Jean-François SAMMARCELLI, Deputy Chief Executive Officer, performed 1 transaction:

Transaction type	Date	Amount
Payment of dividends in shares	June 24, 2011	17,734.86

One person linked to Séverin CABANNES performed one transaction:

Transaction type	Date	Amount
Payment of dividends in shares	June 24, 2011	5,948.80

Jean-François SAMMARCELLI, Deputy Chief Executive Officer, performed 1 transaction:

Transaction type	Date	Amount
Payment of dividends in shares	June 24, 2011	28,070.90

Persons linked to Jean-François SAMMARCELLI performed 2 transactions:

Transaction type	Date	Amount
Payment of dividends in shares	June 24, 2011	6,692.40
Payment of dividends in shares	June 24, 2011	26,286.00

Bernard SANCHEZ INCERA, Deputy Chief Executive Officer, performed 1 transaction:

Transaction type	Date	Amount
Payment of dividends in shares	June 24, 2011	3,532.10

Nathalie RACHOU, Director, performed 1 transaction:

Transaction type	Date	Amount
Acquisition	March 28, 2011	11,764.85

Robert CASTAIGNE, Director, performed 1 transaction:

Transaction type	Date	Amount
Acquisition	May 13, 2011	10,144.75

Jean-Martin FOLZ, Director, performed 2 transactions:

Transaction type	Date	Amount
Acquisition	June 24, 2011	1,487.20
Acquisition	August 4, 2011	28,430.00

Michel CICUREL, Director, performed 1 transaction:

Transaction type	Date	Amount
Acquisition	August 3, 2011	6,072.84

STATUTORY AUDITORS

The financial statements of Societe Generale are certified jointly by Ernst & Young Audit, represented by Mr. Philippe Peuch-Lestrade, and Deloitte et Associés, represented by Mr. Jean-Marc Mickeler. Their mandates will end upon the closing of the 2011 accounts.

At the proposal of the Board of Directors, the mandates of Ernst & Young and Deloitte et Associés were renewed by the General Meeting called in 2006 to examine the 2005 financial statements.

In order to reinforce the independence of the company's Statutory Auditors, as of 2001 the Board decided to limit the fees paid to the networks of the Statutory Auditors for non-audit work.

In 2002, the Board adopted stricter rules distinguishing between the various types of mission that may be entrusted to external auditors and the networks to which they belong.

The French Financial Security Act of August 1, 2003, prohibits Statutory Auditors from providing services other than audit services to all Group companies, and by the networks to which the Statutory Auditors belong, to the companies audited by the Statutory Auditors. The code of compliance issued in 2005 governing all Statutory Auditors stipulates the restrictions that apply to the services provided by members of their network to Group companies not audited by the Statutory Auditors.

The Board meeting held in November 2003 noted these changes and adopted the rules governing the relations between Group companies and Ernst & Young Audit, Deloitte et Associés and their respective networks, which were subsequently amended in May 2006 in order to take into account the evolution of the code of compliance. These rules are more stringent than the law in that they state that the Statutory Auditors may only provide services that are not directly linked to their audit assignments to Group subsidiaries outside of France and with the prior authorisation of the Audit, Internal Control and Risk Committee, as long as the principle of independence is respected.

A report is submitted to the Audit, Internal Control and Risk Committee each year on the way in which the aforementioned rules are applied, with details of the fees paid by nature of assignment to the Statutory Auditors' networks.

Moreover, in order to prevent the development of excessively close ties between auditors and Management, and to gain a new perspective on the accounts of the Group's entities, a new distribution of audit sections was launched in 2009. This initiative led to a rotation between the firms in charge of the different audit sections. Over two-thirds of the audited perimeter (subsidiaries and activities) have been subject to a change of auditors.

Lastly, the Finance Departments of the entities and business divisions annually appraise the quality of the audits performed by Deloitte and Ernst & Young. The conclusions of this survey are presented to the Audit, Internal Control and Risk Committee.

FEES PAID TO STATUTORY AUDITORS IN 2011

	Ernst & Young Audit				Deloitte & Associés			
	Amount (excluding taxes)		%		Amount (excluding taxes)		%	
(In thousands of euros)	2011	2010	2011	2010	2011	2010	2011	2010
Audit								
Statutory audit, certification, examination of parent company and consolidated accounts								
Issuer	5,507	5,513			3,760	3,452		
Fully consolidated subsidiaries	9,540	9,385			12,133	11,368		
Related assignments								
Issuer	2,911	222			813	133		
Fully consolidated subsidiaries	618	989			1185	2,101		
Sub-total	*18,557*	*16,109*	*99.77%*	*100.00%*	*17,891*	*17,054*	*99.99%*	*99.54%*
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax, social	42	0			0	0		
Other (specify if > 10% of audit fees)	0	0			2	79		
Sub-total	*42*	*0*	*0.23%*	*0.00%*	*2*	*79*	*0.01%*	*0.46%*
Total	**18,619**	**16,109**	**100.00%**	**100.00%**	**17,893**	**17,133**	**100.00%**	**100.00%**

STATUTORY AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN ON INTERNAL CONTROL AND RISK MANAGEMENT

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Société Générale - Year ended December 31, 2011

Statutory auditors' report, prepared in accordance with article L. 225-235 of the French commercial code *(Code de commerce)*, on the report prepared by the chairman of the board of directors of Société Générale

To the Shareholders,

In our capacity as statutory auditors of Société Générale and in accordance with article L. 225-235 of the French commercial code *(Code de commerce)*, we hereby report on the report prepared by the chairman of your company in accordance with article L. 225-37 of the French commercial code *(Code de commerce)* for the year ended December 31, 2011.

It is the chairman's responsibility to prepare and submit for the board of directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French commercial code *(Code de commerce)* relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by article L. 225-37 of the French commercial code *(Code de commerce)*. It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L. 225-37 of the French commercial code *(Code de commerce)*.

Other information

We confirm that the report prepared by the chairman of the board of directors also contains the other information required by article L. 225-37 of the French commercial code *(Code de commerce)*.

Neuilly-sur-Seine and Paris-La Défense, March 2, 2012

The statutory auditors
French original signed by

DELOITTE & ASSOCIES
Represented by
Jean-Marc Mickeler

ERNST & YOUNG Audit
Represented by
Philippe Peuch-Lestrade

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Société Générale – General Meeting of Shareholders to approve the financial statements for the year ended December 31, 2011

Statutory auditors' special report on related party agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code (Code de Commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code (Code de Commerce) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

Agreements and commitments authorized during the year

In accordance with Article L. 225-40 of the French commercial code (Code de Commerce), we have been advised of certain related party agreements and commitments which received prior authorization from your Board of Directors.

With Mr. Frédéric Oudéa, Chairman and Chief Executive Officer of your Company

Nature and purpose

Non-compete clause for Mr. Frédéric Oudéa

Conditions

The non-compete clause for Mr. Frédéric Oudéa, which had been authorized by your Board of Directors on November 5, 2008 and approved by the General Meeting of Shareholders on May 19, 2009, has been maintained with an extension of its duration from twelve to eighteen months following his renewal as Chairman and Chief Executive Officer, on May 24, 2011.

The new terms of the clause have been authorized by your Board of Directors on May 24, 2011. Under the condition that he will not be employed for an eighteen-month period following the termination of his terms of office, in a listed bank or insurance Company in or outside France, or in a non-listed bank in France, Mr. Frédéric Oudéa will be entitled, during the same period, to a compensation to be paid on a monthly basis, equal to his basic salary. Parties will however have a right to waive such clause.

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in prior years which were not implemented during the year

In addition, we have been advised that the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years were not implemented during the year.

1. With Mr. Frédéric Oudéa

Nature and purpose

Severance pay for Mr. Frédéric Oudéa

Conditions

The severance pay for Mr. Frédéric Oudéa, that remained current until its date of cancellation by the Board of Directors on May 24, 2011, was not implemented during the year.

In the event of departure that had not been the result of failure or resignation, Frédéric Oudéa would have been entitled to the difference between two years' remuneration (fixed salary and performance-linked remuneration) and, where necessary, any other compensation due by virtue of leaving office. This compensation would have been subject to fulfillment of the performance condition of average Group after tax ROE (assessed for the two fiscal years preceding his departure) in excess of that achieved by the lowest quartile of your Company's peers.

2. With Messrs. Bernardo Sanchez Incera and Séverin Cabannes

Nature and purpose

Supplementary pension plan for Messrs. Bernardo Sanchez Incera and Séverin Cabannes

Conditions

Under the terms of this plan, Messrs. Bernardo Sanchez Incera and Séverin Cabannes retain the benefits of the supplementary pension allocation plan for senior managers which applied to them as employees prior to their initial appointment as Deputy Chief Executive Officers. This supplementary plan was introduced in 1991. It provides its beneficiaries, upon the liquidation of their French Social Security pension, with a total pension equal to the product of the followings:

- The average, over the last ten years of the career, of the proportion of basic salaries exceeding "Tranche B" of the AGIRC pension increased by a variable part limited to 5% of the basic fixed salary.
- The rate equal to the ratio between a number of annuities corresponding to the years of professional services within your Company and 60.

The AGIRC "Tranche C" pension vested in respect of his professional services within your Company is deducted from this total pension. The additional allocation to be paid by your Company is increased for beneficiaries who have brought up at least three children, as well as for those retiring after the legal retirement age set by French Social Security. It may not be less than a third of the full rate service value of the AGIRC "Tranche B" points vested by the manager since his appointment in the "Outside Classification" category of your company.

The rights are subject to the employee being present in the Company upon liquidation of his pension.

3. With Mr. Jean-François Sammarcelli

Nature and purpose

Supplementary pension plan for Mr. Jean-François Sammarcelli

Conditions

Under the terms of this plan, Mr. Jean-François Sammarcelli retains the benefits of the supplementary pension allocation plan for senior managers set up on January 1, 1986. This plan applied to him as employee prior to its initial appointment as Deputy Chief Executive Officer. This plan, closed in 1991, entitles its beneficiaries to a total amount of pension payments equal to a percentage of the base remuneration, calculated according to the number of years of service, capped at a maximum of 70% of this remuneration for a settlement at the legal retirement age set by French Social Security. The additional allocation to be paid by your Company is increased for beneficiaries who have brought up at least three children, as well as for those retiring after the legal retirement age set by French Social Security. The base remuneration is the last basic salary as employee. The cost for your company is equal to the difference between the total pension as defined above and all other retirement pensions or similar paid by the French Social Security as well as any other retirement benefits in consideration of salaried activities of the beneficiaries. 60% of said pension shall be paid to any surviving spouse in the event of the death of a beneficiary.

Neuilly-sur-Seine and Paris-La Défense, March 2, 2012

The statutory auditors
French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Represented by	Represented by
Jean-Marc Mickeler	Philippe Peuch-Lestrade

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HUMAN RESOURCES[1][2]

(1) Historical data should be used with caution as the scopes concerned and the dates of calculation may vary from one financial year to the next. Similarly, care should be taken with averages as they constitute aggregate figures for a broad scope, and figures for individual geographic areas, countries or activities may vary widely.

(2) Data taken at November 30, 2011.

INTRODUCTION: THE SOCIETE GENERALE TEAMS IN 2011

HEADCOUNT

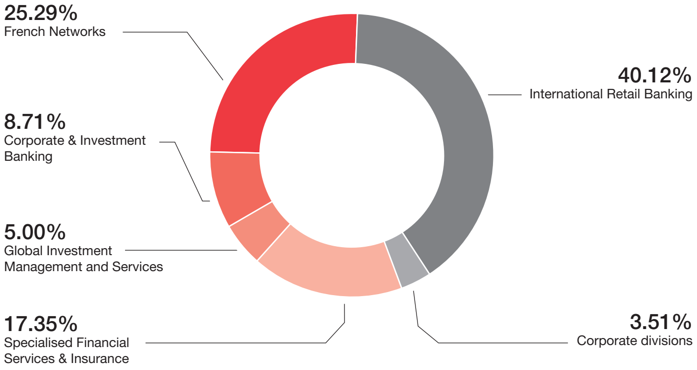
The Societe Generale Group employed 159,616 employees in 77 countries at the end of 2011. The total headcount increased by 2.57% compared with 2010.

	2011	2010	2009	2008	2007	2006
Group headcount (at end of period, excluding temporary staff):	159,616	155,617	156,681	163,082	134,738	119,779

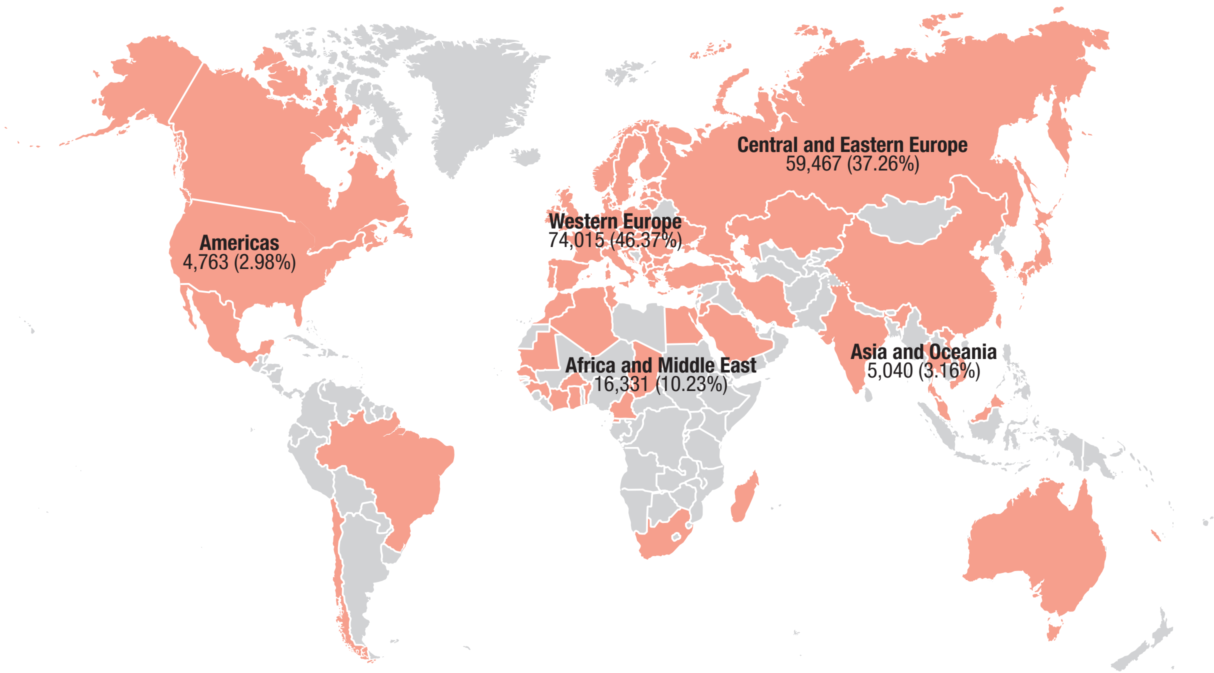
In 2011, the most significant changes in the Group's headcount stemmed from developments, transformations and adjustments to the environment specific to each business:

- for the French Networks: the finalisation of the acquisition of Société Marseillaise de Crédit by Crédit du Nord, and the associated integration of some 1,300 new employees in the French networks;
- for International Retail Banking: a change in headcount linked to the positive or negative growth of various entities and the economic situation of the countries in question. In particular, Northern and Sub-Saharan Africa saw their headcounts rise, primarily in Egypt, Morocco and Algeria, whereas the number of full-time equivalent employees in Eastern Europe decreased;
- for Corporate and Investment Banking: the development of fixed income, research, financing and mergers & acquisitions activities. It should be noted that, in order to face a tougher economic and regulatory environment, the Group has been stepping up the structural adaptation of this business division; accordingly, it was announced that the necessary adjustments called for considering a possible reduction of the number of positions in 2012;
- for the Group's Corporate Divisions: the expansion of certain teams, for example the accounting activities that were combined under the Finance and Development Division; for the Group Resources Division, in line with the strategy aimed at transforming the Group's operating model, the headcounts of the Group's Shared Service Centres and the teams dedicated to the transformation programmes rose significantly;
- the Specialised Financial Services and Insurance businesses, along with Global Investment Management and Services, maintained relatively constant headcounts compared with 2010.

BREAKDOWN OF STAFF BY BUSINESS



BREAKDOWN OF STAFF BY REGION



The percentage of Group staff located outside of mainland France remained relatively stable, from 62.9% in 2010 to 62.2% in 2011.

Departures

In 2011, a total of 17,556 staff on permanent contracts left the Group (vs. 16,508 in 2010). The main reasons for departure were, in descending order of importance: resignations (12,229, i.e. about 70%), dismissals (2,765, i.e. about 16%) and retirements (1,691, i.e. about 10%).

The Group's overall staff turnover due to resignations was 8%. Actual rates vary, however, depending on the business, activity or region in question.

In 2011, the number of dismissals totalled 2,765 and included 736 economic redundancies. The latter mainly affected Specialised Financial Services and Insurance (370) and International Retail Banking (294). These dismissals were carried out in full compliance with local legislation and in close collaboration with employee representative bodies.

In France, retirements were down this year, with a total of 1,135 Societe Generale and Crédit du Nord staff retiring in 2011 (vs. 1,822 in 2010).

Outside workers

The use of outside contractors principally concerns the outsourcing of specialised activities such as information systems, security, armoured transport, catering and building maintenance.

At the end of 2011, the Group employed 11,335 temporary workers around the world.

Societe Generale France (excluding subsidiaries) also works with 7,809 service providers per month on average.

HUMAN RESOURCES POLICY: DEVELOPING EACH PERSON'S POTENTIAL AND SUPPORTING THE TEAMS

To better support its teams throughout the world, Societe Generale continues to promote a responsible Human Resources policy, placing the professional fulfilment of its employees at the heart of its strategy.

Societe Generale aims to offer a work environment that brings out the best in everyone, and where individual success stems from respect for others, and the development of talent. The Group's objective is to engage its teams, build a strong sense of commitment, to motivate its employees and help them move forward, all with a constant client-driven approach. To this end, it builds a solid relationship based on fairness with its employees, offering everyone the opportunity to contribute based on their abilities and identifying skills with a view to further developing them.

The Group puts these principles into action through three levels of commitment: career, care and agility. "Career" covers everything that enables employees to fulfil their personal and professional potential; "care" everything related to the quality of the work environment; and "agility" the Group's determination to foster a responsible and innovative corporate spirit.

Since 2009, Societe Generale has deployed its new leadership model Group-wide. This model focuses on identifying long-term value-creating behaviour. Linked to all the company's main HR processes, this model underscores the behavioural skills expected based on an individual's level of responsibility, from recruitment to development, and performance evaluations. This system encourages all employees to develop in their positions and advance in the Group. Special attention is focused on managers to ensure they fully embody this new leadership model in all of their actions.

CAREER: SUPPORTING EMPLOYEE ACHIEVEMENT

RECRUITING AND ONBOARDING TALENTS

Recruitment

Over the 2011 financial year, the Group hired a total of 17,299 staff on permanent contracts (up 14.6% on 2010), including 61% women, and 11,148 staff on fixed-term contracts.

For Societe Generale France specifically (excluding subsidiaries), the total number of staff hired came to 3,215 on permanent contracts, including 62.6% executives, and 1,775 on fixed-term contracts. These recruitments have also helped to balance the age distribution of staff, notably in Retail Banking.

The recruitment and talent attraction policy is adapted to the specific characteristics of each business line, activity and region.

To recruit new applicants, in addition to the 25 "Career" recruitment websites already deployed around the world, the Group expanded its presence in social networks in 2011, in line with the changing expectations of candidates. Indeed, the leading social and professional networks have become preferred forums for discussion in which to develop the Societe Generale brand and enhance the link between the company and job applicants.

Special initiatives for students and recent graduates

Societe Generale is very committed in its approach to the professional integration of students. For the past several years, it has implemented a dynamic work-study policy, making use of apprenticeship and work experience programmes.

Subsequent to the French government's determination to increase the number of work-study participants to 4% of the total headcount over the course of 2011, Societe Generale deployed the resources required to reach this target. At the end of 2011, Societe Generale France (excluding subsidiaries) totalled 1,912 work-study and "VIE" (international company volunteer) participants, with a total of over 2,600 participants within all French entities (including subsidiaries). Societe Generale France (excluding subsidiaries) also hired 4,553 interns in 2011.

In addition, many initiatives were undertaken specifically in favour of students and recent graduates, including:

- the organisation of "Push My Career" recruitment days in Paris, Lille, Lyon and Marseille, dedicated to recent high school to university graduates, for Retail Banking in France and Corporate and Investment Banking;
- the development and continuation of long-term partnerships with institutions of higher education and universities in France and Europe (business schools, engineering and IT schools, universities);
- the roll-out of more than 320 initiatives targeting partner schools: school/general public career fairs, business presentations, educational actions, round tables, CV workshops, mock interviews with admission boards or grading examiners, etc. Of special note was the involvement of Executive Committee members as keynote speakers at partner institutions, including Euromed in Marseille (Frédéric Oudéa), the TRIUM engineering career fair (Bernardo Sanchez Incera) and ESCP Paris (Anne Marion-Bouchacourt);
- the 6th edition of Citizen Act – the Group's international business game – focused on Corporate Social Responsibility. Designed for students in higher education, the 2011 edition of the game offered new and enhanced training content with the deployment of an e-learning module on Corporate Social Responsibility, and challenged participants with two case studies from the banking industry on issues in the areas of customer relations, risk management, managerial practices and corporate image. The new game structure generated significant traffic on the website (www.citizenact.com), which has tallied up 868,536 unique visitors and 2,485,574 page views. The number of teams registered this season was up 137% versus the 2010-2011 season, with a total of nearly 600 teams, 56 participating countries (vs. 37 last year) and a sharp rise in the participation of engineering schools;
- the Corporate and Investment Banking Division's Graduate Programme, offering permanent employment contracts in CIB positions. Under the programme, a dedicated training and development plan are offered to international applicants in their final year of studies or having recently graduated. In 2011, 85 participants of 25 different nationalities were inducted and trained through the programme.

These initiatives demonstrate the Group's determination to attract and recruit talented individuals by raising awareness, from their very first contact with the company, of the challenges and responsibilities of the banking sector and the reality of its businesses.

Induction

The purpose of the international induction programme, entitled "Starting", is to welcome and provide each new employee throughout the Group with a successful and consistent induction into the company, regardless of the country, division or entity in which they are employed.

The programme, which lasts about 12 months, informs new hires about the Group, its strategy, its businesses and its values as well as the new recruit's new entity and team. It includes:

- an annual "Starting" Group induction day. In 2011, the Starting induction day was held at the Palais des Congrès convention centre in Paris, and was attended by several members of the Executive Committee and close to 1,400 new employees, almost 30% of whom were non-French nationals;
- depending on the entity, guidance from a senior member of staff during the first few months for each new member of staff;
- participation in one or more Starting induction events at the division, country, function or entity level.

In addition to the induction programme, new employees have the benefit of a variety of tools, such as:

- a specific "Starting" Intranet site, which presents essential information and contact points for orientation purposes and to gain a sound understanding of the company;
- educational materials, adapted to the local setting by the entities (welcome booklet, Starting brochure, welcome letter from the Chairman and CEO, welcome kit, induction best practices, etc.);
- a "Starting Online" training module, available in English, French and now Russian, which helps to build the employee's knowledge of the banking industry.

DEVELOPING SKILLS

The Group invests significantly in training to give its employees an opportunity to evolve, gain new skills in line with the existing and future realities of the company, and reveal their potential. In 2011, over 77% of the Group's employees received at least one training course, for a total of 3,323,433 training hours provided.

In order to do this, Societe Generale offers business-specific training programmes tailored to each type of position and level of experience, drawing on innovative educational tools, as well as professional development courses (professional promotion courses, managerial training and skills development programmes).

Access to the different training offers is facilitated by the "MyLearning" Group platform, set up in 2010, which notably enables the development of e-learning within the Group's French and international subsidiaries. "MyLearning" meets the Group's ambition to improve the roll-out of training based on each employee's job function, by offering specifically tailored courses.

In 2011, the training proposed to employees was expanded to include new topics such as risk and management. In addition, the first international interactive and collaborative catalogue, "Easy to Share", was launched to share the training offers throughout the Group.

Internal promotion

In France, the "Cursus Cadre", an 18-month training programme, enables employees to obtain "executive" status, thereby preparing them for greater responsibility, possibly including team leadership. Cursus Cadre is a tool for internal promotion that fosters equal opportunity for advancement in the company and helps ensure diversity among employees who achieve executive status. The programme is available to all Societe Generale France employees, regardless of their business division, as the content of the training applies to all business divisions and examples studied come from across the Group.

In 2011, the Banking Technicians curriculum was overhauled, becoming "Passerell'E", a 10-month programme in which employees develop their skills to achieve Level E within the bank classification. As a result, changes were made to the educational content addressed to all the Group's business divisions, offering a variety of teaching methods (notably including the development of e-learning modules).

In 2011, a total of 369 employees of Societe Generale France (excluding subsidiaries) successfully completed the programme.

MANAGING PERFORMANCE

One of the major challenges for the Group in terms of human resources management is how to evaluate and recognise the professional performance of its staff. The roll-out of the new Group-wide appraisal system is expected to contribute to the renewal of Societe Generale's leadership model, develop managerial culture by encouraging managers to lead by example, and encourage employee development.

This system is identical across the Group, regardless of an employee's business, entity, geographic region or classification. Beyond achieving operating results, the system aims to evaluate the manner in which these results are obtained. Its purpose is to recognise, based on common criteria, each employee's skills, and promote the emergence of talent and mobility within the Group.

The system was more extensively deployed in 2011, impacting over 85,000 employees, with a goal of 118,000 employees in 2012.

The evaluation is based on two milestones: the objectives setting at the beginning of the year and the year-end appraisal interview. These interviews provide an invaluable opportunity for discussion and sharing between employees and their managers. It is a chance to discuss the results obtained, but also the behaviour which led to these results, in order to identify and encourage lasting value-creating behaviour in the future. The deployment of this system gives the Group an opportunity to develop a culture of feedback and encourage managers to communicate with their teams throughout the year in order to guide them over time and contribute to their personal development.

ACKNOWLEDGING PERFORMANCE

The Societe Generale Group applies a motivating and consistent remuneration policy, in compliance with the standards and regulations in force. The Group regularly communicates on this policy.

Principles

To keep pace with its development, the Group needs to attract, motivate and retain high-quality staff by offering competitive pay packages consisting of a salary that reflects each individual's contribution to the Group's development, and employee benefits. The Group also operates a long-term profit-sharing programme which aims to motivate and increase loyalty among certain categories of employees, in particular key executives and talents. Lastly, an active Employee share ownership policy is conducted with the aim of involving employees in the Group's development and promoting cohesion.

Monetary remuneration includes a fixed salary which rewards the ability to adequately hold a position using the requisite skills, and, where applicable, variable remuneration based on collective and individual performance and the achievement of results, but also the behaviour adopted in order to achieve the objectives set at the beginning of the year, based on Group-wide standards and according to the context.

This monetary remuneration policy is based on common Group-wide principles applied in all the countries where the Group operates and is adjusted to the economic, social and competitive environment of the local markets as well as the legal and regulatory obligations in force. Where the size of a specific workforce makes it worthwhile, a cross-business review between functions and businesses is carried out in order to ensure consistent, objective remuneration levels between the Group's different activities and to facilitate cross-business co-operation.

All Societe Generale Group entities meet their commitments with regard to the payment of taxes and social security charges on salaries and staff benefits.

For 2011, the average annual gross salary[(1)] for Societe Generale France (excluding subsidiaries) stood at EUR 53,053, up 6% on 2010. This gain can be attributed to the rise in fixed salaries, the recruitment of senior profiles and the increase in performance-linked remuneration, due to the significant improvement in financial performance in 2010.

Internal governance and compliance with standards and regulations

Governance of the remuneration policy is overseen by the Group Human Resources Division for all of Societe Generale. It notably includes two processes:

- an annual review of the policy, budgets and individual decisions pertaining to fixed salaries, performance-linked remuneration and allocations of shares and stock options, based on the different phases of validation at the level of the subsidiaries, business divisions, Group Human Resources Division and General Management. The Group Finance Division ensures that the total remuneration amount is not likely to limit the Group's ability to strengthen its capital base. Finally, the Board of Directors' Compensation Committee is involved in the validation of the remuneration policy for certain categories of staff, including in particular Chief Executive Officers and employees addressed by the European Directive CRD3 (see below). The role and activities of the Compensation Committee in 2011 are detailed in Chapter 5 (page 98);

(1) Average overall remuneration includes fixed and variable items as well as bonuses, excluding financial remuneration (employer contribution, profit-sharing and incentives).

- a system of delegations, which, depending on the nature and level of certain decisions regarding remuneration, may require validation by the General Management or the Group Human Resources Division.

Societe Generale applies the recommendations of the Code of Governance of the French Association for Private Enterprises (AFEP) and of the French Business Confederation (MEDEF), particularly regarding the remuneration of corporate officers, as set forth in Chapter 5 (page 116).

Societe Generale is also committed to observing the professional standards of the *Fédération Bancaire Française*, which are among the most stringent in the world.

Lastly, it complies with the rules defined by the European Capital Requirements Directive (CRD3) of November 24, 2010, transposed into French law by the ministerial decree of

December 13, 2010, which covers categories of staff whose professional activities have a significant impact on the Group's risk profile.

Accordingly, the Risk and Compliance Divisions, whose independence is ensured by having them report directly to the Group's General Management and their remuneration determined independently of the remuneration of the businesses which they validate, are involved in the review of the performance-linked remuneration of persons having a significant impact on the company's risk profile, within the meaning of CRD3.

Communication and transparency

The principles governing the Group remuneration policy, particularly for the categories of staff addressed by CRD3, are detailed in the compensation policy report that will be published, like last year, prior to the General Meeting and transmitted to the French Prudential Supervisory Authority (ACP), in accordance with the ministerial decree of December 13, 2010 and with the professional standards of the *Fédération Bancaire Française*[(1)]. In addition to this report, detailed qualitative and quantitative information is also provided to the ACP on staff whose activities are liable to have a significant impact on the Group's risk profile.

BUILDING A CAREER PATH

The Group's development draws on the development of its employees. The overall goal is to generate motivation and commitment by promoting professional and personal achievement through the provision of attractive career opportunities. Through the mobility possibilities offered in the Group, employees can enrich their careers while contributing to the diversity of its teams. Throughout the Societe Generale Group, mobility is a gateway between businesses, functions and geographical regions.

Employees are the drivers behind such development, which is facilitated through the evaluation of their performance, training offers and priority access to internal opportunities. Over the course of their employment, they are guided by human resources officers and their own management team.

In 2011, nearly 9,000 employees of Societe Generale France (excluding subsidiaries) took the next step in their career by changing position. On the international front, the Group totalled 1,300 expatriates (all countries of origin and destination combined), including about 29% having initiated their expatriation during the year.

(1) The 2010 compensation policy report was transmitted to the ACP in May 2011 and simultaneously published on Societe Generale's corporate website.

CARE: PAYING THE BEST ATTENTION TO EACH INDIVIDUAL

CARING ABOUT EMPLOYEES

Societe Generale is keen to promote lasting relationships with its employees as part of a commitment to mutual development and to an environment which favours both individual and collective well-being.

Feedback and employee satisfaction survey

In 2011, Societe Generale launched its second annual internal employee satisfaction survey. Translated into 26 languages, this online survey provided an opportunity to reach out to 131,000 employees in all the countries where the Group operates and enable them to express themselves anonymously. Its primary objective is to enhance the feeling of belonging to the Group by creating an effective environment in which all employees can express their expectations, perceptions of the company and professional experience. This information is then used to define ad hoc action plans for each business or entity, to be implemented the following year. The employee satisfaction survey is a valuable source of qualitative feedback and has thus become a key tool in steering the transformation of the Group.

Employee benefits

The Societe Generale Group fulfils its social responsibility by actively contributing to the social protection of all its employees, particularly in terms of healthcare, pension, and death, invalidity and incapacity benefits.

As the characteristics of compulsory benefit plans may vary widely from one country to the next, each Group entity defines the level of additional coverage it wishes to provide, within its local context. Wherever possible, it ensures that the level of coverage in place is at least comparable to that provided by local competitors. With the agreement of its supervisory authority (and possibly in consultation with other Group entities operating in the same country), it also incorporates its development strategy, overall remuneration policy and financial situation in its definition of employee coverage.

In 2011, Societe Generale's Group Health Plan for France undertook a number of initiatives to encourage communication and information for the 112,000 people covered (participating members and beneficiaries), notably via a partnership with *Priorité Santé Mutualiste* to provide expert answers to any healthcare-related questions. Internationally, in the UK for example, the maternity leave scheme was revised in order to continue maintaining the employee's salary over the first 18 weeks.

International Retail Banking continued its existing healthcare and personal protection insurance regimes at its subsidiaries and continued to implement social protection for its employees (improved access to healthcare, implementation of death and disability coverage, complementary pension plans). As such, at the end of 2011, almost 15,000 employees in the Mediterranean Basin and Sub-Saharan Africa (in addition to 20,000 beneficiaries – spouses and children) had access to healthcare coverage which guarantees that the company will contribute to their healthcare expenses.

Health and well-being

The Societe Generale Group is committed to contributing to the well-being of its employees, which it considers to be a critical aspect of its appeal, effectiveness and sustainability.

Above and beyond its observation of regulations and basic human and social rights, this determination is reflected in the Group's environmental and occupational health policy, aimed at providing employees with the best working conditions, both in France and abroad.

At Group level, all employees receive adequate protection in terms of healthcare and disability. The coverage schemes in place in many countries go beyond local legal obligations.

Societe Generale also permanently monitors the possibility of any risks liable to affect the health of its staff, anywhere in the world. In France, for example, various programmes have been implemented to alleviate stress in the workplace, prevent illness and offer psychological aid for employees who have been victims of violence. This policy is also deployed through initiatives to improve the daily working environment of employees.

A number of actions were carried out in the areas of hygiene, safety, health and well-being in 2011 (see Chapter 7, "Occupational Health and Safety conditions", page 159, and "Initiatives supporting access to healthcare", page 177).

Helping employees in periods of social or health-related crisis

In 2011, several of the Societe Generale Group's entities were impacted by major local crises, during which the bank remained close to its employees, in order to bring them particular care and support.

For International Retail Banking, such crises included the "Arab Spring" in Egypt and the political turmoil in Ivory Coast. During these events, the local top executives and General Management of the business divisions closely monitored the personal situations of their employees through daily conference calls and through real time personalised contact for employees with specific issues. Special security measures were also established for personnel (branches and head office closed early when the local situation called for it, working from home to avoid commuting, etc.) and material assistance was provided to ensure the security of those exposed to danger. Salaries and other benefits were maintained when the branches were closed, and, all possible efforts made to stay abreast of the various concerns of affected employees during and after the crises. The Group also pursued its efforts to increase social dialogue and benefits for personnel in affected subsidiaries, whenever possible.

For Corporate and Investment Banking and Private Banking, similar measures were put in place in Japan to ensure the safety of employees and business continuity during the earthquake and the Fukushima nuclear incident. More specifically, Societe Generale ensured evacuation and repatriation of all expatriates' families, VIE (international company volunteers) and expatriates who made the request, and provided logistical assistance in terms of transportation and accommodation. For local employees and their families, regardless of their nationality, housing options were proposed in the West of Japan. Business trips to Japan were postponed for all Group employees. Such precautionary measures, combined with the permanent supervision of the situation, enabled the bank to provide continued assistance to its employees and clients during this highly sensitive period.

INVOLVING EMPLOYEES IN THE COMPANY'S DEVELOPMENT

An Employee share ownership programme at the centre of the human resources policy

For 24 years, the Societe Generale Group has expressed its determination to involve as many employees as possible in its development, thus pursuing a proactive Employee share ownership policy worldwide which results each year in a capital increase reserved for present and former employees. The resulting Employee share ownership rate is high, stable and ranks the Societe Generale Group No. 6 in Employee share ownership out of the CAC 40 French companies, thus demonstrating the constant commitment of its employees.

In 2011, over 135,000 current and former employees in 238 different entities and 62 countries were offered the chance to take part in the reserved capital increase. 36% of beneficiaries took part in the capital increase, i.e. 50% of those eligible in France (for Societe Generale France and the French subsidiaries) and 17% outside France. 5.76 million shares were created and nearly EUR 216 million invested in this operation.

The average individual shareholding for Societe Generale France employees was around 845 shares per employee shareholder at the end of 2011. With the exception of the fund reserved for Crédit du Nord staff, the holders of units invested in Societe Generale shares have a voting right at the General Meeting.

At December 30, 2011, under the Company and Group Savings Plans, the staff of Societe Generale France and its subsidiaries and branches held a total of 58,566,866 Societe Generale shares, accounting for 7.55% of the share capital and 12.29% of the voting rights[1], for more than 93,000 present and former employee shareholders around the world.

Employer contributions, profit-sharing and company savings plan

In France, present and former employees are involved in the long-term development of the Group and receive a share of its earnings via profit-sharing and/or employer contribution schemes. This gives them the opportunity to build up assets under preferential financial conditions[2] and tax rates, through

(1) Information required by article L. 225-102 of the French commercial code.

(2) Employer top-up and discount on the Societe Generale share during the reserved capital increase.

tailored management of a diversified portfolio of investment securities under the company savings plan. The plan is made up of 16 funds, including the Employee share ownership fund *Societe Generale Actionnariat (Fonds E),* aimed at diversifying employee investments, and in which they can invest their financial remuneration (consisting of the employer contribution and profit-sharing and, for employees of Societe Generale France in 2011, a work dividend paid in the form of an additional employer contribution)[1].

Lastly, Societe Generale paid a profit-sharing bonus of EUR 200 to all employees in France, under the scheme applicable to companies having paid out a higher dividend to their shareholders in 2011, in respect of financial year 2010, compared to financial years 2008 and 2009.

INFORMATION ABOUT THE SOCIETE GENERALE EMPLOYEE SHARE OWNERSHIP PLAN NAMED "SOCIETE GENERALE ACTIONNARIAT (FONDS E)"

Under the terms of the rules governing the Societe Generale mutual fund, the voting rights attached to the Societe Generale shares included in the Fund's assets belong individually to the holders of fund units in proportion with the respective shares they hold. The Fund's Supervisory Board, which is composed of an equal number of unit-holding employee representatives and representatives of the Management, exercises voting rights for fractional shares and voting rights not exercised by unit holders.

In the event of a public purchase or exchange offer, the Supervisory Board decides, based on the relative majority of the votes cast, whether or not to tender shares to the offer. If there is no relative majority, the decision is put before the vote of the unit holders, who decide according to the relative majority of the votes cast.

CARING ABOUT THE WORLD

Citizenship initiatives and professional integration support

The Societe Generale Group's corporate and community-oriented initiatives are predominantly focused on the issue of professional integration support. In 2011, the Group stepped up its efforts in this area, with:

- nationwide projects and local initiatives supported by the Societe Generale Charitable Foundation, which was renewed for 5 years with a total budget of EUR 11,500,000;
- the support provided by the Foundation to 89 associations in 2011, totalling more than EUR 2,000,000 in favour of professional integration, particularly aimed at helping young people get started in a profession and combating illiteracy. Moreover, the Societe Generale Charitable Foundation draws on the Group's overseas subsidiaries to help with local training projects;
- the launch of Citizen Awards to acknowledge the community actions of employees in all Group entities.

In France, special support was focused on the professional integration of young people, such as:

- the consolidation of contacts with the *Nos Quartiers ont des Talents* association, dedicated to providing long-term professional integration assistance to recent graduates from underprivileged urban areas, with Societe Generale as the leading provider of sponsors to the association. In 2011, the Group deployed its mentoring plan nationwide and conducted an awareness-raising campaign entitled "Un parrain pour un emploi" (A mentor for a job). Through this partnership, Societe Generale has also become a partner to HEC business school's entrepreneurship major panel, supporting business start-ups for these graduates;
- the "Coup de Pouce pour l'insertion" operation, with the goal of successfully placing youths from underprivileged urban areas in employment, conducted in Lyon, Lille, Marseille and the Greater Paris region. The aim of the programme is to promote equal opportunities on the job market for young people without university qualifications, regardless of where they live. In 2011, Societe Generale supported 50 young people with their professional training through this operation;
- the renewal of the partnership agreement with a competition to help set up new companies: launched in 2002 and initiated by the French Secretary of State for City Policy and co-organised by the Senate, the Agency for social cohesion and equal opportunity, the *Caisse des Dépôts* and the Management Boutiques Network, this competition recognises around 40 young people from underprivileged neighbourhoods each year. In October 2011, Societe Generale issued an award to Greenconcess, a company launched by two young entrepreneurs from underprivileged neighbourhoods in Nice, specialising in short-term leases of green vehicles.
- (see also Chapter 7, "Partnership and Corporate Sponsorship ", page 174)

Specific initiatives were also carried out in other countries where the Group operates, such as:

- Brazil: mentoring programmes for young people from disadvantaged backgrounds. Societe Generale Brazil combines employability programmes, sponsored by the

(1) In addition to Societe Generale France (excluding subsidiaries), for which the amounts of financial remuneration paid in 2011 are detailed in Note 24 (page 400), most French subsidiaries belonging to the Group Savings Plan are subject to an employer contribution and/or profit sharing agreement.

Institut Societe Generale (ISG), with the "young apprentice" programmes, which aim to provide underprivileged young people with employment opportunities;

- United Kingdom: employee participation in an education programme, with employees volunteering to spend their lunch hour sharing their knowledge with children at a school located in a disadvantaged area of suburban London;
- Morocco: employee participation in cultural events involving pupils at a school in the Agadir region, and help organising the school's year-end student show.

Encouraging subcontractors and subsidiaries to comply with ILO and general labour standards

The Group's purchasers incorporate references to Societe Generale's sustainable development commitments in all invitations to tender and new contracts with subcontractors (UNEP statement by Financial Institutions on the Environment and Sustainable Development and principles of the Global Compact), along with founding texts such as the Universal Declaration of Human Rights and the fundamental principles of the International Labour Organisation.

All subcontractors must undertake to comply with these texts in the countries where they operate, by signing a contract which includes, in addition to clauses governing the respect of the contract, a specific clause governing this aspect.

They therefore undertake to comply with:

- labour law and, as a minimum in cases where there is no labour law, with the ILO Declaration;
- environmental law, and not work with subcontractors, natural persons or legal entities that are known to infringe on the regulations cited above.

Furthermore, since 2006, the Purchasing Department has implemented a CSR (Corporate Social Responsibility) approach in its core business and, through various CSR action plans (ESP: Ethical Sourcing Program and SSP: Sustainable Sourcing Program), has structured a sustainable and responsible approach:

- incorporation of social and environmental criteria in the selection of products and services, with the aim of choosing the most environmentally friendly and advanced products and services in terms of CSR criteria;
- distribution of a CSR questionnaire to all suppliers in order to assess their commitment to sustainable development;
- target for the volume of business conducted with the protected sector (associations specialised in employing disabled persons) in France, jointly with the Group's *Mission Handicap*;
- commitment to French SMEs, by taking active participation in the SME Compact and signing the Charter of Best Practices of the *Médiation du Crédit* and the CDAF (French association of CEOs and Purchasing Directors) governing relations between major contractors and SMEs.

AGILITY: BRINGING RESPONSIBLE, INNOVATIVE CORPORATE SPIRIT TO LIFE

Societe Generale's human resources policy aims to promote the professional agility of its teams, as reflected in the determination to foster responsible, innovative corporate spirit in each employee, all in the interest of providing the bank's customers with the best possible support in today's complex environment. Professional agility is also developed by encouraging team spirit, cooperating to achieve sustainable results and underscoring risk management as an area of expertise that sets the Group apart.

PROMOTING DIVERSITY

For the Societe Generale Group, diversity is reflected first and foremost in its 159,616 employees, working in 77 different countries, with 116 nationalities represented. Diversity is a major performance-driver, a factor of creativity and innovation that makes it possible to build teams with a variety of talents linked to gender balance, the multiple nationalities and cultures represented, the integration of disabled persons and inclusion of various minorities. The diversity represented in the teams thus embodies the diversity of businesses, customers, countries and communities in which the Group operates worldwide. Diversity is a reality, including within the Group Management Committee. As of today, 10 out of 57 committee members are women (versus 8 in early 2011 and 6 in early 2010), and 9 nationalities are represented.

Diversity is a major contributing factor in furthering the bank's managerial culture, with the variety of skills and expertise fostering the sharing of different ideas and points of view. It is not limited to non-discrimination, either, but is promoted through recruitment and career management. At Societe Generale, the promotion of diversity is centred on three principles: the Group looks for and recognises all skills that can contribute to its development, wherever they can be found; it ensures that all of its employees receive the proper induction necessary to their performance; and it oversees the promotion and development of all employees in complete fairness.

The promotion of diversity calls for proactive efforts, in line with the Diversity Charter signed by the Group in 2004 and the framework agreement for the development of diversity signed with the Secretary of State in charge of employment in France in 2010, covering the 2010-2012 period.

To encourage managers to put this diversity promotion policy into practice, the Group launched a global training programme called "Diversity and Inclusion". This ambitious programme, initiated in 2011, confirms the importance of diversity as key to the Group transformation project. It raises awareness of diversity-related issues by highlighting the natural tendency towards "cloning" in the composition of teams, participating in the fight against preconceived ideas and stereotypes, and drawing attention to each individual's implicit biases, which all employees and especially managers must work to control. This training programme is set to be gradually deployed for all Group decision-makers, from top management to middle management.

Gender balance

Because the gender balance is a crucial factor when it comes to meeting the challenges of tomorrow and establishing an appropriate decision-making process, Societe Generale encourages all its managers to adopt this approach on a daily basis at the highest levels of the company. At the end of 2011, 36% of the bank's Board of Directors and 21% of the Executive Committee were women. On the whole, almost 60% of the Societe Generale Group's employees are women.

BREAKDOWN OF MEN/WOMEN IN THE SOCIETE GENERALE GROUP

The Group promotes gender equality in its partnerships as well. To this end, in 2011 Societe Generale:

- participated in the consultation conducted by the *Financi'Elles* network (whose objective is to improve and accelerate access to high-level positions in the finance sector for women). This consultation, involving 86,000 men and women executives in the finance, bank and insurance sector, addressed the perception of gender balance in major corporations;
- renewed its partnership with the "Tribune Women's Awards", an event launched by the French daily *La Tribune* in 2010 in order to drive change in attitudes towards women in the job market;
- participated, in the scope of the Campus Management activities, in various initiatives and events dedicated to women engineers to promote women's careers within the Group, including invitations extended to young women engineers from the International Institute of Women in Engineering to introduce them to the banking profession;
- participated in events aimed at promoting the role and contribution of women in the Group (Women's Forum, etc.).

Gender balance is also promoted through training and networking actions dedicated to women. The Group offers two seminars on career management for women: one for women with about 8 to 12 years of professional experience and another for women with about 15 to 20 years of professional experience. These training seminars have been deployed in France, the US and the UK since 2006. Over 700 women have since participated in the seminars. In Brazil, the "Carrière au Féminin" programme (development programme for women), created in 2009, also encourages the development of women executives through training and mentoring initiatives.

Furthermore, the Group promotes gender balance by supporting women's networks throughout the company. Focused on skills development, these networks organise mentoring, coaching and/or co-development initiatives. Examples of such networks of women executives include "Féminin by SG" in France, "America's Women Network" in the US and "UK Women's Network" in the UK. New networks have also been created in Asia.

Societe Generale's actions in the UK in 2011 were acknowledged at the European Diversity Awards, where the UK Diversity Committee received the Diversity Team of the Year award for promoting and coordinating the actions of four intra-Group networks. The European Diversity Awards, which were initiated this year, recognise organisations and individuals that have demonstrated innovation, creativity and strong commitment in the areas of diversity and inclusion.

See also Chapter 7, "Measures taken to promote gender equality" (page 161)

Diversity of origins

In the interest of better representing the diversity of businesses, customers, countries and communities in which the Group operates around the world, Societe Generale's diversity policy also emphasises the diversity of origins and nationalities of its employees. This policy is reflected at the highest levels of the Group's structure: 19.3% of the members of the Management Committee are not French.

What's more, in the various geographies of the Group worldwide, nearly one-fourth of the members of the local management and strategic committees are non nationals. For the local strategic oversight bodies, this proportion is more than one-third.

Diversity of generations

The Group is also committed to representing different generations, taking care to provide its older employees with guidance and assistance, while also making sure the next generation takes its place within the company. To this end, the Group focuses special efforts on the professional integration of young people (see also "Special initiatives for students and recent graduates", page 141), while overseeing the development of its older employees and, when appropriate, accompanying employees towards retirement.

For Societe Generale France, 2011 saw the renewal of the three-year agreement on the employment of older staff. This agreement implements measures, with quantitative targets, aiming to support older employees and anticipate their career development. Specifically, it stipulates regular "career discussions" and easy access to professional training in all forms. Lastly, it offers measures for adapting work schedules towards the end of a career, at the employee's discretion, in order to afford them the best possible transition into retirement.

Disabled workers

As an employer, Societe Generale has endeavoured for several years to take the measures required to ensure that disabled employees hold positions which match their qualifications and benefit from appropriate working conditions and training, by adapting working environments, tools, equipment, work stations and/or working hours and offering the possibility of partially paying some expenses, etc.

In 2011, the Societe Generale Group employed 2,138 disabled staff (as defined locally) around the world, accounting for 1.34% of the overall headcount. The highest proportions can be found in France, Canada, Ukraine, Turkey and Italy.

In France, Societe Generale (excluding subsidiaries) has 842 disabled staff and has hired 239 since 2007 (its target for the period covered by the second agreement (2011-2013) is 150). The concrete initiatives coordinated in 2011 by *Mission Handicap* earned Societe Generale the title of "Private Company of the Year" for the employment of disabled persons, given by APF Entreprises, which awarded the Group the "Private-sector employment" trophy. The following initiatives can be highlighted:

- organisation of the second annual "Pass pour l'emploi" career fair in partnership with ADAPT – a day of support for disabled job seekers, held on March 13, 2011 and attended by more than 2,600 applicants;
- partnerships with leading institutions of higher education and universities to inform their 10,000 disabled students about Societe Generale;
- development of work-study programmes enabling disabled persons to obtain necessary job skills ("HandiFormaBanques");
- outsourcing of the mailroom management services of over half the network of branches to the protected sector (companies specialised in employing disabled persons).

Noteworthy initiatives outside mainland France included:

- a partnership agreement in the Antilles with AGIH (Guadalupe association for the integration of disabled workers) to provide training in banking professions to young disabled workers;
- a collaboration with the ADECCO association in Spain, focused on integrating disabled persons in companies;
- a recruitment and assistance programme for disabled employees in Romania.

PREPARING THE NEXT GENERATION OF MANAGERS

Talent management

In order to pave the way for the future and continuously keep up with the changes in its strategic requirements, the Societe Generale Group must work to detect, develop and build the loyalty of talented employees. As a key component of the Ambition SG 2015 transformation programme, in the initiative dedicated to managerial culture and employee development, the Talent management policy was formally defined in 2010. The end goal of this policy is to identify the next generation of managerial talents and to prepare them to meet the challenges of tomorrow.

Collectively, the Group's "Talents" are its employees who embody the Group's values, perform well over the long term and have strong potential for advancement. By acknowledging their contribution and continued involvement in the Group, the talent management policy gives everyone around the world the same chances to reveal their potential and advance in the Group. To this end, talented employees are given special attention by their management as well as their Human Resources business partners, notably through special interviews, feedback on their strengths and areas for improvement, definition of a personal development plan and, where applicable, an invitation to attend the Corporate University programmes.

A closer look at the Corporate University

The Corporate University is an internal centre of expertise dedicated to Group managers. Its purpose is to ensure the managerial development of the bank's most senior leaders. The courses it offers focus on the development of behavioural skills in a teaching environment that promotes cooperation and teamwork. Through the Corporate University's curriculum, the Group's leaders are able to take a major step forward in assuming their managerial duties. Moreover, the Corporate University disseminates Societe Generale's managerial culture and practices, as set forth by the Ambition SG 2015 transformation programme. As such, it offers all of the Group's managers the tools they need to expand their leadership skills over the course of their careers.

The Corporate University thus creates a Global Leadership Community in line with the Group's managerial vision and culture, enabling its managers to improve their performance and effectiveness in implementing the strategic programmes of the Group's transformation.

Launched in Q4 2010, this curriculum has gradually been expanded to include in 2011 a new programme for the Group's Strategic Managers, along with a series of forums on the topics "Diversity & Inclusion", and "Change Management", dedicated to the Group's top managers. In 2011, over 700 managers and Talents in the Societe Generale Group participated in nearly 900 individual development initiatives under this programme.

7
CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

OUR VISION OF CSR AND THE MAIN PRINCIPLES OF OUR APPROACH

Message from Frédéric OUDEA:

"Banks and the financial system are vital to wealth creation and development. It is because the bank has important responsibilities – as recent events have underlined – that we are doing our utmost to show that Societe Generale's way of operating meets the needs of all its stakeholders and that the Group warrants their trust, the keystone of our business.

Our bank's corporate social responsibility is based on four core principles:

- *to be a bank of reference for our clients by adopting a responsible attitude;*
- *to be a responsible employer, conscious of the well-being and professional development of our employees;*
- *to efficiently and sparingly manage the resources used to follow through our objectives, while monitoring our direct impact on the environment;*
- *to ensure that our image reflects the richness of our contributions and interaction with stakeholders.*

I believe that we can only achieve our aim of long-term value-creation for all by applying a policy favourable to social development and the environment. We aim to be one of the reference banks for our CSR approach.

We integrate corporate environmental and social concerns into our core strategies, adapted to the different geographic, cultural, social and economic contexts in which we operate. This enables us to more effectively manage our risks and meet customer needs, while respecting our values.

Ambition SG 2015, our Strategic Plan on a 2015 horizon, aims to make Societe Generale one of Europe's major banks, while being close to its customers, offering its shareholders sustainable growth with less risk than in the past and being seen as an attractive employer.

We regard sustainable development as a process of continuous improvement, constantly drawing on the best practices of the banking and other economic sectors, so we can better identify and better manage our impact on society and the environment.

This approach is founded on the commitments of our Group that were reiterated in our Environmental and Social General Principles, which encompass the ten principles of the United Nations Global Compact that we have adhered to since 2003."

OUR OBLIGATIONS AND COMMITMENTS

Societe Generale seeks to respect the environment and observe fundamental human rights and social principles in all of the areas in which it operates.

The Company complies fully with the obligations of the Nouvelles Régulations Economiques (NRE, New Economic Regulations) Law[1], notably article 116 which requires that listed companies report on how they integrate social and environmental considerations into the way they do business. Furthermore, Societe Generale is voluntarily foreseeing certain provisions of article 225 of the Grenelle 2 enforcement bill while awaiting its implementation order.

In 2011 the Group published its Environmental and Social General Principles, which apply to all its activities. These principles draw from the commitments made by the Group:

- adherence to the OECD Guidelines for Multinational Enterprises;
- implementation of the United Nations Environment Programme (UNEP-FI) Statement by Financial Institutions on the Environment & Sustainable Development;
- joining the United Nations Global Compact, whose ten principles have been integrated into the Group's strategy, business culture and operating methods;
- signing of the Diversity Charter in France;
- becoming a member of the Wolfsberg Group;
- adoption of the Equator Principles in 2007.

Furthermore, conscious of the importance of climate change, the Group has published its environmental policy. In 2011 it offset 75% of its CO_2 emissions[1] and aims to be carbon neutral in 2012 (for CO_2 emissions[1] in 2011).

(1) Excluding Rosbank.

OUR AMBITION AND POLICY

Societe Generale's aim is to become a major reference in Corporate Social Responsibility (CSR) among European financial institutions.

The Group is already listed on the main sustainable development indices (FTSE4Good, ASPI, DJSI World and DJSI Europe) and has been selected by a large number of French Socially Responsible Investment funds.

In terms of corporate and social responsibility, the Group's aim is to put its commitments into practice while continuing to improve.

Its policy focuses on three core priorities:

Incorporating social and environmental considerations into our business practices

This comprises two aspects:

- the inclusion of social and environmental concerns in our activities to more effectively manage our risks.

  The divisions and entities have adopted a structured approach, tailored to their particular activities and to the extent of the risks incurred, which is designed to ultimately ensure that the social and environmental risks associated with their activities are correctly identified, prioritised and controlled;
- the promotion of responsible economic development, notably through the development of policies, products and services that contribute directly or indirectly to the protection of the environment or to social development, in response to the growing concerns of our customers and to the opportunities offered by the market.

Proactively managing staff development

(See pages 137 and following of this document)

This is based on a recruitment policy that seeks to promote diversity, strategies to enhance the skills and employability of staff so as to reconcile professional development with personal fulfilment, and motivational remuneration policies designed to give employees a stake in the Group's performance and results.

Managing and reducing the direct impact of our activities on the environment and society

At the end of 2010, Societe Generale reached its target of reducing CO_2 emissions per building user by 11%, and aims to be **carbon neutral** in 2012 for its emissions in 2011 (excluding Rosbank). This result is the accomplishment of a rigorous policy that was implemented in 2008 to lower the Group's direct environmental impact, and concerns the use of natural and energy resources, paper consumption and the use of recycled paper, the choice of IT and electronic equipment, waste management, optimising business trips, etc. The policy encourages all staff to adopt behaviour that is respectful to the environment (*website : csr.societegenerale.com*).

Societe Generale constantly looks to build relationships with its suppliers that are based on trust and that encourage environmentally-friendly and socially-aware practices.

Finally, Societe Generale is involved in many sponsorship initiatives and supports many NGOs and associations working in the solidarity and environmental fields.

OUR ORGANISATION AND TOOLS

The CSR management framework forms an integral part of the Group's organisation, and comprises a number of different tools and structures at various levels of the Group's hierarchy (the corporate governance system, the compliance and internal control framework, the Risk Committees, the New Product Committees, internal regulations, Code of Conduct, Audit Charter, etc.).

The Group's business and corporate divisions are responsible for adjusting and implementing CSR policies according to the specific characteristics of their respective activities, and for ensuring that these methods are correctly observed. They have appointed " CSR contributors " (around sixty Group-wide), whose duties are to communicate about the policy and actively participate in drawing up action plans and monitoring their implementation.

The Corporate Social Responsibility Department reports to the General Management via the Corporate Secretariat. It is in charge of promoting CSR policy throughout the Group as well as coordinating the related organisation. It also provides practical assistance to the different entities and encourages the exchange and dissemination of best practices.

The Group's Executive Committee sets the overall CSR policy and periodically validates the action plans based on the reports from the Corporate Social Responsibility Department.

In order to evaluate its overall CSR performance, the Group has defined a series of quantitative indicators, which fall into four categories:

- **business** indicators: corporate governance, compliance, social and environmental evaluation of counterparties/ projects, innovative products promoting sustainable development, customer satisfaction, contribution to local development, etc.;
- **social** indicators: employment, skills and career management, remuneration, working hours, internal feedback, health and safety, etc.;
- **environmental** indicators: environmental management system, environmental awareness, water and energy consumption, transport, waste, etc.;
- **sponsorship** indicators.

Each year, the corresponding values are entered, consolidated and analysed using a dedicated reporting system that was introduced by the Group in 2005.

For further information go to csr.societegenerale.com

For further information and a detailed presentation of Societe Generale's environmental policy and data measurement methods, go to the Group's CSR website at csr.societegenerale.com

2011 CSR APPENDIX

Articles 1 and 2 of Decree No. 2002-221 of February 20, 2002 enacting article L. 225-102-1 of the French Commercial Code.

Article 225 of the Grenelle II Act. Societe Generale voluntarily decided to early implement some of the expected provisions of this act (subject to publication of the implementation decree).

The data given below relate to the Group, France, or Societe Generale France (excluding subsidiaries), as indicated.

PERSONNEL INFORMATION

Employment

Total headcount and breakdown of staff by gender, age bracket and region

Group headcount at November 30, 2011: 159,616 employees (including 10,219 on fixed-term contracts).

Societe Generale France headcount (excluding subsidiaries): 43,797 employees.

Women account for 59.87% of the Societe Generale Group's headcount.

The Group's employees work in 77 different countries. See also "Breakdown of staff by region", Chapter 6, page 139.

BREAKDOWN OF STAFF BY AGE BRACKET(1):

	WOMEN	MEN	TOTAL	% OF TOTAL
18 to 24	11,719	4,577	16,296	10.5%
25 to 29	24,059	12,078	36,137	23.2%
30 to 34	17,645	11,593	29,238	18.8%
35 to 39	11,237	9,016	20,253	13.0%
40 to 44	8,492	6,619	15,111	9.7%
45 to 49	7,327	5,831	13,158	8.4%
50 to 54	6,313	5,306	11,619	7.5%
55 to 69	6,725	7,216	13,941	9.0%
Total	**93,517**	**62,236**	**155,753**	**100.0%**

New hires and dismissals

See Chapter 6, "Recruitment" page 141 and "Departures" page 139.

Compensation, change in compensation

See Chapter 6, "Acknowledging performance", page 143.

Organisation of work

Organisation of working hours

ORGANISATION OF WORKING HOURS

The organisation of working hours depends on the regulations applicable in each country where the Group operates, and the employee's function. As a result, the schemes available vary widely (number of working hours, flexible working hours, organisation).

Societe Generale France signed an agreement on October 12, 2000 on the reduction and organisation of working hours, which was implemented as of 2001 and later amended in 2002, 2004, 2006, and 2008.

For hourly-paid staff (banking technicians and executives), this agreement provides for 1,607 working hours per year, based on one of two systems:

- a 39-hour working week with paid leave in 2011:
  - for a working week from Monday to Friday: 54 days of paid leave in addition to normal days off per week;

(1) Data at end-november 2011, for 98% of the Group's scope.

- for a working week from Tuesday to Saturday: 55 days of paid leave in addition to normal days off per week;
- a working week of 37 hours and 22 minutes, spread over 4.5 days, with paid leave in 2011:
- for a working week from Monday to Friday: 45 days of paid leave in addition to normal days off per week;
- for a working week from Tuesday to Saturday: 46 days of paid leave in addition to normal days off per week.

Executives working a fixed number of days received 51 days of paid leave in 2011 at entities working from Monday to Friday and 52 days at entities working from Tuesday to Saturday.

PART-TIME WORK

Employees may work under schemes reducing the number of hours worked to 90% (introduced in May 2008), 80%, 70%, 60% or 50%.

Several of the Group's French subsidiaries have signed special agreements, as have many foreign entities.

10,596 staff (i.e. 6.64% of the workforce) work part time within the Group as a whole (including 5,641 in France, of which 4,375 for Societe Generale France – excluding subsidiaries).

WEEKLY WORKING HOURS

In France (Societe Generale): 39 hours or 37 hours and 22 minutes a week.

Part-time staff work different hours, depending on their chosen scheme (for example 31.2 hours a week for an employee working an 80% week).

OVERTIME

The definition of overtime is taken from the French regulations, and the reporting scope for this indicator is therefore limited to France.

At November 30, 2011, the total number of hours of overtime reported by staff at the French entities was 125,760, or an average of 2.09 hours per employee.

The total number of hours of overtime recorded by Societe Generale France (included in the total number of hours recorded for the Group's French entities) over the period was 80,430, or an average of 1.84 hours per employee.

Absenteeism	Rates of absenteeism and the related causes are monitored at all Group entities. Rate of absenteeism (number of days absent/total number of days paid, as a percentage) at Societe Generale France for the first 11 months of 2011: 5.08%. Main causes: illness (2.55%), maternity (2.37%). Rate of absenteeism for the Group in 2011: 3.50% (illness 1.76%, maternity 1.13%).

Employee relations

The organisation of employer-employee dialogue, including the procedures for providing information and counselling to staff and handling negotiations with them	Employer-employee dialogue is based on a cooperative process between the employer and its staff (or their representatives), on common-interest issues relating to the Company's economic and employee policy. This cooperation can take place at the overall Company level or at the individual entity level, and it can take various forms, from sharing of information to consultation and negotiations toward an agreement. Societe Generale's by-laws provide for staff representation through its Board of Directors by means of employees elected by the staff as a whole. In France, in order to ensure employer-employee dialogue within the Company, Societe Generale established Employee Representative Bodies, in accordance with the French Labour Code. They are as follows: ■ union representation: provided by union branch offices, union delegates, and union representatives. Union delegates have exclusive control when it comes to collective bargaining;

- Works Councils and the Central Works Council: advisory bodies for all matters concerning the general running of establishments and the Company. They also manage social and cultural activities for the staff;
- staff delegates: present individual or group employee claims pertaining to the observation of regulations and collective bargaining agreements;
- Hygiene, Safety, and Working Conditions Committee: its main purpose is to help protect the health and safety of employees, improve working conditions, and ensure compliance with legal and regulatory requirements;
- Group Committee: a body for information, discussion, and exchange between the Management of the Societe Generale Group and employee representative bodies on the activities, financial situation, employment changes, strategy, and forecasts of the Group in France.
- European Works Council: a body for information, dialogue, and exchanges of views on economic, financial, and social issues of strategic and transnational importance (i.e. concerning at least two countries in the European Economic Area).

Throughout the rest of the world, the Group works to maintain a dialogue with its employees in various ways, depending on the size of the local teams and the applicable laws in the country.

For example, in the International Retail Banking Division's countries of operation where local labour laws do not provide for staff representation[1], the subsidiaries organise employer-employee dialogue according to formal, detailed procedures that vary by country. Each of these entities ensures that employees have an ad hoc procedure for expressing troubles and grievances and that they are taken into account. Employer-employee dialogue can be carried out by means of regular meetings with staff, which serve as opportunities for department managers and the Human Resources Department to communicate with staff.

Employees and their managers are informed of the existence and implementation of these procedures, particularly during the induction of new employees. Information is also delivered to employees through other communication channels, including the Human Resources Department's intranet site or regular meetings.

Collective bargaining

In 2011, the Group signed 249 agreements with employee representatives, including 50 new agreements in France. These agreements covered issues such as remuneration, profit-sharing, equality in the workplace, working hours and employee benefits (including the health insurance and pension plans).

In France, these agreements mainly concerned professional evaluations, gender equality, profit-sharing, employer contribution and the profit-sharing bonus, the re-election of the Central Works Council and of part of the Works Council and staff delegates.

Health and safety

Occupational health and safety conditions

See also Chapter 6 "Health and well-being", page 145.

In France, special efforts are made to attend to the health and well-being of employees, through programmes to prevent stress in the workplace, to provide medical prevention and to offer psychological counselling for employees who have been victims of an assault.

PSYCHOLOGICAL COUNSELLING

Regarding psychological support for employees who have been victims of armed assaults, Societe Generale entered into partnership in January 2010 (renewed in 2011) with the *Institut National d'Aide aux Victimes et de Médiation* (INAVEM) to provide access to psychological support to employees nationwide. Contributing to the partnership are Societe Generale social assistants specifically trained to carry out post-trauma interviews, and company medical staff to provide invidividual follow-up.

(1) Albania, Bulgaria, Egypt, Georgia, India, Republic of Moldava, Czech Republic, Russia, and Serbia.

STRESS IN THE WORKPLACE

In 2008, Societe Generale France joined forces with the company's employee representative bodies to implement a programme aimed at preventing and managing stress in the workplace, with the ultimate goal of establishing an action plan for effective stress prevention.

As part of this approach, the Group has continued the "stress observatory" questionnaire set up with the consultancy firm Stimulus and implemented in January 2009, in collaboration with the company medical officer. Questionnaires are offered to employees during medical check-ups, making it possible collectively analyse work-related stress factors. On an individual basis, the company medical officer uses the same questionnaire to discuss an employee's personal results and, if necessary, recommend support measures.

In February 2010, thanks to all of the stress management and prevention initiatives launched over the last two years, Societe Generale was positioned "green level" by the French Ministry of Labour in terms psychosocial risk.

This approach to stress prevention and management was furthered in 2010-2011 with the establishment of a pilot site in one of French Retail Banking's back office entities as part of a collaborative project with the French National Agency for the Improvement of Working Conditions (ANACT), which has already led to extensive activities in other establishments of the French Network.

Finally, Societe Generale's doctors have received special information/communication sessions to raise awareness on this issue. In 2011, the "Occupational Health Forum" was attended by some one-hundred medical officers from various companies throughout France, as well as Human Resource employees.

HEALTH

With regard to the health of the Group's employees, the year 2011 saw the continuation of seasonal flu vaccination campaigns. In France, more than 1,400 employees of the Corporate Divisions took advantage of this medical service on a voluntary basis. Similar operations also took place in the Czech Republic, the United Kingdom, Ireland, and Luxembourg.

In France, employees in the Greater Paris region were the first to participate in a campaign to prevent cardiovascular disease, in 2011. In cooperation with the occupational health department and Societe Generale's group health plan, this campaign features talks by outside physicians specialising in cardiovascular disease and information/prevention clinics (diabetes and cholesterol checks, weight evaluations, etc.). Other prevention-oriented conferences will be given in 2012 on topics such as blood pressure & excercise, tobacco, and first aid preparedness.

Health-related initiatives have also been launched outside France. The most recent initiatives by international subsidiaries in the area of healthcare are extremely encouraging, with high levels of participation by employees and their families. In Algeria, for example, in 2010 and 2011 the Group's subsidiary organised a breast cancer awareness campaign and paid for screenings for its employees In total, 288 women (more than 40% of female employees) participated in the campaign.

HEALTH AND SAFETY FOR INTERNATIONAL TRAVELLERS

In order to effectively protect the health and safety of its international travellers and employees moving between countries, Societe Generale implemented the "Health, Safety, Security" global assistance programme in 2009 with the support of International SOS, the global leader in international health and safety services.

This assistance programme provides:

- a 24/7 advice and assistance hotline;
- guaranteed assistance in an emergency or crisis;
- an information website on health and safety risks;
- provision at central Group level of a tracking tool for business travellers, combined with an e-mail sent to the traveller containing a memo and safety advice specific to the destination, as soon as tickets are booked.

WELL-BEING

Finally, special attention is also given to employee well-being. There were several initiatives in 2011 related to this subject, including:

- on nutrition: in France, 2011 saw the third annual "Aliment et Moi" (Food and Me) campaign in all of the Group's company restaurants in the Greater Paris region. For one month, this nutritional programme provided special information in the restaurants (relaying messages from the National Health and Nutrition Plan), a selection of recipes featuring fruits and vegetables and alternatives to high-fat and high-salt foods, along with the opportunity to meet privately with a dietician. Meanwhile, some countries, including Canada and Switzerland, offered fresh fruit to their employees, free of charge;
- on childcare: this year, continuous childcare services were provided throughout France through a partnership formed with two childcare networks. Also, since October, the emergency childcare service "Flexi-Crèche" has been available in 19 cities outside the Greater Paris region.
- on services: the "Mon Quotidien et Moi" (My Day-to-Day and Me) service for Societe Generale employees in France provides information on families (children, parents, seniors, disabled persons) and home life. It also fully manages home care services, including childcare, tutoring, cleaning/ironing, gardening, and more, from the selection of a service provider to billing.

Agreements signed with trade unions or staff representatives on occupational health and safety	See "Occupational health and safety conditions" above.
Accidents in the workplace, including frequency and severity, and work-related illnesses	Number of accidents in the workplace (Group): 1,074, with a frequency rate of 0.000002% (mainly due to accidents while commuting). See also "Absenteeism", page 158.

Training

Training policies implemented	See Chapter 6, "Developing skills", page 142.
Total number of training hours	In 2011 training given within the Group totalled to 3,323,433 hours.

Equal treatment

Measures taken to promote gender equality

See also Chapter 6, "Gender balance", page 149.

Overall, for all of the Societe Generale Group, 65.7% of new hires in 2011 were women.

In terms of career management for female employees in France, interviews are systematically arranged before and after maternity leave. Access to training is also available, with assistance in returning to work, allowing women returning from parental leave to learn about any changes that may have occurred during their absence.

In terms of detecting talent, particular attention is focused on criteria promoting equality, and encouraging, without recourse to quotas, the detection of talented female and non-French employees.

In line with the policy on building leadership in female employees, the Group encourages promotions of women within its Retail Banking Network, without necessarily requiring a change in position or location.

	Several initiatives have also been taken outside France, including a maternity management policy at Komerčni Banka (Czech Republic), maternity coaching in the United Kingdom, and, in Romania, shorter workdays for women returning to work before their child's second birthday. In Germany, efforts are taken to encourage women to return to work after maternity leave (childcare allowance for children 6 and younger for women returning to work after a maximum of six months of maternity leave, creation of company daycare centres). An agreement was signed in France in June 2011 on eliminating wage gaps between men and women, with a minimum budget of EUR 3 million for 2011 and 2012. In 2011, more than EUR 1.4 million was spent on eliminating wage gaps, in line with the targets set for 2011. Also, as part of the "Gender Equality in the Workplace" agreement, the target of 42% of female managers by the end of 2011 was met and exceeded.
Measures taken to promote the integration of disabled workers	In 2011, Societe Generale France signed a new agreement for the 2011-2013 period to promote the hiring and professional integration of disabled workers. See also Chapter 6, "Disabled workers", page 150.
Anti-discrimination policy	See Chapter 6, "Promoting diversity", page 149. In November 2010, Societe Generale was awarded the professional equality label by AFNOR, French standardisation and certification group, which reinforces and recognises the company's strong commitment to diversity and equality in the workplace.

Promotion and observation of the fundamental conventions of the International Labour Organisation:

On freedom of association and the right to collective bargaining	As specified in Societe Generale's Code of Conduct, available in five languages and applicable to all of the Group's employees, each Group entity must observe the rules pertaining to freedom of association and working conditions.
On eliminating discrimination in the workplace	Each Group entity is prohibited from practising any form of discrimination with respect to its staff, job applicants, customers, business partners, and suppliers. See Chapter 6, "Promoting diversity", page 149. Various initiatives were taken in 2011 to promote hiring and integration in France , including the following: ■ in September, the signing of a five-year agreement with Sciences Po to train and hire the best students, without geographical, social, or disability-related discrimination; ■ increased participation in events and career fairs in 2011 to expand our recruitment base *(Forum Emploi et Diversité* organised by *IMS-Entreprendre pour la Cité*, participation in national career fairs organised by Nos Quartiers ont des Talents). Societe Generale also sits on the panel of the *Conventions d'Education Prioritaire* (C.E.P) at Sciences Po in Paris,
On eliminating forced or compulsory labour On abolishing child labour	As specified in Societe Generale's Code of Conduct, each Group entity is prohibited from using forced labour, compulsory labour, or child labour, as defined by the International Labour Organisation, even when permitted by local law. The Code of Conduct is enforced through the application of employment or domestic laws and regulations and codes of ethics, as applicable in each entity of the Group.

ENVIRONMENTAL INFORMATION

General environmental policy

Company policy addressing environmental issues and, where applicable, steps taken to evaluate environmental performance or obtain environmental certification

The environment is a major priority for our society. An economic system that depends on the unrestricted use of natural resources and unlimited discharge of pollutants is unsustainable. Like any community, Societe Generale generates environmental impacts through its operations, for which every member of this community is responsible.

The Group is aware of this responsibility and is committed to protecting the environment in the operation of its businesses by including environmental criteria in its financial and investment activities and by promoting environmentally-friendly conduct.

The Group is committed to complying with Environmental and Social Principles (E&S), including the UNEP Finance Initiative and the Global Compact. In 2011, these principles were compiled in an internal directive containing all of the Group's E&S commitments. This directive applies to all of the Group's businesses, and Societe Generale is committed to working only with customers who comply with these principles. The Group has given itself two years to implement the directive.

In addition to its business activities, the Group is also determined to apply an environmental policy to its internal activities, focusing on three major objectives:

- to reduce and minimise the direct impact of its activities on the environment;
- to use energy and natural resources with moderation;
- to provide constant attention to employee comfort and customer service.

Societe Generale has adopted a decentralised structure. There is a separate department in charge of managing the central buildings and dedicated departments in each branch and subsidiary. Environmental management is an integral part of their role.

A "Carbon Neutrality" Group Steering Committee was set up in 2008, chaired by the Group's Chief Environmental Officer. The Committee meets twice a year to define a plan to reduce the direct impact of the Group's activities on the environment, particularly in terms of carbon emissions, and to steer the Group towards carbon neutrality. All of the business and Corporate Divisions are represented.

A "Green IT" Committee, whose role is to implement an action plan to improve the energy efficiency of the IT systems and reduce the Group's CO_2 emissions, was also launched in 2008.

Lastly, also in 2008, a "Responsible Building Management" working group was created, with the primary goal of creating a Responsible Building Management Reference Framework specific to Societe Generale and introducing measures to promote environmentally-friendly practices in the workplace.

Twice a year, the Executive Committee receives reports on the follow-up of the initiatives taken by the Group and validates the environmental performance strategies.

Since 2005, the Group has performed an inventory of greenhouse gas emissions, in accordance with the GHG Protocol (international standard). Monitoring of environmental indicators was improved with the implementation of a CSR reporting tool. Its scope was expanded again in 2011. It now covers 146,672 occupants, representing 99% of the Group's workforce at the end of 2011, excluding Rosbank (recent acquisition; an initial report was conducted on this bank in 2011 and will be confirmed in 2012). More than 750 contributors in 337 entities (subsidiaries, branches, representative offices, central buildings and regional offices), occupying 7,790 buildings in 64 countries, participated in the annual environmental indicator collection campaign.

The reporting process for this information was reviewed by the Statutory Auditors as part of the in-depth certification of a sample of assertions and indicators from the Corporate Social Responsibility Report.

Also, some of the Group's entities are ISO 14001 certified, including ALD UK, ALD Sweden, and CGA.

Employee training and awareness on environmental protection	A dedicated intranet site (in French and English) enables employees to find out more about sustainable development issues in general and within the banking sector in particular, and about the initiatives taken by Societe Generale in this respect. Conferences on various sustainable development issues are organised for employees on a regular basis, and regular displays indicating eco-friendly best practices are organised within the central buildings in France. In September 2011, the Group's held its first ever Carbon Neutrality Week. The event provided an opportunity to hold a roundtable discussion in France on energy and the environment, focusing on the topic of "Technological Perspectives on Environmental Constraints" and featuring two energy specialists from EDF and Societe Generale. The conference was followed by an exhibition and a quiz on environmentally-friendly practices. In addition, a travelling exhibition on sustainable development and CSR issues made the rounds of the Group's subsidiaries and entities. Since 2008, the Group has organised the Societe Generale Climate Change Week every year in December. This event, which is held at the same time as the conferences taking place under the United Nations Framework Convention on Climate Change, is an opportunity to raise employee awareness of major environmental issues and the Group's initiatives. A training programme on CSR and sustainable development (e-learning and in-class) has been available for staff and managers since 2009. A "Finethic" or "Responsible Finance" training programme, on applying environmental and social criteria to financing projects, has existed for several years. In 2011, 440 people were trained or participated in awareness campaigns within the Group. In addition, the team responsible for applying these criteria gave presentations to outside audiences (students, organisations, and national and international agencies) in 2011, totalling 260 people. In the second half of 2011, a Responsible Building Management training programme was initiated, focusing on climate-adapted architecture, eco-construction, and energy-efficiency standards and labels applied in the construction sector. It also provides an introduction to Responsible Building Management assessment software and the Group's environmental policy with respect to real estate. The purpose of the Responsible Building Management framework is to provide staff dedicated to Societe Generale's office buildings with the keys to sustainable construction and renovation covering the entire lifespan of the Group's buildings and properties. A total of 22 engineers and real estate experts received training in 2011.
Pollution and environmental risk prevention	Our policies and processes for managing credit risks increasingly include the assessment of environmental risks (many of which are often more tangible than climate risk alone) and societal risks, starting with the project finance sector. This commitment was formally defined with the adoption of the "Equator Principles" in 2007, on the basis of which 71 transactions were assessed in 2010 (57 in 2009, 50 in 2008). Our financial analysis teams include experts on the impacts of environmental issues and carbon prices on the valuation of players in various economic sectors. The goal is to gain a better understanding of how the long-term challenges of climate change affect valuations so that we can advise our investment clients on well-informed strategies for the stock market. There are 14 people dedicated to E&S analysis and to the business development potential involving this analysis, in addition to 20 engineering consultants contributing their expertise on specific sectors.
Amount of provisions and guarantees for environmental risks, provided that such information is not liable to harm the Company's interests in any ongoing legal disputes	There are no plans for a specific provision for environmental risks, given the nature of the Company's operations.

Pollution and waste management

Measures for preventing, reducing, or offsetting emissions into the air, water, and soil, with a severe impact on the environment

TRANSPORT

COMMUTING

Proximity to a public transportation hub (La Défense, Val de Fontenay) was a key factor when determining the location of Societe Generale's head offices.

Since October 2007, Societe Generale has offered a carpool service for its employees in the Paris region, in addition to awareness-raising poster campaigns held throughout the year. To date, some 5,000 members of staff have signed up for this service via the dedicated website www.roulons-ensemble.com.

Local initiatives have also been implemented, including the "Bike to Work Scheme", with the installation of showers at the office to encourage employees at ALD Automotive Group (United Kingdom) to ride their bikes to work. The "Bike to Work Scheme" is a programme established by the British government as part of its "Green Transport Plan", which involves financial assistance for the purchase of bicycles and related equipment in order to encourage employees to use their bicycles for commuting.

In October 2007, Societe Generale Securities Services and the subsidiary in charge of the administrative management of the Group's company savings plan, based in Nantes (France), launched a company traval plan.

BUSINESS TRAVEL

An internal Instruction was issued in 2005 encouraging staff to limit business trips and to travel by train rather than by airplane whenever distances permit, due to the environmental impact of air travel.

Such restrictive policies were rolled out Groupwide (Crédit du Nord, Vietfinance, BRD (Romania), ALD International, ADL Denmark, ALD Norway, SGEF Poland, SG Maroc, French Networks).

In 2008, in France, a business travel carbon footprint calculator was set up on the travel reservation platform, which calculates the quantity of CO_2 emitted according to the method of transport chosen. As a result, short-haul air travel has been reduced in favour of rail transport.

The use of audio and videoconferencing systems is also encouraged to limit the need for business travel. In 2009, a "Green IT" programme, complete with targets and an action plan, was launched with the principal aim of developing technology to replace business-related travel.

In partnership with its subsidiary ALD Automotive, Societe Generale has also focused on reducing the carbon footprint of its fleet of company vehicles. In 2009, a "Group Car Policy" was launched, aimed at limiting the environmental impacts of the Group's car fleet by selecting green vehicles and implementing support measures such as training in ecodriving.

In 2010, a self-service vehicle solution (car sharing) was set up jointly with ALD Automotive (a Societe Generale subsidiary) to meet occasional corporate mobility needs. The range consists of five low CO_2 emission vehicles, including one hybrid and one electric car.

At the end of 2011, average emissions for the Societe Generale fleet in France amounted to 118 g of CO_2 per km and 141 g/km globally.

OTHER EMISSIONS INTO THE AIR

Replacement of R22 refrigeration systems with R134a systems in order to stop any gas leaks that are damaging to the ozone layer and to limit our greenhouse gas emissions. This operation was carried out in the Group's central buildings (Tigery, Cap 18, Niemeyer II, Polaris) up until 2010.

Waste prevention, recycling and disposal measures	The management of waste generated by the three towers at La Défense was reviewed in 2010. Some waste recovery best practices are already largely in place in the towers: recycling of ink cartridges, selective sorting and waste recovery in the company restaurants (recovery of edible oil, anaerobic digestion of fermentable waste, etc.). In 2011, 191.4 tons of food waste was recovered by the three towers of the central buildings for anaerobic digestion, producing 67 MWh of electricity. Waste is broken down into 16 categories, all of which are subject to appropriate waste treatment. Agreements with service providers have been implemented for the collection, sorting, and recovery of most types of waste. Directives on the systematic recycling of fluorescent tubes were issued in 2004. In 2008, the Group issued an Instruction on the treatment of waste electrical and electronic equipment (WEEE), with Group-wide application as of 2009. In France, an agreement was signed with disability-friendly companies for the treatment and recovery of all the Group's electronic equipment and telephone hardware. As a result, 370 tons of waste electrical and electronic equipment were collected in 2011. BRD took a similar step by entering into a partnership with a disability-friendly company. It was estimated that 14,145 tons of waste were produced by the Group in 2011 (or 114 kg/occupant compared to 185 kg/occupant in 2010). However, data collected regarding waste is still not reliable. In 2011, an environmental report was launched for each building (for buildings larger than 5,000 m²), but it was not possible to collect waste-related data for all of the buildings. This change in methodology had a definite impact on data reporting, which can explain the difference in the data between 2010 and 2011.
Sound pollution and any other form of business-specific pollution	Not material in the Company's activity.

Sustainable use of resources

Water consumption and water supply based on local constraints	In 2011, the Group's water consumption was 1,581,390 m³ for 126,390 occupants in 49 countries. Some entities were unable to determine their water consumption (this is notably the case for jointly-owned buildings as the cost of water consumption is included in building management charges). Average worldwide consumption was down 3.6% on 2010, and now totals 12.5 m³ per occupant. There are a number of reasons for this decrease: several entities (ALD Sweden, ALD UK, Banco Cacique, Banque de Polynésie, BRD, Crédit du Nord, Komerčni Banka, SG Algérie, SGB Antilles, SG Calédonienne de Banque, SG de banques au Cameroun, SG de Banques en Guinée, SGB Benin, SG China, SG Dublin, SG GSC Bangalore, SG London, SGBT Luxembourg, SG Morocco, TCW Group Inc., the retail banking network in France, central buildings) have adopted technology solutions limiting water consumption (installation of water-saving devices or push faucets; elimination of evaporative air conditioners and installation of reversible hold/cold air conditioners; mixing taps in the restrooms, installation of motion detectors near the taps; installation of dual-flush toilets). Employee awareness-raising programmes are also conducted throughout the Group.
Consumption of raw materials and steps taken to improve efficient use of consumables	**PAPER CONSUMPTION** In France, Societe Generale became a founding shareholder of EcoFolio in December 2006. EcoFolio is an environmental organisation whose main aim is to enable companies to comply with French legislation governing producers of printed material for business purposes. In 2011, Societe Generale reported 3,383 tons of printed material. Since October 2006, the retail banking network in France has offered electronic bank statements to customers. At the end of December 2011, 1,244,247 customers had opted for electronic statements, up 19.5% from 2010. Furthermore, as part of the Environment Business Card drawn up in 2010 and deployed in 2011, paperless statements are the norm. Other entities have introduced paperless invoices, such as ALD, under its *Bluefleet* programme.

Consumption of office paper reported by the Group totalled 7,742 tons in 2011 (scope: 144,325 occupants), i.e. 53.6 kg per occupant, down 3.9% compared to 2010. This decrease can primarily be attributed to the Group's responsible paper consumption initiatives.

At Group level, dissemination and adoption of best practices have resulted not only in decreased consumption of office paper, but also in a switch to recycled paper, which now represents 38% of all office paper consumed (distribution of a Paper Consumption Best Practices guide and a Paperless Practices guide; widespread use of double-sided printing; establishment of quarterly reporting on paper consumption in France, etc.).

Since 2008, all the office paper consumed in France is either recycled or carries an eco-friendly label. In 2011, use of eco-labelled paper totalled 5,059 tons Group-wide, i.e. a little more than 65%.

Energy consumption, steps taken to improve energy efficiency and use of renewable energy sources.

ENERGY CONSUMPTION

NET ELECTRICITY CONSUMPTION

Consumption of electricity in 2011 amounted to 650,759 MWh for 145,161 occupants in 62 countries. This figure relates to the consumption of electricity supplied by energy providers. It therefore excludes KWh of electricity generated by the Group and sold to a provider (produced by company-owned solar panels or bioenergy generated from kitchen waste).

The increase in gross electricity consumption on a reported basis (651 GWh in 2011 compared to 644 GWh in 2010) was mainly due to the increase in scope in absolute terms (in 2010, the scope included 94% of the Group, versus 98% of all Group employees in 2011).

The fall in net energy consumption per occupant is attributable to the measures taken to reduce our environmental footprint (responsible building management, Green IT, raising awareness on environmentally-friendly practices, etc.).

NATURAL GAS CONSUMPTION

In 2011, consumption of natural gas came out at 116,502 MWh for 145,161 occupants in 62 countries, compared to 103,201 MWh in 2010. The increase in consumption was due to the increase in scope in absolute terms and to a seasonal effect.

HEATING OIL AND OTHER ENERGY SYSTEMS (STEAM, CHILLED WATER)

In 2011, consumption of heating oil and other liquid fuels totalled 107,380 MWh for 145,161 occupants in 62 countries compared to 111,460 MWh in 2010. The decrease on a reported basis is mainly attributable to efforts taken at each entity and to seasonal effects.

MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY

All central buildings and network branches in France, and subsidiaries such as SG Japan and Splitska Banka, have automatic regulation systems (notably climate control).

The Societe Generale towers (Paris, La Défense) are equipped with automatic systems for greater energy efficiency: climate control, automatic closing of blinds, switching off lights at set times, etc. A similar system was installed at the Hong Kong offices in 2004 and at Tower Hill (SG London) in 2007. BRD, SG Serbia and SGB Benin have installed a building management system for their administrative headquarters. Energy audits are regularly performed at subsidiaries (Komerčni Banka) or for buildings (seven central buildings in 2009).

An environmental performance standard, the “Responsible Building Management Reference Framework”, was drawn up in 2009 and 2010. Specifically focused on the renovation and construction of banking sector buildings in order to prioritise efforts toward energy savings and the reduction of CO_2 emissions, this standard will be updated in 2012 to reflect new regulations in France.

With the January 2009 inauguration of the Tour Granite (Paris, La Défense), the first High Environmental Quality (HQE®) building in France, the Group was able to improve the average energy efficiency of its central buildings. Since the end of 2010, the Tour Granite has been HQE-certified in respect of its construction, operation and use. In late 2011, the Tour Granite successfully passed the inspection to renew its HQE certification: Tour Granite retained and improved its certification and received a "very good" performance rating for water management (versus a rating of "good" in 2010).

Systems for recovering the heat given off by some of our refrigeration installations have been installed in the central buildings: the use of recovered heat covers 93% of the energy required to heat the Societe Generale towers at La Défense. Annual gains are estimated at 7,460 MWh. Furthermore, since 1995, the Group's IT Centre near Paris has been fitted with a system for recovering the waste heat generated by the computers, which covers 95% of the centre's heating requirements.

Under the Green IT program, employee workstations at bank branches in France are being gradually replaced by "lite" workstations that consume up to five times less energy (25 W compared to 150 W for a "conventional" workstation). These energy-efficient workstations meet requirements for software upgrades and reduced energy consumption. For this reason, 5,000 lite workstations have been rolled at Komerčni Banka (KB) in the Czech Republic, resulting in the reduction of 2,000 tons of CO_2, and are scheduled to be deployed throughout the Crédit du Nord network.

Pilot energy-efficient retail banking branch (French Networks): under the "Carbon Neutrality" project, the Office Space Department of the French Networks implemented an action plan involving the creation of a low-cost prototype branch (including operating costs), which was inaugurated in September 2011 (the Seyssinet branch in the Rhône-Alpes region). After one year of operation, a review will be conducted and proposals made to spread the initiative to other agencies through renovation plans.

USE OF RENEWABLE ENERGY

In 2011, "green" electricity accounted for approximately 29% of all the net power consumed by the Group, which stood at 186 GWh, up 4 points over 2010. The policy of purchasing power from certified renewable energy sources began in 2005 with the signing of a multi-year contract for the supply of "green" energy generated from renewable energy sources for Societe Generale's two Valmy towers (Paris, La Défense).

To date, 5 central buildings, 2 data centres and 11 subsidiaries use this type of energy: ALD Luxembourg (43%), ALD Portugal (30%), ALD Sweden (100%), C.G.A. (100%), Crédit du Nord (13%), Komerčni Banka (39%), SG London (75%), SG Zurich (82%, Naturemade eco-label), Sogessur (0.5%), SG Private Banking Switzerland (84%), SG Hambros (11%) as well as the three head office towers, two office buildings and two data centres (100%).

The policy of purchasing electricity generated from renewable sources cut CO_2 emissions by 32,574 tons in 2011, compared to 20,585 tons in 2010; the CO_2 emissions factor applied to green electricity is 0.

Today the Group generates 303 MWh of electricity using solar panels and anaerobic digestion of kitchen waste from company restaurants.

- In 2009, the Faaa branch in Polynesia was the first Group building to generate its own power via solar panels (72,266 KWh generated in 2011);
- Since February 2010, Societe Generale de Banques in Burkina has generated about one-quarter of its head office's electricity needs thanks to the installation of 504 rooftop solar panels, which output 105,766 KWh in 2011;
- The front face of the Nantes Beaujoires building (SGSS) was fitted with solar panels in July 2010, which enabled it to generate 26,772 KWh in 2011;
- Pema Gmbh in Germany is also fitted with solar panels, which generated 30,800 KWh in 2011.
- The three head office towers at La Défense in Paris recover kitchen waste from the company restaurants, converting it to bioenergy (anaerobic digestion), i.e. 67 MWh.

Overall, renewable energy production cut CO_2 emissions in 2011 by 110 tons.

Land use	Not material in the Company's activity.

Fighting climate change

Greenhouse gas emissions

In May 2011, Societe Generale published General Environmental and Social Guidelines reflecting its commitment to continuous improvement with the objective of better understanding, controlling and reducing its footprint on society and the environment. It established industry policies focusing on sectors identified as sensitive, in which it plays an active role (oil and gas, mining industry, etc.).

The coal-fired power plant sector – a particularly high emitter of CO_2 – is the focus of a special policy. Any new power plant of this type must, among other requirements, demonstrate acceptable energy efficiency achieved through the use of state-of-the-art technologies. In 2011, minimum energy efficiency was set at 43% in countries with high per capita income and at 38% for other countries to take account of economic disparities.

Likewise, in the oil and mining industry, special attention is given to the potential impact of our clients' operations on the climate. Societe Generale also recognises that the development of heavy crude oil, tar sands or shale gas requires in-depth E&S assessment and risk management. This includes a special check of various factors, including atmospheric emissions, through the adoption of several standards (Global Gas Flaring Reduction partnership, etc.).

Societe Generale decided to make combating climate change the cornerstone of its environmental policy when it approved the Carbon Neutrality Plan in 2007, which commits the Group to reducing its CO_2 emissions per occupant by 11% by 2012 and to offsetting its emissions.

To achieve this reduction target, CO_2 emission reduction plans ("Carbon Plans") have been drawn up with each Business Division. These plans contain annual targets for reducing energy consumption, paper consumption and business travel and the related initiatives.

Cross-business programmes are simultaneously being rolled out by the Group. The "Green IT" and "Responsible Building Management" programmes are dedicated to energy efficiency. Energy consumption accounts for three-quarters of the Group's CO_2 footprint.

The process is overseen by a Group "Carbon Neutrality" Steering Committee, comprised of representatives from all the business and Corporate Divisions (two meetings a year).

RESULTS OF 2011 INITIATIVES

The Societe Generale Group's 2011 CO_2 emissions have been estimated at 265,988 tons for 98% of employees, i.e. 1.84 tons of CO_2 per occupant, after deduction of green electricity purchases (relating to transport, office paper consumption, and direct and indirect energy-related emissions linked to energy). This estimate is made by applying the GHG Protocol calculation method (www.ghgprotocol.org) to all data entered into the central reporting application. Emissions per occupant in 2011 were down 7.6% and 20.7%, respectively, on 2010 and 2007, the reference year, enabling the Group to exceed its 11% reduction target set in 2007 for the 2008-2012 period. These results were achieved by including renewable energy in the target (See Table on page 171 for details). All renewable energy (purchase of green electricity certificate, generation of renewable energy for internal use or sale) has reduced our CO_2 emissions by 32,684 tons. These savings are deducted from the purchase of carbon credits under the emissions offsetting programme.

CHANGE IN CO_2 EMISSIONS SINCE 2007 AND EMISSIONS OFFSET AND PREVENTED

	Reference Year: 2007	2008	2009	2010	2011
CO_2 emissions per occupant (T)	2.32	2.24	2.14	1.99	1.84
CO_2 emissions (T)	265,732	294,372	278,835	277,745	265,988
Offset emissions (T)	1,736	28,840	69,745	208,307	265,988***
Emissions prevented due to renewable energy (T)*	4,797	7,084	15,350	20,873	32,684
Emissions prevented due to recycled paper (T)	417	585	964	1,098	1,051
Emissions prevented due the "Green IT" programme (T)**	-	-	-	7,000	6,600

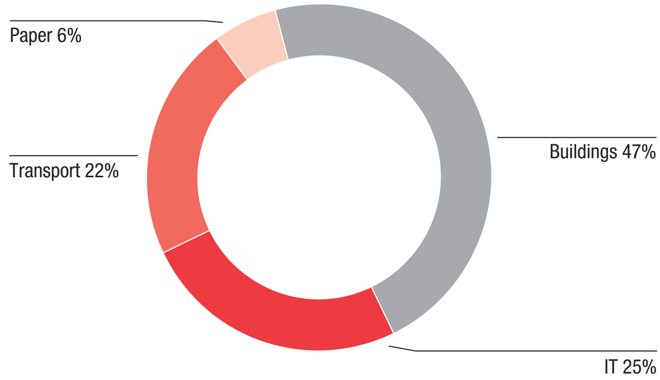
* Includes purchase of green electricity and energy self-sufficiency.

** Estimates.

*** Purchase scheduled for the second half of 2012.

The construction and IT sectors are the Group's highest CO_2 emitters.

BREAKDOWN OF 2011 CO_2 EMISSIONS PER SECTOR



CARBON OFFSETTING AND THE INTERNAL CARBON TAX

The Group believes that emissions should be offset gradually in order to more extensively involve the business lines:

- in 2009, the Group assumed the costs of offsetting the 2008 CO_2 emissions of central departments and buildings;
- in 2010, the costs of offsetting 2009 emissions in France were re-invoiced to the business lines;
- in 2011, the offsetting of 2010 emissions covered 75% of the Group's emissions (excluding Rosbank);
- from 2012, all the Group's emissions (excluding Rosbank) will be offset.

To increase their accountability, the entities are required assume the cost of offsetting. Starting in 2011, the Group instituted an internal carbon tax, which has increased the involvement of entity Management teams. With the proceeds from the tax, six projects were funded by purchasing carbon credits: a wind farm in Morocco, a small-scale hydropower plant in Guatemala, bioenergy in India, methane recovery from Argentinian landfills, wind farms and recovery of methane from landfills in Turkey.

Each business division or entity is free to do more in the area of offsetting than what is provided for by the Group. This has been the case for Societe Generale Bank and Trust and SGSS Luxembourg since 2008.

Adapting to the impact of climate change	Through our operations and offices in emerging and developing countries (Africa, Eastern Europe, etc.), we encourage economic players in these regions to invest in infrastructures, technologies and modern industrial tools promoting carbon-efficient economic development and strategies for adapting to climate change.

Preserving biodiversity

Measures taken to preserve or develop biodiversity	Through its operations, Societe Generale is exposed to the issue of biodiversity in urban areas. A few initiatives to introduce bee hives have been launched in France. Three years ago, bee hives were placed on the rooftops of the Boursorama buildings. Depending on the year, the hives can produce up to 100 litres of honey. In the French retail banking network, the regional division in Rennes has conducted a similar operation. Furthermore, since the end of 2010, Societe Generale has offered businesses and association customers a new business payment card, the Environment Card, for their employees. Paperless statements are issued to cardholders, and EUR 0.05 is contributed to the French National Forestry Bureau for each purchase made using the card. These contributions fund projects associated with preserving biodiversity and reforestation (restoring the Lamarque-Pontacq Forest).

ENVIRONMENTAL DATA (EXCLUDING ROSBANK)	Units	2011	2010	2009	2008	2007
General environmental policy						
Total Group headcount[1]	-	**139,896**	**139,065**	**140,119**	**144,007**	**134,738**
Total number of occupants counted in reports	-	**146,672**	**143,154**	**132,933**	**134,884**	**118,183**
Coverage of data collection scope	%	**99%**	**97%**	**92%**	**85%**	**76%**
Total surface area	**m²**	**3,908,465**	**3,815,373**	**3,728,409**	**3,490,877**	**3,499,265**
of which certified m²	m²	155,745	172,074	146,845	-	-
Total surface area per occupant	m²	27	27	28	26	30
Pollution and waste management						
Waste	**ton**	**14,145**	**19,265**	**14,466**	**11,696**	**15,663**
Coverage of scope	**occupant**	**123,895**	**104,141**	**95,974**	**99,450**	**93,184**
FTEs covered[2]	%	**83%**	**74%**	**67%**	**68%**	**68%**
Waste per occupant	**kg**	**114**	**185**	**151**	**118**	**168**
of which sorted waste	ton	4,201	12,136	12,515	8,213	14,405
sorted waste as a %	%	30%	63%	87%	70%	92%
sorted waste per occupant	kg	34	117	130	83	155
waste deposited in landfill[3]	ton	9,944	7,129	1,951	3,483	1,258
Business travel	**millions of km**	**488**	**463**	**444**	**469**	**455**
Coverage of scope	**occupant**	**143,159**	**136,335**	**129,343**	**130,730**	**118,069**
FTEs covered	%	**97%**	**91%**	**89%**	**84%**	**78%**
Business travel per occupant	**km**	**3,412**	**3,395**	**3,436**	**3,585**	**3,853**
o/w air travel	millions of km	273	248	211	247	288
short-haul	millions of km	21	14	11	11	18
medium-haul	millions of km	57	56	46	78	88
long-haul	millions of km	195	178	154	157	182
Train	millions of km	43	39	42	39	33
Car	millions of km	172	176	192	183	134
Sustainable use of resources						
Water consumption	**millions of m³**	**1.581**	**1.504**	**1.642**	**1.504**	**1.564**
Coverage of scope	**occupant**	**126,390**	**115,908**	**103,443**	**100,378**	**84,281**
FTEs covered	%	**83%**	**81%**	**71%**	**65%**	**59%**
Consumption per occupant	**m³**	**12.5**	**13.0**	**15.9**	**15.0**	**18.6**
Office paper consumption	**ton**	**7,742**	**7,960**	**8,100**	**7,591**	**7,621**
Area coverage	**occupant**	**144,325**	**142,605**	**131,579**	**130,012**	**124,438**
FTEs covered	%	**98%**	**97%**	**91%**	**83%**	**84%**
Office paper consumption per occupant	**kg**	**53.6**	**55.8**	**61.6**	**58.4**	**61.2**
o/w recycled paper	ton	2,919	3,050	2,678	1,624	1,158
	%	38%	38%	33%	21%	15%
Total net energy consumption[4]	**GWh**	**875**	**859**	**824**	**854**	**764**
Coverage of scope	**occupant**	**145,161**	**140,318**	**130,166**	**131,370**	**112,732**
FTEs covered	%	**98%**	**94%**	**92%**	**83%**	**75%**
Total net energy consumption per occupant	**KWh**	**6,025**	**6,121**	**6,333**	**6,503**	**6,781**
Total net energy consumption per m²	**KWh**	**225**	**227**	**227**	**252**	**227**
o/w net electricity consumption	GWh	651	644	629	597	524
Net electricity consumption per occupant	KWh	4,483	4,591	4,833	4,542	4,647
Electricity from renewable resources	%	29%	24%	14%	10%	11%
Natural gas	GWh	117	103	97	126	118
Other fluid fuels[5]	GWh	107	111	98	131	123
Self-produced green electricity[6]	**MWh**	**303**	**144**	**22**	**0**	**0**
Fighting Climate Change						
CO_2 emissions						
After deduction of green electricity purchases[7]	ton	265,988	277,745	278,839	294,372	265,732
before deduction of green electricity purchases	ton	298,562	298,618	294,189	301,456	270,529
Coverage of scope	**occupant**	**144,662**	**139,546**	**130,070**	**131,162**	**114,531**
FTEs covered	%	**98%**	**95%**	**91%**	**84%**	**76%**
CO_2 emissions per occupant						
after deduction of green electricity purchases	ton	**1.84**	**1.99**	**2.14**	**2.24**	**2.32**
before deduction of green electricity purchases	ton	2.06	2.14	2.26	2.30	2.36

ENVIRONMENTAL DATA (EXCLUDING ROSBANK)	Units	2011	2010	2009	2008	2007
CO_2 emissions per m² (energy only)	**kg**	**49.4**	**53.3**	**56.4**	**63.7**	**56.5**
Direct energy(8)	ton	31,630	28,115	26,186	37,571	35,317
Indirect energy(9)	ton	160,060	173,444	178,385	178,441	154,536
Paper	ton	14,830	15,221	15,646	14,977	15,206
Transport	ton	59,468	60,965	58,622	63,383	60,673

(1) Data excludes Rosbank. Data was collected for 2011 but was not included in the Group's profile. A second year of data collection for Rosbank is needed in order to secure reliable data.

(2) Full-time equivalent.

(3) As the destination of non-recycled waste is not known at this time, it is assumed that it is taken to a landfill.

(4) Net consumption means that renewable electricity sold was subtracted from consumption.

(5) Fuel, chilled water and steam.

(6) Consumption of energy generated by the Group (primarily via solar panels) and anaerobic digestion of kitchen waste; 2010 was corrected for a reporting error.

(7) The CO_2 emission factor used for green electricity is 0.

(8) Natural gas and fuel oil.

(9) Electricity, chilled water and steam.

INFORMATION ON CORPORATE SOCIAL RESPONSIBILITY COMMITMENTS SUPPORTING SUSTAINABLE DEVELOPMENT

Regional, economic and social impacts of the company's business activities

In the area of jobs and regional development	1. Societe Generale continues to contribute to improving the quality of life of local communities by developing local employment initiatives and improving the economic attractiveness of the employment markets where the Group conducts its activities. Accordingly, the Group has signed regional commitment charters with the cities of Nanterre and Fontenay-sous-Bois in France. By virtue of their commitments to promoting employment, these charters constitute one of the key components of the Societe Generale Group's commitment to corporate social responsibility. 2. Supporting the growth of the French economy is a priority for the bank. In 2011, it played a major role in the French effort to support businesses, associations and individuals. As for regional development, the figures below show outstanding loans and their beneficiaries (business customers and associations) by geographic area. These direct loans allow the beneficiaries to pursue and develop their business and social activity and, in particular, contribute to creating/maintaining jobs in the respective regions. The Bank strives to continue its role in every region of France. At the end of 2011, outstanding loans for the Group's French Networks stood at EUR 173.6 billion, up 4.4% over average outstanding loans in 2010. In the association customer segment alone, outstanding loans exceeded EUR 1 billion in 2011.
In the surrounding or local communities	

Relations with persons or organisations concerned by the Company's activities, especially associations promoting professional integration, educational institutions, environmental protection associations, consumer associations and neighbouring communities.

Conditions for dialogue with these persons or organisations

At Societe Generale, the concept of corporate and social responsibility is primarily tied to understanding and integrating the needs and expectations of our different stakeholders, namely our shareholders, customers, staff, suppliers and local communities.

Indeed, our "stakeholders" are all parties both internal and external to the Group, which share the same interests and are therefore directly concerned by the bank's actions, whose motivations and influence are relatively consistent and with which the Group develops a climate of dialogue and exchange.

In today's ever-changing world, constantly confronted with new risks, our stakeholders' expectations and requirements are increasingly varied and demanding. Societe Generale implements its corporate responsibility policy by adapting to the needs of its stakeholders and, to this end, is developing a process of dialogue and exchange specific to each stakeholder:

Employees:

- The "employee satisfaction survey" conducted in 2011 gathered views from 131,000 employees around the world (see "Feedback and employee satisfaction survey", page 145);
- 249 agreements (of which 50 with employee representative bodies in France) were signed in 2011 worldwide (see "Collective bargaining", page 159).

Rating agencies:

- Several talks with financial and extra-financial rating agencies are held throughout the year to understand their methodology and to report on the Group's achievements.

Customers:

- Customer satisfaction surveys have been conducted throughout the year on representative samples within the retail banking network for almost ten years. These surveys are paired with annual branch satisfaction surveys in France (120,000 individual clients and nearly 14,500 professional clients surveyed at Societe Generale and 40,000 surveyed at Crédit du Nord). The bank also participates in market surveys conducted by the French Banking Federation on the quality of banking services;
- Mediation, a free out-of court dispute resolution solution introduced by Societe Generale in 1996 and instituted by law in 2002, is available to our clients. Societe Generale stands apart because it is committed to complying with and implementing the decisions taken by the mediator;
- In 2011, 66% of customers received a fully or partially satisfactory response on matters submitted to the Customer Relations Department;
- Societe Generale dialogues with innovative SMEs: in France, Societe Generale signed the SME Pact in 2007, the aim of which is to help innovative SMEs in France penetrate the large corporates market. Events organised with internal business introducers provide an opportunity for SMEs to present their work in specific areas to the Group's internal business providers and to compare their solutions to the actual needs of a large company. In 2011, the Group's expenditure on products and services stood at EUR 4 million.

Investors and Shareholders

- The department in charge of individual investor and shareholder relations prepares financial communications for these shareholders and investors and keeps them informed of the results of the Group's business strategy. Approximately 70 days of roadshows and conferences were organised with financial analysts or investors in Europe, including 15 in Paris, 24 in the United States and Canada, 13 in Asia and 3 in Australia.

In addition to the General Meeting, attended by 931 shareholders on May 24, 2011, two "large-scale" meetings provided an opportunity to meet with 800 individual shareholders in Rennes (in June) and another 800 in Nice (in September) and a meeting with several issuers was held in Montpellier in September, with more than 300 participants. Societe Generale also participated in the Salon Actionaria trade fair in Paris in November: among the 30,000 visiting shareholders, 1,500 contacts were established.

Each year the Department publishes the Letter to Shareholders (110,000) and manages the various shareholder relations channels (Shareholders Club, toll-free number, mail, dedicated website, etc.). Lastly, it chairs the Shareholders Consultative Committee, whose main purpose is to issue an opinion on the policy toward individual shareholders.

Regulators

- In every country where Societe Generale does business, it regularly meets with banking and financial regulators. Multiple meetings are held to discuss expectations, explain our activities and implement recommendations.

Non-Governmental Organisations (NGOs)

As an adherent to the Equator Principles, Societe Generale's role is to develop constructive dialogue with stakeholders (NGOs, Export Credit agencies, SFI, the OECD, EBRD, etc.) and to exchange best practices. In this respect, the Group participated in several working sessions with NGOs lasting several days.

Societe Generale also conducts this kind of dialogue as part of its active participation in the United Nations Environment Programme.

Societe Generale has begun a consensus-building process with several NGOs, presenting its work in the area of environmental and social policies as applied to its business activities, and on its policies in sectors deemed sensitive (defence, coal-fired power plants, oil and gas, mining and metals, etc.).

On specific projects, Societe Generale has hosted NGO representatives on several occasions: such talks provide a forum for the parties involved to express their concerns as to the impact of certain projects and to explain the role of the bank. These meetings have improved dialogue, introduced additional mitigation measures and served as a springboard for the incorporation of environmental and social concerns by the various participants in these projects.

Furthermore, over the course of 2011, the Societe Generale Group completed several NGO questionnaires involving several dozen business lines and departments and relating to all its financing activities, CSR initiatives, corporate governance, citizenship and sponsorship programmes and its role in the commodities sector.

Partnerships and corporate sponsorship

ASSOCIATIONS FOR PROFESSIONAL INTEGRATION AND EDUCATIONAL INSTITUTIONS

One of the top priorities of Societe Generale's sponsorship and citizenship initiatives is professional integration. In 2011, several large-scale national and international programmes and local initiatives received support from the Societe Generale Charitable Foundation, with:

- financial support for 89 associations in the amount of EUR 2 million promoting professional integration;
- the renewal of the partnership with the NGO "CARE" for programmes supporting education in the Group's countries of operation.

Over and above the funding it provides, the aim of the **Societe Generale Foundation** is to inform and involve staff in the Group's commitments. To do this, it forges genuine partnerships with associations through several programmes:

- volunteer work: the Foundation offers the Group's employees an opportunity to donate their time doing volunteer work on behalf of several organisations *(Mozaïk RH, Proxité, Solidarités Nouvelles face au Chômage, etc.);*
- forging relationships/developing partnerships: the Foundation offers opportunities for cooperation between the Group and ARES (Association for Economic and Social Reintegration), which has enabled entry-level employees sponsored by the association to organise rummage sales for Societe Generale;
- a three-way *Proxité* – Societe Generale – *Lycée Joliot Curie – Nanterre* partnership that has allowed students from underprivileged neighbourhoods to discover the challenges of a banking career or a career as a multimedia customer adviser (tours of Societe Generale offices by students, meetings with bank professionals);

- See also Chapter 6, “Citizenship initiatives and professional integration support”, page 147, and “Special initiatives for students and recent graduates”, page 141.

Sogeprom, Societe Generale’s real estate development subsidiary in France, signed an agreement with the ***Fondation Abbé Pierre*** on housing for the underprivileged, the terms of which provide for an annual donation of EUR 30 per official deed to the foundation. The agreement was renewed for 3 years in January 2011, with a provision for an annual lump-sum contribution of EUR 30,000.

Subcontractors and suppliers

Incorporation of CSR criteria in the Company’s purchasing policy

See Chapter 6, “Observation of ILO conventions and CSR criteria by subcontractors”, page 148.

Societe Generale’s socially responsible purchasing policy is implemented through a series of multi-annual actions plans that seek the proactive involvement of all stakeholders in the value chain (business introducers, purchasers and suppliers).

These actions plans, known as the *Ethical Sourcing Program* (ESP) and the *Sustainable Sourcing Program* (SSP), are clear proof of the Purchasing Department’s determination to make CSR a fundamental part of its processes. The Purchasing Department has reaffirmed its determination to help reduce the Group’s operational risks by making CSR a day-to-day priority, with the help of its suppliers.

KEY INITIATIVES

- Signing of a professional and personal code of conduct applicable to purchasing;
- A special legally binding clause on sustainable development automatically inserted into every contract;
- Special training in “Procurement and sustainable development” integrated into the in-house training curriculum. This affords buyers the opportunity to initiate a sustainable sourcing programme;
- CSR risk mapping on products and services purchased, in order to identify all CSR priorities;
- A vendor selection process implemented by sending suppliers a questionnaire whenever a purchase is required. The ratings obtained are incorporated into the supplier selection process;
- The incorporation of CSR objectives by all purchasers in the supplier selection process and the roll-out of a CSR initiative specific to their purchasing category.

TOOLS

To encourage buyers to incorporate CSR considerations into their activities, the Purchasing Department has provided special tools to enable them to integrate social and environmental criteria into the selection of goods and services.

- The “Understand the labels” tool explaining the existing social and environmental labels by purchasing category;
- Collaborative library: for each purchasing category, a file has been created listing information and data associated with the category and CSR (watchlist, benchmarks, codes and regulations, etc.);
- CSR assessment sheets: a data sheet produced for each CSR-sensitive purchasing category, listing the social and environmental risks and identifying the stakeholders involved in order to draw up specific action plans;
- An in-house guide to purchasing and the disability-friendly sector;
- Direct access to the collaborative GESAT platform, which lists all EAs (**disability-friendly companies**) and ESATs (**organisations for the professional integration of disabled persons**) in France, by product and service.

	FLAGSHIP PROGRAMMES ASSOCIATED WITH THE THREE PILLARS OF SUSTAINABLE DEVELOPMENT Economic Pillar: a commitment to SMEs that aims to provide them with easier access to Societe Generale procurement contracts and establishing a framework of mutual trust with suppliers. ■ Signing of/participation in the SME Pact; ■ Signing of the Credit Mediation Charter and the CDAF (French association of purchasing managers) charter; ■ Supplier survey on the quality of their relations with the Group; ■ Appointment of an in-house ombudsman; ■ Clause encouraging the use of internal mediation inserted into every contract. Social Pillar: use of disability-friendly companies and ESATs, protected sector (companies specialised in employing disabled persons) through subcontracting. ■ Mail room management awarded to disability-friendly companies at 50 Group sites; ■ Listing of several EAs/ESATs for the scanning of cheques and digital recording of pay slips; ■ A portion of waste electrical and electronic equipment (WEEE) recycling awarded to 8 businesses belonging to the UNEA network (French national union of disability-friendly companies). Environmental Pillar: participation in the Carbon Neutrality Plan through the inclusion of environmental criteria in the selection process for purchased products and services. ■ Automatic inclusion of the EPEAT® Gold label when selecting IT products; ■ Purchase of 100% recycled/eco-labelled paper; ■ Management of company car fleet: integration of environmental criteria in the selection of vehicles (emphasis on CO_2 emissions)
Importance of outsourcing and incorporation of CSR criteria in relations with suppliers and subcontractors	In order to cover the largest possible cost base in the CSR supplier selection process, an approach was formally defined in 2006. The CSR supplier selection process is integrated into an in-house e-Sourcing application, Tool@chats, which allows purchases to be handled online. Whenever a product or service is purchased, a questionnaire made up of ten standard questions is sent out to suppliers to assess their commitment to CSR. The database of supplier CSR ratings is gradually populated (in 2011, more than 1,500 suppliers were rated in the database, representing an external expense of EUR 3 billion out of the EUR 6.7 billion in purchases made by the Group in 2011 - amount extrapolated over 9 months). When an invitation-to-tender is sent out, the purchaser is able to retrieve the bidding company's CSR rating from the database; if a supplier has not yet been rated, a questionnaire is sent out along with the invitation-to-tender. In late 2011, the Purchasing Department decided to professionalise its CSR supplier selection process by working with an independent firm, Ecovadis, recognised for its expertise in sustainable development. Suppliers invited to bid are surveyed by Ecovadis by means of a questionnaire focusing on their business sector and the size of their company as well as their geographic coverage. Once the evaluation is complete, the CSR rating is factored into the selection criteria, with a minimum weighting of 3%.

Fair practices

Anti-corruption initiatives	Societe Generale has already taken on 2,000 commitments in connection with the United Nations Global Compact and the Wolfsberg Group. The anti-money laundering system includes monitoring of potential abuse of the banking system for the purposes of corruption. This oversight is based primarily on know-your-customer processes and on the use of transaction filtering tools. Transactions likely to represent acts of corruption are analysed and may give rise, if need be, to a suspicious transaction report filed with the competent authorities in charge of combating money laundering (in France, this authority is Tracfin). The framework of standards was updated once again in 2011: a new directive has replaced the one that had been enforced since 2009; it strengthens the obligations of the Group's operating entities in the area of controls, oversight of third party A mandatory agents, and anti-corruption training for employees. *e-learning* module to raise the awareness of all the Group's employees on combating corruption will be rolled out in spring 2012. Additional work on upgrading procedures and contractual documents (in particular, concerning third-party agents) is currently in progress.
Measures in favour of consumer health and safety	The bank has started a "**Responsible lending**" policy that aims at being respectful of borrowing customers over the life of the loan until repayment. This initiative applies to **consumer finance** ("**Successful Lending**" by Franfinance) and **mortgage lending** to individual customers and will be rolled out to the entire Group. The aim of the policy is to go beyond legal requirements such as the Lagarde Act in France, by identifying and assisting persons with excessive debt. In 2010, **Franfinance** and **CGI, Societe Generale's consumer finance subsidiaries in France,** signed a partnership agreement with **Cresus**, a network of associations specialising in providing assistance to individuals with excessive or poorly structured debt. Franfinance and CGI offer financial struggling clients an opportunity to contact their local Cresus association. A support charter, signed by the association and the voluntary client, results in a budget and social review, followed by close support aimed at safeguarding the client's financial footing. Launched in October 2010 in several pilot regions, this partnership has proven to be effective for all participants. Franfinance and CGI both plan to gradually roll out this agreement across France.

Other efforts in support of human rights

The Societe Generale Group conducts its business with respect for fundamental human and workers' rights and respect for the environment wherever it operates. It acts and cooperates in compliance with the international programmes to which it is signatory, such as the United Nations Global Compact and the Statement by Financial Institutions on the Environment & Sustainable Development (United Nations Environment Programme).

(See also Chapter 6, "Caring about employees", page 145 and, within this section, "Occupational health and safety").

INITIATIVES SUPPORTING ACCESS TO HEALTHCARE

Regarding access by local populations to healthcare, the subsidiaries of international networks doing business in the Mediterranean Basin and in Sub-Saharan Africa continue to be closely involved in campaigns to provide information on and to prevent pandemics, in particular malaria and HIV/AIDS.

The HIV/AIDS programme implemented involves all employees and their families in each of the countries in question. It is based on a four-point charter:

- increasing employee awareness of the virus and the advantage of knowing their HIV status;
- facilitating anonymous, free access to information and screening, and to counselling when test results are given;
- absorbing the overall cost of treating the illness (exams, analyses, medication, etc.) as part of the healthcare coverage programme;
- combating any form of discrimination against HIV-positive employees.

SUPPORTING EMPLOYEES IN TIMES OF SOCIAL OR HEALTH-RELATED CRISIS

In 2011, many of Societe Generale's worldwide offices were impacted by major local crises during which the bank stayed close to its employees in order to offer them special care and support.

See Chapter 6, "Helping employees in periods of social or health-related crisis" page 146.

8
COMPLIANCE

COMPLIANCE

Compliance means to act in accordance with the applicable banking and financial rules, whether these are legal or regulatory, or relevant professional, ethical or internal standards.

Fairness to clients and, in more general terms, integrity in banking and financial practices contribute decisively to the reputation of our organisation.

While ensuring such rules are respected, the Group works toward the growth of a crucial asset: the trust placed in it by its clients, other counterparties and employees, as well as the various regulatory authorities on which it depends.

THE COMPLIANCE SYSTEM

Independent compliance structures have also been set up within the Group's different businesses around the world in order to identify and prevent any risks of non-compliance.

The Group's Corporate Secretary is responsible for monitoring Group compliance.

He is assisted in these projects by the Compliance Department, the Group's Compliance Committee, and a Compliance structure established as a coordinated network of Compliance Officers covering all of the Group's entities.

The Compliance Department

Established in February 2011 to replace the Ethics Department, the Compliance Department dedicated its first year to organising itself as a structure by drawing on a coordinated network of Compliance Officers covering all of the Group's entities, to providing the structure with a consistent standards framework, to raising awareness and training its participants in preventing non-compliance risks and to defining a set of standard checks for major non-compliance risks.

The Compliance Department verifies that all laws and regulations as well as compliance rules and principles applicable to the Group's banking and investment services activities are observed, and that all staff respect codes of good conduct and individual compliance; it also ensures the prevention of reputational risk. It provides expertise and supervision at the highest level for the Group and assists the Group's Corporate Secretary with day-to-day organisation of the structure. Its main tasks are namely:

- to define, in accordance with the regulators' requests and legal or regulatory requirements, the policies, principles and procedures applicable to compliance and the prevention of money laundering and terrorism financing, and to ensure that they are implemented;
- to ensure that professional and financial market regulations are respected;
- to prevent and manage any potential conflicts of interest with respect to customers;
- to propose the ethical rules to be respected by Group staff;
- to train and advise staff and raise their awareness of compliance issues;
- to ensure that the role of RCO is performed under adequate conditions, by setting out the RCO's prerogatives, ensuring that they have the necessary resources, tools and normative framework and monitoring their correct implementation;
- to build and implement steering and organisation tools for the structure: dashboards, forum to share best practices, etc.;
- to coordinate relations between Group entities and French and foreign regulators;
- to generally monitor issues likely to be harmful to the Group's reputation.

Group Compliance Committee ("Comité de Conformité Groupe")

The Group Compliance Committee meets each month under the chairmanship of the Group's Corporate Secretary. The Committee examines current compliance issues, reviews the most significant anomalies that occurred during the period for the whole Group, and makes decisions on what to do about them. Finally, it familiarises itself with changes in regulations. Represented on this Committee are: the Compliance Department, which organises and facilitates the meeting, Compliance Officers from core businesses, the Finance Division and the Corporate Resources Division, and the Head of Group Internal Control Coordination, as well as representatives of the General Inspection department, the Operational Risk Department and the Legal Department.

The Compliance structure

All Group departments working in the field of compliance, whatever their activities or geographic situation, are now supervised by the Compliance Department, which is responsible for them under the framework of correct, structured governance.

Core business Compliance Officers are usually under the operational authority of the Group Compliance Officer and the Group Head of Compliance. In core businesses where the risks are higher (SG CIB and GIMS), the compliance organisation and dedicated staff are under the authority of the Group Head of Compliance. Within their scope, they implement the governance and principles defined at the Group level. They are responsible for the identification and prevention of non-compliance risks, the validation of new products, the analysis and reporting of any compliance anomalies as well as the implementation of corrective action, staff training and the development of a Group-wide culture of compliance. They particularly draw on an organisational pyramid of Compliance Officers from business lines or subsidiaries who are under their hierarchical or operational authority, as well as on Compliance Committees from business lines and subsidiaries.

The purpose of structure-based organisation is three-fold:

- centralising compliance skills within the Group in order to develop expertise in this domain;
- implementing cross-business functions intended to spread a consistent compliance culture within the Group, covering all of the Group's core businesses and Corporate Divisions;
- establishing a clear separation between advisory and monitoring functions.

Special feature of the anti-money laundering system

Combating money laundering and terrorist financing relies on Compliance Officers from core businesses and business lines as well as on a structured network of AMLOs (Anti-Money Laundering Officers) under the supervision of a central unit responsible for anti-money laundering and counter-terrorist financing for the entire Group.

This entity organises and coordinates the system. It reports suspicious activity to TRACFIN based on information supplied by core businesses and business lines on files within the scope of the French organisation (except for certain independent subsidiaries). For entities located abroad, AMLOs report suspicious activity to local authorities. In collaboration with the legal department, this unit also produces anti-money laundering and counter-terrorist financing Group Instructions.

It spreads an "AML culture" within the Group, notably through its training activities (e-learning broadcast since the end of 2010), distributing standard-setting documents, updating information on personnel involved and placing all information required for anti-money laundering and counter-terrorist financing efforts on a dedicated online portal.

COMPLIANCE CULTURE

Compliance and adherence to ethical rules that meet the profession's highest standards are part of the Societe Generale Group's core values. These values are shared by all of its staff and not just by a handful of experts.

The Group has developed a strict body of compliance procedures and rules of good conduct. These rules go beyond applicable legal and regulatory provisions, particularly in countries that do not meet Societe Generale's own ethical standards.

Compliance culture in a bank is:

- refusing to work with customers or counterparties for whom it is not possible to gather enough information to meet due diligence standards;
- knowing how to assess the economic legitimacy of a transaction;
- being able to justify an adopted position under any circumstances.

In line with these principles, the Group:

- does not carry out transactions within countries, and does not enter into relations with individuals or businesses, whose activities fall outside of the law or are contrary to the principles of responsible banking;
- refuses to conduct transactions for clients or counterparties if it is unable to determine the economic legitimacy of these transactions, or where the lack of transparency suggests they may be contrary to accounting and compliance principles;
- provides information that is accurate, clear and not misleading on the products and services it proposes and verifies that said products and services are suited to customer needs;
- has established a "right to alert" which can be exercised by any employee who believes they have good reason to think that an instruction received, a transaction under review or, in general, a given situation is not in compliance with the rules that govern the conduct of the Group's activities.

Societe Generale has very strict rules on the prevention of corruption which are included in the Code of Conduct and comply fully with French legislation. Information concerning obligatory measures and controls has been disseminated since 2001 in the form of instructions, which apply throughout the Group and are updated on a regular basis.

IT APPLICATIONS DEDICATED TO COMPLIANCE

Various IT applications have been developed with the aim, wherever possible, of ensuring compliance with current regulations (e.g. the fight against terrorism and anti-money laundering) and the detection of abuses or situations requiring special attention. Examples of such applications include:

- applications used to filter customer files and international transactions in order to detect people, countries or activities subject to sanctions or embargoes;
- applications designed to manage and prevent conflicts of interest;
- behavioural analysis applications to facilitate the detection of suspicious transactions in the bank's Retail and Private Banking activities;
- an alert management and cheque supervision application;
- an application for managing lists of persons holding inside information;
- an application for helping to detect market abuses (price manipulation and insider trading);
- an application for compliance risk mapping and assessment and following up action plans;
- a cross-business application to meet the Group's regulatory requirements, notably in terms of declaring when share ownership thresholds have been exceeded.

These tools are regularly updated to incorporate regulatory changes and improve their efficiency.

2011 HIGHLIGHTS

New channels established for spreading compliance culture within the Group:

The Compliance Department has developed the means to allow it to exercise the new cross-business functions entrusted to it.

Two departments were created:

- an awareness-raising service to spread compliance culture within the Group: its activities include training, reviewing documents and standards, establishing and tracking steering indicators (reputational risk dashboard, risk measurement indicators);
- an auditing service responsible for defining and steering standard controls common to the whole Group.

In addition, functions have been assigned to the Compliance Department (financial sanctions and embargoes, breached thresholds, personal transaction monitoring) that had previously been assigned to a department responsible only for investment banking. This allows their scope to be widened to the whole Group.

Compliance means (personnel and tools) reinforced:

Highlights are:

- the growth of the global compliance workforce;
- the position of Global Compliance Officer for Corporate and Investment Banking was created. The Officer coordinates dedicated compliance teams and reports to the Compliance Department;
- the continuing development of new applications for the Group, particularly adjusting a compliance-risk evaluation application that will come into service in 2012 in Corporate and Investment Banking division and in 2013 in the rest of the Group.

Formal definition of internal standards and responsibilities:

Particular attention was paid in 2011 to clarifying responsibilities and standards. The main internal standard-setting documents (Group instructions and directives) have been reviewed or are being rewritten. They specify the responsibilities of each function, particularly the respective roles of compliance control functions and core businesses.

Know Your Customer/Anti-money laundering:

Constant reinforcement of Know Your Customer requirements and the analysis of their transactions is a priority for all of the Group's activities. The corporate Know Your Customer unit's workforce has increased to deal with the growing number of files examined. The Group's anti-money laundering doctrine, defined in 2010, has gradually been tailored to each core business. A new Group instruction on Know Your Customer procedures is being finalised. Account transaction-monitoring applications adapted to each activity are regularly reviewed and updated. New regulatory provisions, for example, those aiming to identify beneficial owners, are widely distributed within the Group.

Embargo and sanction policy:

The increasing number of decisions to impose sanctions at different levels (UN, OFAC, European Union and individual governments) means that the system for monitoring all transactions has been reinforced as part of an internal policy of strictly respecting rules in force. Group procedures are covered by new instructions.

Staff transactions:

Respect for compliance plans is a permanent feature of Societe Generale's rules of conduct. The application of these rules to external service providers was broadly implemented in 2011.

Breached thresholds:

A central, global application went into production during 2011 to calculate the Societe Generale Group's holdings of listed securities according to the regulatory criteria of each country and uphold its regulatory obligations in terms of breached thresholds.

Anti-corruption:

The Group published new instructions describing internal anti-corruption rules. These rules comply with the provisions of the "Bribery Act", UK legislation with extra-territorial scope, and respect the best international standards.

US regulations on monitoring bank accounts of US persons or interests abroad (FATCA: Foreign Account Tax Compliance Act):

FATCA regulations state that non-US banks must provide US tax authorities with information on their relationship with US interests. The task of adapting the Societe Generale Group's procedures so that they comply with these provisions by 2013 is managed as part of a project combining all of the core businesses. The commitments made by the Group as a participant in the FATCA system, and the rules of conduct to follow to enable the Head of Compliance to certify that these commitments have been respected, have been widely distributed throughout the Group.

Quality of the customer relationship:

The quality of customer relationships assumes a constant process of monitoring, analysing and adapting new products to comply with the new regulations. French Retail Banking's had the special task of monitoring compliance and professional commitments in terms of client relationships. The entry into force of the law on credit consumption, the new regulatory framework for dealing with excess debt, professional commitments on the transparency of bundled products and on the content of products intended for at-risk clients all require the regular adaptation of our products and data processing chains, as well as the training of our sales force.

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RISK MANAGEMENT

INTRODUCTION

RISK MANAGEMENT STRATEGY

The implementation of a high-performance and efficient risk management structure is a critical undertaking for the Societe Generale Group, in all businesses, markets and regions in which the bank operates. Specifically, the main objectives of the Group's 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 an efficient system for risk analysis, measurement and monitoring.

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

- the relative risk/reward of the Group's activities;
- earnings sensitivity to economic cycles and credit or market events;
- sovereign and macro-economic risks, both on the emerging markets and in developed countries;
- the balance in the portfolio of earning streams.

TYPES OF RISKS

The Group is exposed to the risks inherent in its core businesses.

Its results of operations in the past have been, and in the future may continue to be, materially affected by many factors, including: political, economic and market conditions; the availability and cost of capital; the liquidity of global markets; the level and volatility of equity prices, commodity prices, interest rates, currency values, other markets and indices; technological changes and developments; the availability and cost of credit; inflation; the stability and solvency of financial institutions and other companies; and investor sentiment and confidence in the financial markets. Given the diversity and changes in the Group's activities, its risk management focuses on the following main categories of risks, any of which could adversely affect its performance:

- **credit and counterparty risk** (including country risk): risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes the counterparty risk linked to market transactions (replacement risk), as well as securitisation activities. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of counterparties;
- **market risk**: the risk of a decline in the value of financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equities, bonds), commodities, derivatives and other assets, including real estate assets;
- **operational risks** (including accounting and environmental risks): risk of losses or sanctions due in particular to inadequacies or failures in internal procedures or systems, human error or external events;
- **investment portfolio risk**: risk of unfavourable changes in the value of the Group's investment portfolio;
- **non-compliance risk** (including legal, tax and reputational risks): risk of legal, administrative or disciplinary sanction, material financial losses or reputational damage arising from failure to comply with the provisions governing the Group's activities;
- **structural interest and exchange rate risk**: risk of loss or write-downs in the Group's assets arising from variations in interest or exchange rates. Structural interest and exchange rate risk arises from commercial activities and from transactions entered into by the Corporate Centre (operations involving equity capital, investments and bond issues);
- **liquidity risk**: the risk of the Group not being able to meet its cash or collateral requirements as they arise and at reasonable cost;
- **strategic risk**: risks tied to the choice of a given business strategy or resulting from the Group's inability to execute its strategy;
- **business risk**: risk of losses if costs exceed revenues;
- **risk related to insurance activities**: through its insurance subsidiaries, the Group is also exposed to a variety of risks linked to the insurance business. These include premium pricing risk, mortality risk and structural risk of life and non-life insurance activities, including pandemics, accidents and catastrophic events (such as earthquakes, windstorms, industrial disasters, or acts of terrorism or war);

- **risk related to specialised finance activities**: through its Specialised Financial Services division, mainly in its operational vehicle leasing subsidiary, the Group is exposed to residual value risk (when the net resale value of an asset at the end of the lease is less than estimated).

Any of these risks could materially adversely affect the Group's business, results of operations and financial condition.

RISK FACTORS

1. The global economy and financial markets continue to display high levels of uncertainty, which may continue to materially and adversely affect the Group's business, financial condition and results of operations.

As part of a global financial institution, the Group's businesses are highly sensitive to changes in financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. The Group could be confronted with a significant deterioration of market and economic conditions resulting, among other things, from crises affecting capital or credit markets, liquidity constraints, regional or global recessions, sharp fluctuations in commodity prices (including oil), currency exchange rates or interest rates, inflation or deflation, sovereign debt rating downgrades, restructurings or defaults, or adverse geopolitical events (including acts of terrorism and military conflicts). Market disruptions and sharp economic downturns, which may develop quickly and hence may not be hedged, could affect the operating environment for financial institutions for short or extended periods and have a material adverse effect on the Group's financial condition, results of operations or cost of risk.

European markets have experienced significant disruptions as a result of concerns regarding the sovereign debt of various Eurozone countries. The elevated debt levels of some European sovereigns and proposals for investors to incur substantial writedowns of Greek sovereign debt have given rise to new concerns about sovereign defaults and the Eurozone. The outcome of this situation cannot yet be predicted. These disruptions have contributed to increased volatility in the exchange rate of the euro against other major currencies, negatively affected stock prices, degraded the funding conditions of financial institutions and created uncertainty regarding the near term economic prospects of countries in the European Union as well as the quality of credits extended to sovereign debtors in the European Union. Austerity and other measures introduced in order to address these issues may themselves lead to economic contraction and adverse effects for the Group.

The Group is exposed to the risk of substantial losses if sovereign States, financial institutions or other credit counterparties become insolvent or are no longer able to fulfil their obligations to the Group. The Group holds sovereign obligations issued by certain of the countries that have been most significantly affected by the ongoing Eurozone crisis, and it has recorded impairment charges relating to its holding of Greek sovereign debt[1]. In addition, the erosion of a sovereign state's perceived credit quality will often negatively affect the market perception of financial institutions located in that state. A worsening of the Eurozone crisis may trigger a significant decline in the Group's asset quality and an increase in its loan losses in the affected countries. The Group's inability to recover the value of its assets in accordance with the estimated percentages of recoverability based on past historical trends (which could prove inaccurate in the current market environment) could further adversely affect its performance. It may also become necessary for the Group to invest resources to support the recapitalisation of its businesses or subsidiaries in such countries. The Group's local activities could become subject to emergency legal initiatives or restrictions imposed by local authorities, which could adversely affect its business, financial condition and results of operations.

2. A number of the exceptional measures taken by governments, central banks and regulators have recently been or could soon be completed or terminated.

In response to the financial crisis, governments, central banks and regulators implemented measures intended to support financial institutions and thereby stabilize financial markets. Central banks took measures to facilitate financial institutions' access to liquidity, in particular by lowering interest rates to historic lows for a prolonged period. Various central banks decided to substantially increase the amount and duration of liquidity provided to banks, loosen collateral requirements and, in some cases, implement "non-conventional" measures to inject substantial liquidity into the financial system, including direct market purchases of government bonds, corporate commercial paper and mortgage-backed securities. These central banks may decide, acting alone or in coordination, to modify their monetary policies or to tighten their policies regarding access to liquidity, which could substantially and abruptly decrease the flow of liquidity in the financial system. Given the uncertainty of the economic recovery, such changes could have an adverse effect on operating conditions for financial institutions and, hence, on the Group's business, financial condition and results of operations.

(1) For further details, see the dedicated section of Note 25 to the financial statements on page 319.

3. The Group's results may be affected by regional market exposures.

The Group's performance is significantly affected by economic, financial and political conditions in the principal markets in which it operates, such as France and other European Union countries. In France, the Group's principal market stagnant economic or financial activity, reduced levels of consumer spending and an unfavourable evolution of the real estate market have had and could continue to have a material adverse impact on its business through decreased demand for loans, higher rates of non-performing loans, decreased asset values, or for other reasons. With respect to the other European Union countries, economic stagnation or a deteriorating economic environment could result in increased loan losses or higher levels of provisioning.

The Group is involved in commercial banking and investment banking operations in emerging markets, in particular in Russia and other Central and Eastern European countries as well as in Northern Africa. Capital markets and securities trading activities in emerging markets may be more volatile than those in developed markets and more vulnerable to certain risks, such as political uncertainty and currency volatility. It is likely that these markets will continue to be characterised by higher levels of uncertainty and therefore risk. Unfavourable political or economic conditions or other negative developments may adversely affect the Group's business, results of operations or financial condition.

4. The Group operates in a highly competitive environment and reputational damage could harm its competitive position.

The financial services industry is highly competitive. The Group's reputation for financial strength and integrity is critical to its ability to attract and retain customers and counterparties. Its reputation could be harmed by events attributable to it and the decisions of its management, as well as by events and actions of others outside its control. Independent of the merit of information being disseminated, unfavourable descriptions of the Group could have adverse effects on its business and its competitive position.

The Group's reputation could be adversely affected by a failure of conflict controls and other procedures, particularly as it grows in size, or as a result of employee misconduct, misconduct by other market participants, a decline in, a restatement of, or corrections to its financial results, as well as any adverse legal or regulatory action, especially to the extent the latter becomes the focus of extensive media reporting. Reputational damage could translate into a loss of business that could have a material adverse effect on the Group's results of operations and financial position.

5. The Group operates in highly competitive industries, including in its home market.

The Group is subject to intense competition in the global and local markets in which it operates. On a global level, it competes with its peers principally in its core businesses (French Networks, International Retail Banking, Specialised Financial Services and Insurance, Corporate and Investment Banking and Global Investment Management and Services). In the local markets, including its principal market, France, the Group faces substantial competition from locally-established banks, financial institutions, businesses providing financial and other services and, in some instances, governmental agencies. This competition exists in all of the Group's lines of business.

In France, the presence of large domestic competitors in the banking and financial services sector, as well as emerging competitors such as online retail banking and financial services providers, has resulted in intense competition for virtually all of the Group's products and services. The French market is a mature market and one in which the Group already holds significant market share in most of its lines of business. Its business and results of operations may be adversely affected if it is unable to maintain or increase its market share in key lines of business. The Group also faces competition from local participants in the other geographic markets in which it has a significant presence. The level of competition on a global level, as well as a local level in France and its other significant markets, could have a material adverse effect on the Group's business, results of operations and financial condition.

6. Protracted market declines can reduce liquidity in the markets, making it harder to sell assets, possibly leading to material losses.

In a number of the Group's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Group is not able to close out deteriorating positions in a timely way. This is especially true for assets the Group holds for which the markets are relatively illiquid by nature. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, are valued based on the Group's internal models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the Group did not anticipate.

The Group's portfolio of real estate-related structured finance assets lost value and/or became less liquid or illiquid during and in the wake of the financial crisis. The portfolio includes residential mortgage backed securities, collateralised debt obligations of residential mortgage backed securities, commercial mortgage-backed securities and other asset backed securities, collateralised loan obligations, assets partly hedged by monoline insurers and exotic credit derivatives, the underlying assets of which are largely located in the U.S., Europe and Australia.

Although the Group continues to take steps to manage and control its legacy asset portfolio, there can be no assurance that losses on this portfolio will not be substantial in the future. Such losses could have a material adverse affect on the Group's results of operations and financial condition.

In addition, the Group announced in 2011 its intention to dispose of certain non-core business assets by 2013, a key element of the Group's plan to improve its solvency ratios. The execution, price and timing of these disposals may be adversely affected by various factors, including the global economic environment, market conditions, changes in asset valuations and the financial situation of potential buyers. As a result, there can be no assurance that the Group's disposal plan will meet its goals or result in a positive impact on the Group's financial condition or its solvency ratios.

7. The Group depends on access to financing and other sources of liquidity, which may be restricted for reasons beyond its control.

The ability to access short-term and long-term funding is essential to the Group's businesses. If the Group is unable to access secured or unsecured debt markets on terms it considers acceptable or if it experiences unforeseen outflows of cash or collateral, including a material decrease in customer deposits, the Group's liquidity could be impaired. The Group's liquidity could be adversely affected by factors the Group cannot control, such as general market disruptions, operational disruptions affecting the Group or a third party, negative views about the financial services industry in general, the Group's short-term or long-term financial prospects, changes in credit ratings or even the perception among market participants of the Group, or other financial institutions. Moreover, the Group's ability to access the capital markets and its cost of obtaining long-term unsecured funding is directly related to its credit spreads in both the cash bond and derivatives markets, also outside of its control. Liquidity constraints may have a material adverse effect on the Group's business, financial condition, results of operations and ability to meet its obligations to its counterparties.

8. The volatility of the financial markets may cause the Group to suffer significant losses on its trading and investment activities.

Since mid-2007, the international financial markets have displayed extreme levels of volatility, which resulted in significant losses for many banks, including Societe Generale. The ongoing market instability could adversely affect the Group's trading and investment positions in the debt, currency, commodity and equity markets, and in private equity, property and other assets. Furthermore, severe market disruptions and extreme market volatility may occur again in the future and may result in significant losses for the Group's capital markets activities. Such losses may extend to a broad range of trading and hedging products, including swaps, forward and future contracts, options and structured products.

Market volatility makes it more difficult to predict trends and implement effective trading strategies and increases risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. At times, the Group may implement a trading strategy of holding a long position in one asset and a short position in another, with the expectation of benefiting from changes in the relative value of the two assets. If the values of these assets change in a manner that differs from the Group's expectations, or against which it is not hedged, it might realise a loss on those paired positions. Such losses, if significant, could adversely affect the Group's results of operations and financial condition.

9. Changes in interest rates may adversely affect the Group's banking and asset management businesses.

The Group's performance is influenced by the evolution and fluctuation of interest rates in Europe and in the other markets in which it operates. The amount of net interest earned during any given period may significantly affect the Group's overall revenues and profitability. The Group's management of interest rate sensitivity may affect its results of operations. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. Any mismatch between interest owed by the Group and interest due to it (in the absence of suitable protection against such mismatch) could have adverse material effects on the Group's business, financial condition and results of operations.

10. Fluctuations in exchange rates could adversely affect the Group's results of operations.

The Group publishes its financial statements in euros, which is the currency of most of its liabilities. A significant portion of its business is carried out in currencies other than the euro, such as, in particular, the U.S. dollar, the British pound sterling, the Czech crown, the Romanian lei and the Japanese yen. Fluctuations in the rate of exchange of these currencies into euros may have a negative impact on the Group's reported consolidated results of operations, financial position and cash flows from year to year, despite any hedges that may be implemented by the Group to limit its foreign exchange exposure. Exchange rate fluctuations may also affect the value (denominated in euros) of the Group's investments in its subsidiaries outside the euro zone.

11. The Group is subject to extensive supervisory and regulatory regimes in the countries in which it operates. It is not possible to predict to what extent laws or regulations will change in the future or the impact of such changes on its business.

The Group is subject to extensive regulation and supervision in all jurisdictions in which it operates. The rules applicable to banks seek to preserve their stability and solidity, limit their risk exposure and protect depositors, creditors and investors. The rules applicable to financial services providers govern, among other things, the sale, placement and marketing of financial instruments. The banking companies of the Group must also comply with requirements as to capital adequacy (and in some cases liquidity) in the countries in which they operate. Compliance with these rules and regulations requires significant resources. Non-compliance with applicable laws and regulations could lead to fines, damages to the Group's reputation, forced suspension of its operations or the withdrawal of operating licenses.

Following the onset of the financial crisis, a variety of measures were proposed, discussed and in some cases adopted by numerous national and international legislative and regulatory bodies, as well as other entities. How the various measures will work together if they are implemented remains unclear.

In particular, the implementation of the new Basel 3 standards in the European Union remains conditional upon the enactment of specific Capital Requirement Regulation and Directive (CRR1 and CRD4) which are still under discussion. Basel 3 is a global regulatory framework to strengthen capital and liquidity regulations with a goal of promoting a more resilient banking sector. It is possible that more restrictive measures in addition to the rules of Basel 3 could be imposed in light of the recent disruptions in the financial markets, including more demanding capital adequacy rules, which could reduce the capacity of banks to lend or increase their need for capital. Recommendations and measures addressing systemic risk exposure of global banks, including additional loss absorbency requirements, were adopted by the Basel Committee and by the Financial Stability Board, which was established following the G-20 London summit in 2009. Societe Generale, among other global banks, has been named by the Financial Stability Board as a "systemically important financial institution" and may as a result be subject to additional capital buffer requirements. The application of these or other requirements may have material adverse effects on the Group's assets, financial condition, cash flow and results of operations. Societe Generale's business model could also be affected if new regulation favours the separation of investment banking and capital market activities from retail banking activities.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"), enacted in the United States in 2010, will affect the Group and some of its businesses. Dodd-Frank calls for significant structural reforms affecting the financial services industry, including non-U.S. banks, by addressing, among other issues, systemic risk oversight, bank capital standards, the orderly liquidation of failing systemically significant financial institutions, over-the-counter derivatives, and the ability of banking entities to engage in proprietary trading activities and sponsor and invest in hedge funds and private equity funds. While certain portions of Dodd-Frank were effective immediately on enactment, other portions are subject to extended transition periods and a lengthy rulemaking process, making it difficult at this time to assess the overall impact (including extraterritorial impacts) any final rules could have on the Group or the financial services industry as a whole.

12. The Group is exposed to counterparty risk and concentration risk.

The Group is exposed to credit risk with respect to numerous counterparties in the ordinary course of its business as a result of trading, lending, deposit-taking, clearance and settlement and other activities. These counterparties include institutional clients, brokers and dealers, commercial and investment banks and sovereign states. The Group may realise losses if a counterparty defaults on its obligations and the collateral that it holds does not represent a value equal to, or is liquidated at prices not sufficient to recover, the full amount of the loan or derivative exposure it is intended to cover. Many of the hedging and other risk management strategies utilised by the Group also involve transactions with financial services counterparties. The weakness or insolvency of these counterparties may impair the effectiveness of the Group's hedging and other risk management strategies, which could in turn materially adversely affect its business, results of operations and financial condition.

The Group may also have concentrated exposure to a particular counterparty, borrower or issuer (including sovereign issuers), or to a particular country or industry. A ratings downgrade, default or insolvency affecting such a counterparty, or a deterioration of economic conditions in such a country or industry, could have a particularly adverse effect on the Group's business, results of operations and financial condition. The systems the Group uses to limit and monitor the level of its credit exposure to individual entities, industries and countries may not be effective to prevent concentration of credit risk. Because of a concentration of risk, the Group may suffer losses even when economic and market conditions are generally favourable for its competitors.

13. The soundness and conduct of other financial institutions and market participants could adversely affect the Group.

The Group's ability to engage in funding, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial services institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults by, or even rumours or questions about, one or more financial services institutions, or the loss of confidence in the financial services industry generally, may lead to market-wide liquidity scarcity and could lead to further losses or defaults. The Group has exposure to many counterparties in the financial industry, directly and indirectly, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients with which it regularly executes transactions. Many of these transactions expose the Group to credit risk in the event of default by counterparties or clients. In addition, the Group's credit risk may be exacerbated when the collateral it holds cannot be realised for any reason or is not sufficient to recover the full amount of the Group's exposure.

14. The Group's hedging strategies may not prevent losses.

If any of the variety of instruments and strategies that the Group uses to hedge its exposure to various types of risk in its businesses is not effective, it may incur significant losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Group holds a long position in an asset, it may hedge that position by taking a short position in another asset whose value has historically moved in an offsetting direction. However, the hedge may only cover a part of its exposure to the long position, and the strategies used may not protect against all future risks or may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of the Group's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in its results of operations.

15. The Group's results of operations and financial condition could be adversely affected by a significant increase in new provisions or by inadequate provisioning.

The Group regularly sets aside provisions for loan losses in connection with its lending activities. Its overall level of loan loss provisions, recorded as "cost of risk" in its income statement, is based on its assessment of the recoverability of the relevant loans. This assessment relies on an analysis of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, certain economic conditions and other factors. Notwithstanding the care with which the Group carries out such assessments, it may have to substantially increase its provisions for loan losses in the future following increases in non-performing assets or for other reasons, as has been the case since the second half of 2008. Significant increases in loan loss provisions, a substantial change in the Group's estimate of its risk of loss with respect to non-impaired loans, or the occurrence of loan losses in excess of its provisions, could have a material adverse effect on its results of operations and financial condition.

16. The Group is exposed to legal risks that could negatively affect its financial condition or results of operations.

The Group and certain of its former and current representatives may be involved in various types of litigation including civil, administrative and criminal proceedings. The very large majority of such proceedings can be considered part of the Group's ordinary course of business. There has been an increase in investor litigation and regulatory actions against intermediaries such as banks and investment advisors in recent years, in part due to the challenging economic market environment. This has increased the risk, for the Group as well as for other financial institutions, of losses or reputational harm deriving from litigation and other proceedings.

It is inherently difficult to predict the outcome of litigation, regulatory proceedings and other adversarial proceedings involving the Group's businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. In preparing the Group's financial statements, management makes estimates regarding the outcome of legal, regulatory and arbitration matters and records a provision when losses with respect to such matters are probable and can be reasonably estimated. Should such estimates prove inaccurate or the provisions set aside by the Group to cover such risks inadequate, its financial condition or results of operations could be materially and adversely affected.

17. If the Group makes an acquisition, it may be unable to manage the integration process in a cost-effective manner or achieve the benefits expected from these acquisitions.

The selection of an acquisition target is carried out by the Group following a careful analysis of the business to be acquired. However, such analyses often cannot be exhaustive due to a variety of factors. As a result, certain acquired businesses may be burdened by unanticipated troubled assets or may expose the Group to an increase in various risks, particularly in cases in which the Group was unable to conduct a full and comprehensive due diligence prior to the acquisition.

The successful integration of a new business typically requires the effective coordination of business development and marketing efforts, retention of key managers, recruitment and training, and integration of information technology systems. These tasks may prove more difficult than anticipated, require more management time and resources than expected, and the Group may experience higher integration costs and lower savings or earn lower revenues than expected. The degree to which synergies will be realised and their timing is also uncertain.

18. The Group's risk management system may not be effective and may expose the Group to unidentified or unanticipated risks, which could lead to significant losses.

The Group has devoted significant resources to develop its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, its risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that it fails to identify or anticipate. Some of its qualitative tools and metrics for managing risk are based upon observed historical market behaviour. The Group applies statistical and other tools to these observations to assess its risk exposures. These tools and metrics may fail to predict future risk exposures that arise from factors the Group did not anticipate or correctly evaluate in its statistical models. A failure to anticipate or manage risks could significantly affect its business, financial condition and results of operations.

19. A failure or breach of the Group's information technology systems could result in losses.

The Group relies heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems, even if only brief and temporary, could result in failures or interruptions to its business leading to potential costs related to information retrieval and verification and a potential loss of business. A failure, interruption or security breach of its information systems could have a material adverse effect on its business, results of operations and financial condition.

20. The Group may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks or natural disasters

The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic or other widespread health emergency (or concerns over the possibility of such an emergency), terrorist attacks or natural disasters, could create economic and financial disruptions, lead to operational difficulties (including travel limitations or relocation of affected employees) that could impair the Group's ability to manage its businesses, and expose its insurance activities to significant losses and increased costs (such as insurance premiums).

21. The Group may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.

During the recent market downturn, the Group experienced a decline in the volume of transactions that it executed for its clients, resulting in a decline in its revenues from this activity. There can be no assurance that the Group will not experience a similar trend in future market downturns, which may occur periodically and unexpectedly. In addition, because the fees that the Group charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues the Group receives from its asset management, custodial and private banking businesses.

RISK MANAGEMENT, GOVERNANCE, CONTROL AND ORGANISATION PRINCIPLES

The 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:

- risk assessment departments should be independent from the operating divisions;
- the risk approach and monitoring should be consistent 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. The Group's Corporate Divisions, such as the Risk Division and Finance Division, which are independent from the business divisions, are dedicated to permanent risk management and control under the authority of the General Management.

THE BOARD OF DIRECTORS

The Board of Directors defines the Company's strategy, by assuming and controlling risks, and ensures its implementation. In particular, the Board of Directors ensures the adequacy of the Group's risk management infrastructure, monitors changes in the cost of risk, and approves the market risk limits. Presentations on the main aspects of, and notable changes to the Group's risk management strategy are made to the Board of Directors by the General Management at least once a year (more often if circumstances require it).

THE AUDIT, INTERNAL CONTROL AND RISK COMMITTEE

Within the Board of Directors' Audit, Internal Control and Risk Committee plays a crucial role in the assessment of the quality of the Group's internal control. More specifically it is responsible for examining the internal framework for risk monitoring to ensure consistency and compliance with procedures, laws and regulations in force. The Committee benefits from specific presentations made by the General Management, reviews the procedures for controlling market risks as well as the structural interest rate risk, and is consulted about the setting of risk limits. It also issues an opinion on the Group's overall provisioning policy as well as on large specific provisions. Lastly, it examines the Annual Report on internal control, which is submitted to the Board of Directors and to the French Prudential Supervisory Authority *(Autorité de Contrôle Prudentiel)*.

THE RISK COMMITTEE AND THE LARGE EXPOSURES COMMITTEE

Chaired by the General Management, the Risk Committee (CORISQ) meets at least once a month to discuss the major trends for the Group in terms of risk. Generally, the CORISQ, upon proposal of the Risk Division, takes the main decisions pertaining to, on the one hand, the architecture and the implementation of the Group's risk monitoring system, and on the other, the framework of each type of risk (credit risk, country risk, market and operational risks).

In addition to the CORISQ, the Group also has a Large Exposures Committee, which focuses on reviewing large individual exposures.

THE RISK DIVISION

The Risk division's primary role is to put in place a risk management system and to contribute to the development of the Group's businesses and profitability. In exercising its functions, it reconciles independence from and close cooperation the core businesses, these being responsible first and foremost for the transactions they originate.

Accordingly, the Risk Division is responsible for:

- providing hierarchical and functional supervision of the Group's Risk structure;
- identifying the risks borne by the Group;
- putting into practice a governance and monitoring system for these risks across all business lines, and regularly reporting on their nature and their magnitude, to the General Management, the Board of Directors and the supervisory authorities;
- contributing to the definition of risk policies, taking into account the aims of the core businesses and the corresponding risk issues;
- defining or validating risk analysis, assessment, approval and monitoring methods and procedures;
- validating the transactions and limits proposed by the business managers;
- defining the risk monitoring information system, and ensuring its suitability for the needs of the core businesses and its consistency with the Group's information system.

Against the backdrop of the financial crisis and in order to comply with changes to the Group, the restructuring of the Risk Division continued in 2011 with the main goals of:

- reinforcing market risk monitoring in response to environmental changes as well as the Group's expectations;
- implementing risk monitoring for the Group's insurance subsidiaries;
- providing broader overall risk monitoring coverage in the French and International Retail Banking Networks; developing a Group risk-awareness culture, particularly through the initiatives of the multi-year Enterprise Risk Management (ERM) project sponsored by the General Management.

NEW PRODUCTS PROCEDURES

Each division submits all new products, businesses or activities to the New Product procedures. This procedure, which is jointly managed by the Risk Division and the business divisions, this procedure aims to ensure that, prior to the launch of a new product, business or activity:

- all associated risks are fully identified, understood and correctly addressed;
- compliance is assessed with respect to the laws and regulations in force, codes of good professional conduct and risks to the reputation of the Group;
- all the support functions are committed and have no, or no longer have, any reservations.

This procedure is underpinned by a very broad definition of a new product, which applies to the creation of a new product, the outsourcing of essential or important services, the adaptation of an existing product to a new environment or the transfer of activities involving new team or new systems.

THE FINANCE DIVISION

Within the Finance Division, capital requirements and equity structure are managed by the Financial and Capital Management Department.

Since January 1, 2011, the management and monitoring of structural risks have been carried out by two separate entities, in accordance with the regulatory principles that recommend separating risk oversight and control functions:

- the Financing and ALM Department, which is dedicated to structural risk management. It also monitors and coordinates all Group treasury functions (external Group financing, internal entity financing, centralised collateral management). What's more, it manages the Financial Centre and executes financial transactions;
- the ALM Risk Monitoring Department, which is dedicated to Group structural risk management, and in particular verification of models, monitoring of compliance with limits and management practices by the Group's business divisions, business lines and entities.

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

The Finance Policy Committee is chaired by the General Management and validates the system used to analyse and measure structural risks as well as the exposure limits for each Group entity. It also serves an advisory role for the business divisions and entities.

Societe Generale's risk measurement and assessment processes are an integral part of the bank's ICAAP (Internal Capital Adequacy Assessment Process[(1)]). Alongside capital management, the ICAAP is aimed at providing guidance to both CORISQ and Financial Committee in defining the Group's overall risk appetite and setting risk limits.

OTHER DIVISIONS

The Group Corporate Secretariat also deals with compliance, ethics, legal and tax risks.

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

RISK MANAGEMENT ON LEGACY ASSETS

Regarding legacy assets[(2)], the Risk Division:

- validates all transactions linked to these assets (hedges, disposals, commutations, etc.);
- defines, measures and monitors positions using market risk metrics: VaR and stress tests;
- produces Marked-to-Stress and impairment calculations, after defining and validating their assumptions;
- analyses each monoline counterparty in order to determine the adequate provisioning rate for Group exposures, and calculates the corresponding provisions;
- participates in the governance bodies of the subsidiary hosting these assets.

(1) ICAAP: Internal Capital Adequacy Assessment Process corresponds to the Pillar II process required under the Basel Accord that enables the Group to ensure capital adequacy to support all business risks.

(2) For further details on this scope, see the section dedicated to legacy assets in Chapter 2, page 14.
For further details on the valuation of certain assets within this scope, see Note 3 to the consolidated financial statements, page 277.

CREDIT RISKS

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 Financial Services and Insurance, Global Investment Management and Services and Corporate and Investment Banking) and is supplemented by departments with a more cross-business approach (monitoring of country risk and risk linked to financial institutions). The team that handles counterparty risk on market transactions reports to the Market Risk Department.

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

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

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

CREDIT POLICY

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 structure of the transaction will minimise the risk of loss in case of default of the counterparty. Risk approval forms part of the Group's risk management strategy in line with its risk appetite.

The risk approval process is based on four core principles:

- all transactions involving credit risk (debtor risk, settlement/delivery risk, issuer risk and replacement risk) must be pre-authorised;
- responsibility for analysing and approving transactions lies with the most appropriate business line and risk unit. The business line and the risk unit examine all authorisation requests relating to a specific client or client group, to ensure a consistent approach to risk management;
- this business line and risk unit must be independent from each other;
- credit decisions are based on internal risk ratings (counterparty rating—obligor rating), as provided by the business lines and approved by the Risk Division.

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

Finally, the supervision provided by the CORISQ is supplemented by the Large Exposures Risk Committee.

PERMANENT AND PERIODIC RISK MONITORING

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 risk information systems are overseen by the Risk Division in close cooperation with the IT departments by defining the applicable standards.

The Risk Division fulfils a permanent monitoring role by detecting limit breaches and monitoring their resolution.

Furthermore, a Level 1 control is performed by all Group operating units, which 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 Inspection and Audit Division carries out regular risk audits, including credit application reviews, spanning all Group divisions, whose conclusions are sent to the heads of the operating divisions, the Risk Division and the General Management for some parimeters.

RISK MEASUREMENT AND INTERNAL RATINGS

The Group's rating system makes a key distinction between retail customers and corporate, bank and sovereign clients:

- for retail customer portfolios, internal models are used to measure credit risks, caculated according to the borrower's probability of default (PD) within one year and the percentage loss if the counterparty defaults (Loss Given Default, LGD). These parameters are automatically assigned, in line with the Basel Accord's guidelines;
- for the corporate, bank and sovereign portfolios, the rating system relies on two main pillars: obligor rating models used as a decision support tool when assigning a rating and a system that automatically assigns LGD and CCF (Credit Conversion Factor) parameters according to the characteristics of the transactions.

In both cases a set of procedures defines the rules relating to ratings (scope, frequency of rating review, procedure for approving ratings, etc.), and for the supervision, backtesting and validation of models. Amongst other things, these procedures facilitate human judgement, which takes a critical eye on the results and is an essential accomplement to the models for these portfolios.

The Group's internal models enable a quantitative assessment of credit risks based on the probability of default of the counterparty and the loss given default. These elements are included in the credit applications and are factored into the calculation of the risk-adjusted return on capital. They are used as a tool for structuring, pricing and approving transactions. Thus, obligor ratings are one of the criteria for determining the approval limits granted to operational staff and the risk function.

All Group risk models are developed and validated on the basis of the longest available internal historical data, which must be representative (in terms both of the underlying portfolios and the effects of the economic environment during the period) and conservative. As a result, the Group's risks estimates are not excessively sensitive to changes in the economic environment, while being able to detect any deterioration of risks. The PD modelling for large corporates has also been calibrated against long-term default statistics obtained from an external rating agency.

These models used to estimate the PDs and LGDs cover the vast majority of the Group's credit portfolios (Retail Banking and Corporate and Investment Banking). Most of them were AIRB-validated (Advanced Internal Ratings Based Approach) in 2007 and have since undergone regular performance assessments.

In addition, the Bank received authorisation from the regulator to use the Internal Assessment Approach (IAA) when calculating regulatory capital requirements for Asset-Backed Commercial Paper conduits.

Risk-modelling governance

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 the AIRB method (Probability of Default, PD; Loss Given Default, LGD; Credit Conversion Factor, CCF), and validating the internal rating models.

A screening committee (the *Comité Modèles)* and a decision-making committee (the *Comité Experts*) are actively involved in the process. The conclusions of the audits by the independent model control entity are formally presented to the modelling entities at the meetings of the *Comité Modèles*. Most of the discussion centres on the technical and statistical issues raised by the audit's conclusions. This committee also screens the issues to be put before the *Comité Experts*.

The *Comité Experts* is placed under the authority of the Group Chief Risk Officer and the Heads of the relevant divisions. The committee's role is to validate, from a banking perspective, the risk parameters proposed by the *Comité Modèles*. This *Comité Experts* is also the decision-making body for issues that have not been resolved by the *Comité Modèles*. Furthermore, it establishes the work priorities in terms of modelling.

The credit models used to model the Bank's capital requirements under the AIRB method are reviewed once a year in compliance with the related Basel 2 regulations, and may then be adjusted as needed. To this end, the modelling entities carry out annual backtesting and present their findings to the independent model control entity. The backtesting results and the opinion of the entity responsible for independently reviewing models based on their performance and risk indicator parameters are used as a basis for discussion by the *Comité Modèles* and *Comité Experts*.

EVALUATION OF CAPITAL REQUIREMENTS FOR CREDIT RISK

In December 2007, Societe Generale obtained authorisation from its supervisory authorities to apply the Internal Rating Based (IRB) to calculate capital requirements in respect of credit risk for most of its exposures.

Societe Generale has planned the transition to the IRB method over several years for some of its activities and exposures that are currently assessed using the standard method and a roll-out plan for this transition is being implemented. This plan did not involve any transition towards the IRB method in 2011.

BREAKDOWN OF EAD(1) BY BASEL APPROACH(2)

	Dec. 31, 2011	Dec. 31, 2010
IRB	81.9%	80.8%
Standard	18.1%	19.2%
Total	**100%**	**100%**

(1) Exposure at Default (EAD) adds the portion of loans drawn and converts off-balance sheet commitments using the average credit conversion factor to calculate the exposure recorded in the balance sheet at the time of the counterparty's default.
(2) Excluding equity investments, fixed assets and accruals.

Stress tests are used to measure the Group's resilience to various macro-economic shocks. They are an important component of the Group's risk oversight system. The Group's stress test process is used to set limits and guarantee capital adequacy in terms of risks.

The Group has implemented a stress test plan which includes:

- **at an aggregate level, global stress tests** (macro-economic, i.e. "ICAAP stress tests"), which are incorporated into the budget process and cover the Group's entire risk profile. For each scenario, potential losses relating to credit, market and operational risks are estimated over a three-year horizon before being presented to the Risk Committee. In particular, this allows the adequacy of the Group's capital ratios to be measured against regulatory requirement;
- **specific stress tests** supplement the global analysis, on request, with a more refined approach along various lines (sector, subsidiary, product, country, etc.). These stress tests are used for operational oversight of Group activities and risks.

Alongside its internal stress tests, the Group belongs to a sample of European banks that took part in the EBA (European Banking Authority) stress tests, the results of which were published in July 2011 and occasionally expanded upon in the second half of the year.

REPLACEMENT RISK

Counterparty or replacement risk corresponds to the 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.

Management of counterparty risk linked to market transactions

Societe Generale places great emphasis on carefully monitoring its credit and counterparty 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, Societe Generale uses an internal model: the future fair value of trading transactions with counterparties is modelled, taking into account any netting and correlation effects. Estimates are derived from Monte Carlo models developed by the Risk Division, based on a historical analysis of market risk factors, and take into account guarantees and collateral.

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

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

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

Setting individual counterparty limits

The credit profile of counterparties is reviewed on a regular basis and limits are set both according to the type and maturity of the instruments concerned. The intrinsic creditworthiness of counterparties and the reliability of the associated legal documentation are two factors considered when setting these limits. Fundamental credit analysis is also supplemented by relevant peer comparisons and a market watch.

Information technology systems allow both traders and the Risk Division to ensure on a day-to-day basis that counterparty limits are not exceeded and that incremental authorisations are obtained as needed.

A significant weakening in the bank's counterparties also prompts urgent internal rating reviews. A specific supervision and approval process is put in place for more sensitive counterparties or more complex financial instruments.

Calculation of the counterparty risk-adjusted capital within the regulatory framework

Societe Generale uses the marked-to-market valuation method to calculate the counterparty risk-adjusted capital. The EAD relative to the bank's counterparty risk is determined by aggregating the positive market values of all transactions (replacement cost) and increasing the sum with an add-on. This add-on, which is calculated in line with the Capital Requirement Directive (CRD) guidelines, is a fixed percentage according to the type of transaction and the residual lifetime, which is applied to the transaction's nominal value. The effects of netting agreements and collateral are factored in by applying the netting rules as defined by the marked-to-market method and subtracting guarantees or collateral. Regulatory capital requirements also depend on the internal rating of the debtor counterparty.

CREDIT PORTFOLIO ANALYSIS

The Group regularly reviews its entire credit portfolio[1], with more specific analyses by type of counterparty (Corporate, bank counterparties, hedge funds, etc.), geographic region and sector.

Credit Risk exposure

The measurement used for credit exposures in this section is EAD—Exposure At Default (on-balance sheet and off-balance sheet), excluding fixed assets, equity investments, accruals.

At December 31, 2011, the Exposure at Default (EAD) of the Group amounts to EUR 743 billion (including EUR 559 billion on-balance sheet) and to EUR 721 billion excluding securitisation.

CREDIT RISK EXPOSURE BY EXPOSURE CLASS EXCLUDING SECURITISATION (EXPOSURE AT DEFAULT)

Global portfolio *(In millions of euros)*	31.12.2011	31.12.2010
Exposure Class		
Sovereign	116,672	69,706
Institutions[1]	118,842	121,444
Corporate	301,810	300,210
Retail	183,926	179,245
TOTAL	**721,250**	**670,606**

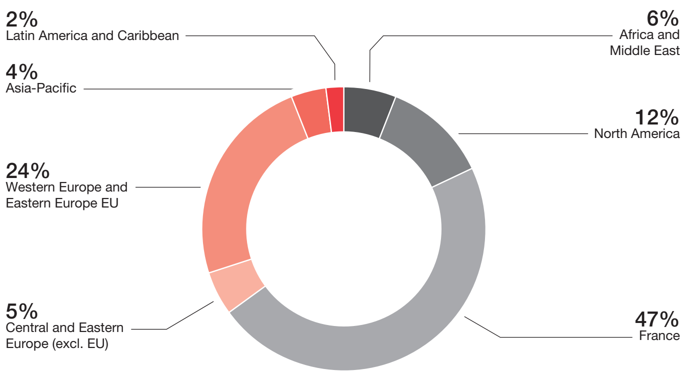
(1) Institutions: Basel classification banks and public sector entities.

RETAIL CREDIT RISK EXPOSURE BY EXPOSURE CLASS (EXPOSURE AT DEFAULT)

Retail portfolio *(In millions of euros)*	31.12.2011	31.12.2010
Exposure Class		
Residential mortgages	91, 245	84,642
Revolving credit	10,435	10,954
Other credit to individuals	56,380	58,583
Very small enterprises and self-employed	25, 866	25,066
TOTAL	**183,926**	**179,245**

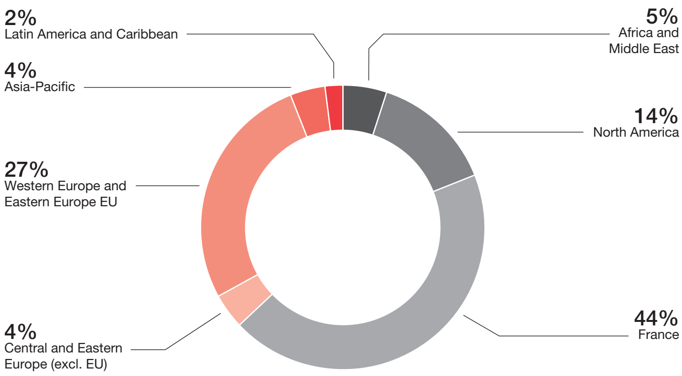
GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK EXPOSURE AT DECEMBER 31, 2011 (ALL CLIENTS TYPES INCLUDED)

BALANCE SHEET EXPOSURE (EUR 559 BILLION IN EAD):



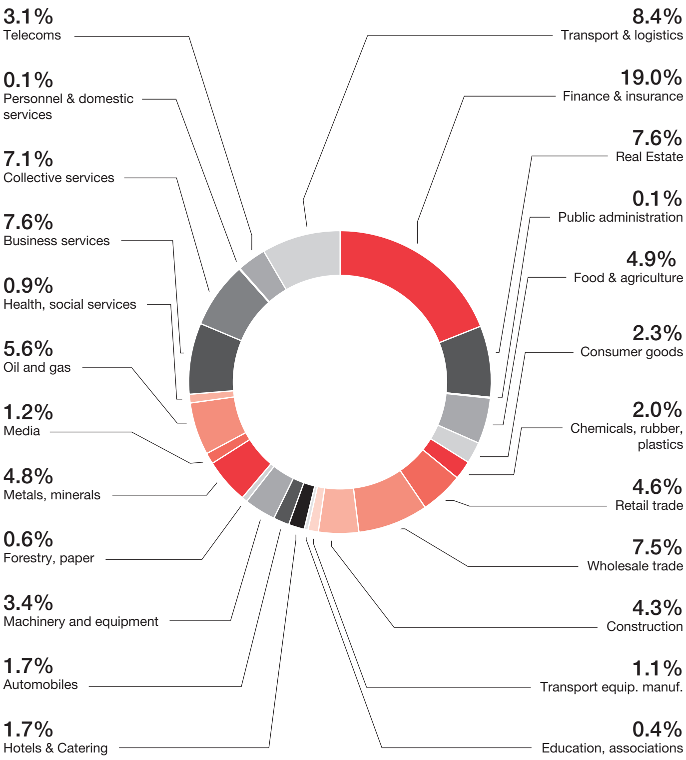
(1) For further details on this scope, see the section of Note 4 to the consolidated financial statements dedicated to credit portfolio analysis on page 285.

ON-BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURE (EUR 743 BILLION IN EAD):



At December 31, 2011, 85% of the Group's on and off-balance sheet exposure was concentrated in the major industrialised countries. Almost half of the overall amount of outstanding was to French customers (26% to non-retail portfolio and 18% to retail portfolio exposure).

SECTOR BREAKDOWN OF GROUP CORPORATE EXPOSURE LOANS AT DECEMBER 31, 2011 (BASEL CORPORATE PORTFOLIO, EUR 302 BILLION IN EAD)*



* On- and off-balance sheet EAD excluding fixed assets, accruals and equity investments.

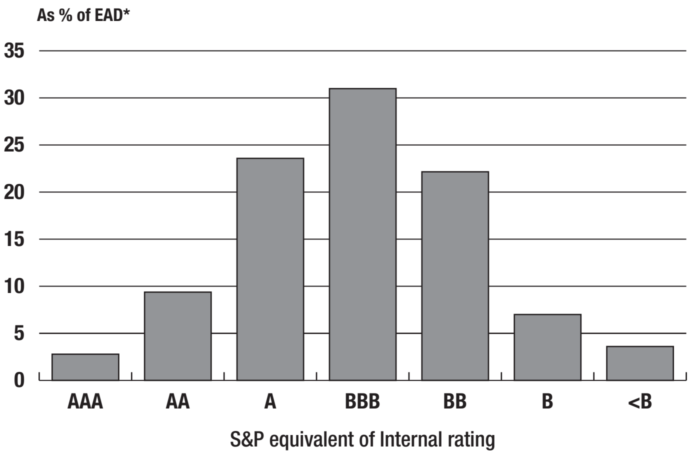
The Group's Corporate portfolio (Large Corporates, SMEs and Specialised Financing) is highly diversified in terms of sectors.

At December 31, 2011, the Corporate portfolio amounted to EUR 302 billion (on and off-balance sheet exposure measured in EAD). Only the Finance and Insurance sector accounts for more than 10% of the portfolio.

The Group's exposure to its ten largest corporate counterparties account for 5% of this portfolio.

Corporate counterparty exposure

BREAKDOWN OF RISK BY INTERNAL RATING FOR CORPORATE CLIENTS AT DECEMBER 31, 2011



* Exposure at Default (EAD) relative to borrower, issuer and replacement risk on outstanding loans measured using the IRB method, excluding doubtful loans.

The scope includes performing loans recorded under the IRB method for the entire Corporate client portfolio, all divisions combined, and represents EAD of EUR 226 billion (out of a total EAD for the Basel Corporate client portfolio of EUR 302 billion, standardised method included).

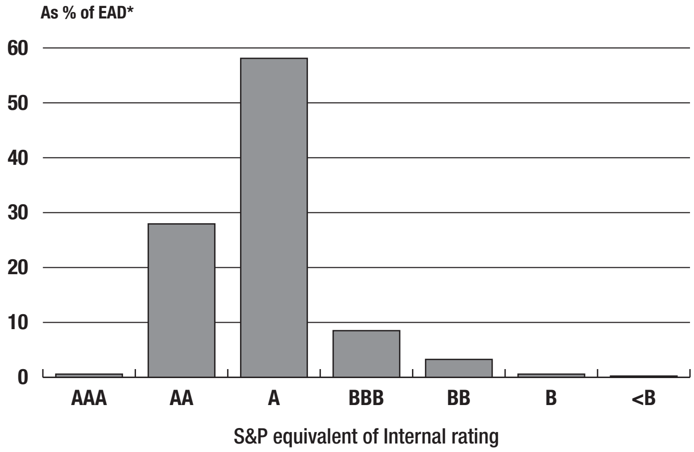
The breakdown by rating of the Societe Generale Group's Corporate exposure demonstrates the sound quality of the portfolio. It is based on an internal counterparty rating system, presented above as its S&P equivalent.

At December 31, 2011, the majority of the portfolio (67% of Corporate customers) had an investment grade rating, i.e. counterparties with an S&P-equivalent internal rating higher than BBB-.

Transactions with non-investment grade counterparties are often backed by guarantees and collateral in order to mitigate the risk incurred.

Bank counterparty exposure

BREAKDOWN OF RISK BY INTERNAL RATING FOR GROUP BANKING CLIENTS AT DECEMBER 31, 2011



* Exposure at Default (EAD) relative to borrower, issuer and replacement risk on outstanding loans measured using the IRB method, excluding doubtful loans.

The scope includes performing loans recorded under the IRB method for the entire bank customer portfolio, all divisions combined, and represents EAD of EUR 89 billion (out of a total EAD for the Basel bank client portfolio of EUR 95 billion).

The breakdown by rating of the Societe Generale Group's bank counterparty exposure demonstrates the sound quality of the portfolio. It is based on an internal counterparty rating system, presented above as its S&P equivalent.

At December 31, 2011, exposure was concentrated in investment grade counterparties (96% of our exposure), and developed countries (89%).

Sovereign exposures to Greece, Ireland, Italy, Portugal and Spain(1)

Sovereign risk is the risk that a government or one of its agencies is unable or refuses to honour all or part of its financial obligations. Sovereign counterparties have an internal rating proposed by the Risk Division, based on an economic, financial and political analysis. Sovereign risk stands within a frame of limits on counterparty risk.

The table below shows the Societe Generale Group's sovereign risk exposure to Greece, Ireland, Italy, Portugal and Spain at December 31, 2011. This exposure was determined using the methodology defined for each type of exposure by the European Banking Authority (EBA) for the European bank stress tests.

	31.12.2011		
(In millions of euros)	Total(2)	o/w positions in banking book	o/w positions in trading book(3)
Greece	0.4	0.3	0.1
Ireland	0.4	0.3	0.1
Italy	2.3	1.4	0.9
Portugal	0.4	0.2	0.2
Spain	1.0	0.7	0.3

(1) For further details, see p. 319 Note 25 to the consolidated statements.
(2) After allocation for write-down and excluding direct and indirect exposure to derivatives.
(3) Net of CDS net positions (difference between the market value of long positions and that of short positions).

Non-European Union emerging country exposure[1]

The Group's exposures to non-EU emerging markets are subject to limits validated on an annual basis by the General Management.

The Group's exposures to non-EU emerging countries are divided between a hundred or so countries, in 4 geographic regions (Non-EU Central and Eastern Europe/Africa and Near Middle East/South America/Asia).

When adjusted for changes in Group structure and at constant exchange rates, net exposure to emerging countries was stable from December 31, 2010 to December 31, 2011. There were notable discrepancies between countries, however, with a sharp decline in outstandings in Asia, versus an increase in Africa, the Near Middle East and non-EU Central and Eastern Europe.

In Retail Banking (International Retail Banking and Specialised Financial Services), the portfolio is split between around thirty countries, mainly in Central and Eastern Europe and the Mediterranean Basin. Most of the exposure is located in Investment Grade countries (62%).

In Corporate and Investment Banking, the most of the exposure is also located in Investment Grade countries (93%).

(In billions of euros)	Dec. 31, 2011	Dec. 31, 2010
Retail Banking	60.1	55.5
Corporate and Investment Banking (including securities)	29.4	34.2
Private Banking	0.9	0.7
Total Non-EU emerging countries	**90.4**	**90.4**

NON-EU CENTRAL AND EASTERN EUROPE EXPOSURE

The Group operates in most countries in Central and Eastern Europe (non-EU), particularly in Russia. Societe Generale's exposure amounted to EUR 32.7 billion at end-2011 (compared to EUR 30.5 billion at end-2010).

In Russia, exposure totalled EUR 21.4 billion at December 31, 2011, compared to EUR 20.0 billion at end-2010 (representing 7% growth). The Group is mainly active in Retail Banking (International Retail Banking and Specialised Financial Services).

(In billions of euros)	Dec. 31, 2011	Dec. 31, 2010
Russia	21.4	20.0
Central and Eastern Europe (Non-EU, Excluding Russia)	11.3	10.5
Total Non-EU Central and Eastern Europe	**32.7**	**30.5**

Hedge Funds

Hedge funds are key customers for the Group. Societe Generale has adapted to their changing environment by diversifying its financial product offering, centralising its structure in order to offer customers solutions covering different asset classes, improving its customer service and, lastly, by strengthening its risk governance through more stringent daily monitoring aimed primarily at minimising the operational risks linked to the management of these risks.

Hedge funds generate specific risks linked to the lack of regulations governing their activity and the strong correlation between credit risks and market risks. Given that hedge funds are subject to little or no regulation, they are able to use significant leverage and to adopt investment strategies involving illiquid financial instruments.

Societe Generale undertakes specific monitoring based on the following system:

- stress tests to measure the market risks linked to hedge fund transactions;
- annual due diligence to assess performances and ratings producing a statistical model reviewed once a year, whose procedures and methods are validated by the Risk Division;
- an annual review and validation of each fund and asset manager by the Risk Division;
- the centralisation of all risk exposures through hedge funds by the Risk Division, which monitors credit and market risks on a daily basis;
- risk mitigation techniques, such as over-collateralisation, used for some transactions and the negotiation of specific covenants in legal documents signed with hedge funds.

Activities carried out in the hedge fund sector are governed by a set of global limits established by the General Management:

- a Credit VaR limit which controls the maximum replacement risk that may be taken in this segment;
- a stress test limit governing market risks and the risks associated with financing transactions guaranteed by shares in hedge funds.

In 2011, hedge fund strategies generally delivered negative returns, with Event Driven, Long/Short Equity and Emerging Markets strategies posting the most negative performances.

Total assets under management for the hedge fund industry remained stable from 2010 to 2011, despite asset outflows in the second half of 2011. In 2011, Societe Generale's market activity with hedge funds was similar to 2010, with a focus on key customers.

(1) The on- and off-balance sheet exposures include receivables net of guarantees and provisions, derivatives and securities.

HEDGING OF CREDIT RISK AND PROVISIONING POLICY

Management of the credit portfolio

USE OF CREDIT DERIVATIVES FOR MANAGING CORPORATE CONCENTRATION

In 2000, the Group's Corporate and Investment Banking Division set up a special department to manage its credit portfolio, known as CPM, or Credit Portfolio Management. Working in close cooperation with the Risk Division and the businesses, this unit seeks to reduce excessive portfolio concentrations and react quickly to any deterioration in the creditworthiness of a particular counterparty.

Concentrations are measured using an internal model and individual concentration limits are defined for larger exposures.

Any concentration limit breach is managed over time by reducing exposures, hedging positions using credit derivatives and/or selling assets.

The Group uses credit derivatives in the management of its Corporate credit portfolio. They primarily enable the reduction of individual, sector and geographic concentration and the implementation of proactive risk and capital management. The Group's over-concentration management policy has led to it taking major individual hedging positions: for example, the ten most-hedged names account for 56% of the total amount of individual protection purchased.

The notional value of Corporate credit derivatives (Credit Default Swaps, CDS) purchased for this purpose is booked in off-balance sheet commitments under guarantee commitments received.

Total outstanding purchases of protection through Corporate credit derivatives decreased from EUR 7.7 billion to EUR 4.6 billion at end-December 2011, mainly due to the unwinding of certain positions and non-renewal of matured protection. The widening of CDS spread that started in 2010 on European investment grade issues (Itraxx index) accelerated strongly in 2011 as a result of the developments in the sovereign debt crisis.

In order to limit the volatility of the income generated by the CDS portfolio (as they are valued at Marked-to-Market), the department in charge of corporate portfolio concentration management, has entered into credit derivatives transactions, to reduce the portfolio's sensitivity to credit spread tightening.

Almost all protection was purchased from bank counterparties with ratings of A- or above, the average being A+. Concentration with any particular counterparty is carefully monitored.

GUARANTEES AND COLLATERAL

Guarantees and collateral are used to partially or fully protect the bank against the risk of debtor insolvency (e.g. mortgage or hedging through a *Crédit Logement* (housing credit) guarantee for mortgage loans granted to individuals). Guarantor ratings are reviewed internally at least once a year and collateral is subject to revaluation at least once a year.

Moreover, Societe Generale Group has strengthened the guarantees and collateral process and the updating of their valuation (data collection of the guarantee and collateral, operational procedures).

Societe Generale Group therefore proactively manages its guarantees with the aim of reducing the risk it takes by diversifying guarantees: physical collateral, personal and others guarantees.

MITIGATION OF COUNTERPARTY RISK LINKED TO MARKET TRANSACTIONS

Societe Generale uses different techniques to reduce this risk. With regard to trading counterparties, it 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.

CREDIT INSURANCE

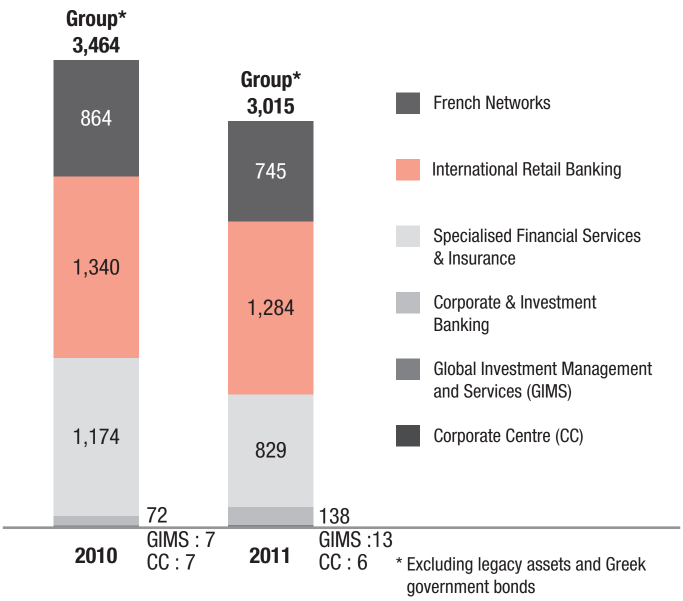
As well as turning to Export credit agencies (for example Coface and Exim) and multilateral organisations (for example the EBRD), Societe Generale has been developing relationships with private insurers over the last few years in order to hedge part of the financing against all non-payment risks, both commercial and political.

This activity is exercised within a risk framework and monitoring system validated by the Group's General Management. This system is based on a global limit for the activity, complemented by sub-limits by maturity and individual limits in order to reduce concentration by counterparty insurer which has to meet strict criteria of eligibility.

The implementation of such a policy contributes to a sound reduction of risks.

Provisions for credit risks at December 31, 2011

CHANGE IN GROUP NET COST OF RISK (IN MILLIONS OF EUROS)



There was an improvement in the Group's cost of risk (expressed as a fraction of loan outstandings) compared with 2010. It amounted to 67[(1)] basis points for 2011.

- The French Networks' cost of risk amounted to 41 basis points in 2011, which was lower than in 2010 (50 basis points) and in line with expectations. The loss rate remains low for housing loans.
- At 177 basis points, International Retail Banking's cost of risk was lower than in 2010 (196 basis points). An analysis of the trends by individual country shows a contrasting situation. In Russia and the Czech Republic, the cost of risk was significantly lower year-on-year, whereas in Romania it increased, notably on the corporate loan portfolio due to the reassessment of collateral value. In Greece, against the backdrop of a challenging economic environment, the cost of risk continued to grow, to EUR 477 million, with the NPL coverage ratio rising to 75% at the end of the year.
- The cost of risk for Corporate and Investment Banking's core activities remained low at 11 basis points (5 basis points in 2010), with an increase in portfolio-based provisions. Legacy assets' net cost of risk was lower at EUR -425 million (EUR -696 million in 2010).
- Specialised Financial Services' cost of risk fell by 72 basis points to 149 basis points (221 basis points in 2010), principally for Consumer Finance and to a lesser extent Equipment Finance.

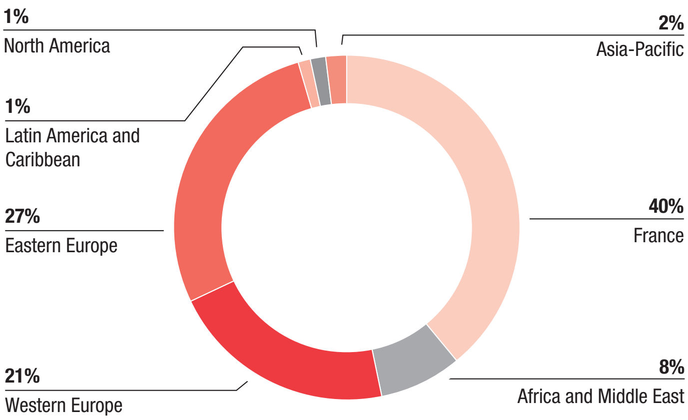
The net cost of risk on Greek sovereign debt, incorporating a provisioning rate representing 75% of the nominal value on average, amounted to EUR -890 million in 2011, including EUR -162 million in respect of Q4 11. It is booked to the Corporate Centre.

(1) Annualised, excluding litigation issues, legacy assets in respect of assets at the beginning of the period, and Greek sovereign debt write-down.

Specific provisions for credit risks[1]

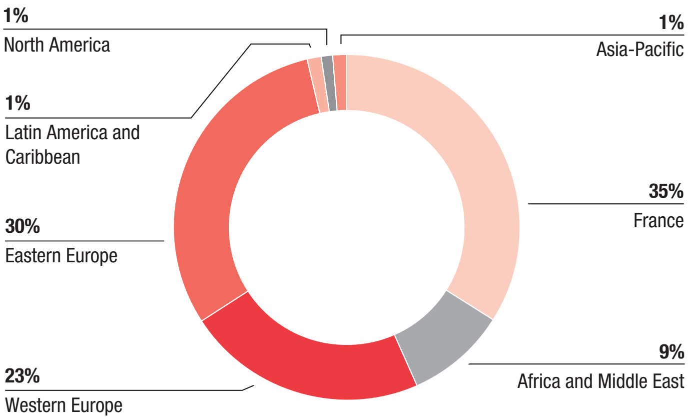
Provisions for credit risks are primarily booked for doubtful and disputed loans. These loans amounted to EUR 24.1 billion at December 31, 2011, excluding EUR 3.8 billion in loans on legacy assets managed by Corporate and Investment Banking.

BREAKDOWN OF DOUBTFUL AND DISPUTED LOANS BY GEOGRAPHIC REGION AT DECEMBER 31, 2011 *



* Excluding legacy assets.

GEOGRAPHIC BREAKDOWN OF PROVISIONS AT DECEMBER 31, 2011 *



* Excluding legacy assets.

At December, 31, 2011, these loans were provisioned for an amount of EUR 13.5 billion (excluding EUR 2.1 billion in provisions for loans on legacy assets managed by Corporate and Investment Banking).

Provisions for groups of homogeneous assets

These collective provisions are booked:

- for groups of assets that are homogenous in terms of sensitivity to risk factors (lists of counterparties in financial difficulty, which have been identified as sensitive);
- for portfolio segments that have suffered an impairment in value following a deterioration in risk (country or sector risk).

These provisions are calculated on the basis of observed historical losses, adjusted to reflect any relevant current economic conditions, and regular analyses of the portfolio by sector, country or counterparty type. They are reviewed quarterly by the Risk Division.

At December 31, 2011, the Group's provisions for groups of homogeneous assets amounted to EUR 1.3 billion.

Doubtful loan coverage ratio

	Dec. 31, 2011	Dec. 31, 2010
Customer loans in EUR bn *	**425.5**	426.0
*Doubtful loans in EUR bn **	***24.1***	*23.1*
*– Collateral relating to loans written down in EUR bn **	***4.7***	*4.1*
– Provisionable commitments in EUR bn *	**19.4**	19.0
*Provisionable commitment /Customer loans **	***4.6%***	*4.5%*
Specific provisions in EUR bn *	**13.5**	12.5
*Specific provisions/Provisionable commitments **	***69%***	*66%*
Provisions for groups of homogenous assets in EUR bn *	**1.3**	1.2
*Overall provisions/Provisionable commitments **	***76%***	*72%*

* Excluding legacy assets.

Provisions for assets affected by the financial crisis in 2008

ASSETS RECLASSIFIED ON OCTOBER 1, 2008

On October 1, 2008 the Group reclassified some of its non-derivative financial assets from the "financial assets at fair value through profit or loss" and "available-for-sale financial assets" categories to the "available-for-sale financial assets" and "loans and receivables" portfolios, in accordance with the amendments to IAS 39 and IFRS 7.

(1) For further details on specific provisions for credit risks, see the dedicated section of Note 4 to the consolidated financial statements, page 288.

In the case of structured products, the asset write-down process is triggered by events affecting the underlying assets: outstanding payments, defaults or losses. Generally, this situation occurs before the actual asset default is recorded (for example CDO Collateralised Debt Obligations).

Since 2009, the Group has carried out quarterly impairment tests on these assets. These tests are designed to estimate the total incurred loss after the netting of protection. They are based on estimates of expected future cash flows which take account of:

- the performances observed for underlying assets; and
- an estimate of incurred losses on underlying assets based on a statistical approach.

The resulting total impairment is booked under net allocation to provisions.

This is one of the main procedures for monitoring reclassified assets.

At December 31, 2011, provisions for reclassified financial assets amounted to EUR 2.1 billion versus EUR 1.7 billion at December 31, 2010.

Provisions for Greek government bonds[1]

The Greek government bonds held by the Group under available-for-sale financial assets and Held-to-maturity financial assets were subject to a provision for write-down based on a haircut of 75% versus their nominal value[1].

The Greek government bonds held by the Group under available-for-sale financial assets totalled EUR 1 billion before write-down and the Greek government bonds held under Held-to-maturity financial assets totalled EUR 45 million before write-down.

The allocation for write-down recorded under cost of risk amounted to EUR 0.8 billion. Note: the allocation for write-down that would have been recorded based on the rare transaction prices observed is EUR 0.7 billion.

(1) For further details, see Note 25 to the consolidated financial statements, page 319.

MARKET RISKS

Market risk is the risk of losses resulting from unfavourable changes in market parameters. It concerns all the trading book transactions as well as some of the banking book portfolio valued through the marked-to-market approach.

ORGANISATION

Although primary responsibility for managing risk exposure lies with the front office managers, the supervision system is based on an independent structure, the Market Risk Department of the Risk Division.

It carries out the following tasks:

- permanent 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 the Board of Directors, and monitoring of their use;
- centralisation, consolidation and reporting of the Group's market risks;
- proposal to the Group Risk Committee of the levels of authorised risk limits by type of activity.

Besides these specific market risk functions, the Department also monitors the gross nominal 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 first level 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 and the accounting services;
- 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 limits, Stress Tests (extreme scenarios) and general sensitivity to interest rates compared to the limits set out at Group level is submitted to General Management and the managers of the business lines, in addition to a monthly report which summarises key events in the area of market risk management and specifies the use of the limits set by General Management and the Board of Directors.

INDEPENDENT PRICING VERIFICATION

Market products are marked to market, where such market prices exist. Otherwise, they are valued using parameter-based models.

Firstly, each model is independently validated by the Market Risk Department.

Secondly, the parameter values are subject to regular comparison with external sources:

- if there is a difference between the values used and the external sources, and the sources are deemed reliable by the Market Risk Department, the values are aligned with the external data. This process, known as IPV (Independent Pricing Verification), contributes to the internal certification of the accounts;
- if there are no reliable external sources, a conservative valuation is made based on reserves, whose calculation methods have been validated by the Market Risk Department.

METHODS FOR MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

The Group's market risk assessment is based on three main 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 the day-to-day monitoring of the market risks incurred by the Bank, notably on the scope of its trading activities;
- a stress test measurement, based on decennial shock-type indicators. Stress test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary limits (sensitivity, nominal, concentration or holding period, etc.), which ensure consistency between the global risk limits and the operational thresholds used by the front office. These limits also allow for control of risks that are only partially detected by VaR or Stress Test measurements.

The following indicators have been set up in light of CRD3: stressed VaR, IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure), all of which are calculated weekly. The capital charges arising from these new internal models complement the previous measure (VaR) so as to better take into account extreme risks (in particular rating migration and default) and to limit the procyclical nature of capital requirements.

VAR CALCULATION 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 Regulatory Capital requirements.

The method used is the "historical 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 prices, volatility, credit spreads, etc.);
- the definition of 260 scenarios, corresponding to one-day variations in these market parameters over a rolling one-year period;
- the application of these 260 scenarios to the market parameters of the day;
- the revaluation of daily positions, on the basis of the 260 sets of adjusted daily market parameters.

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

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

- 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 detailed 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:

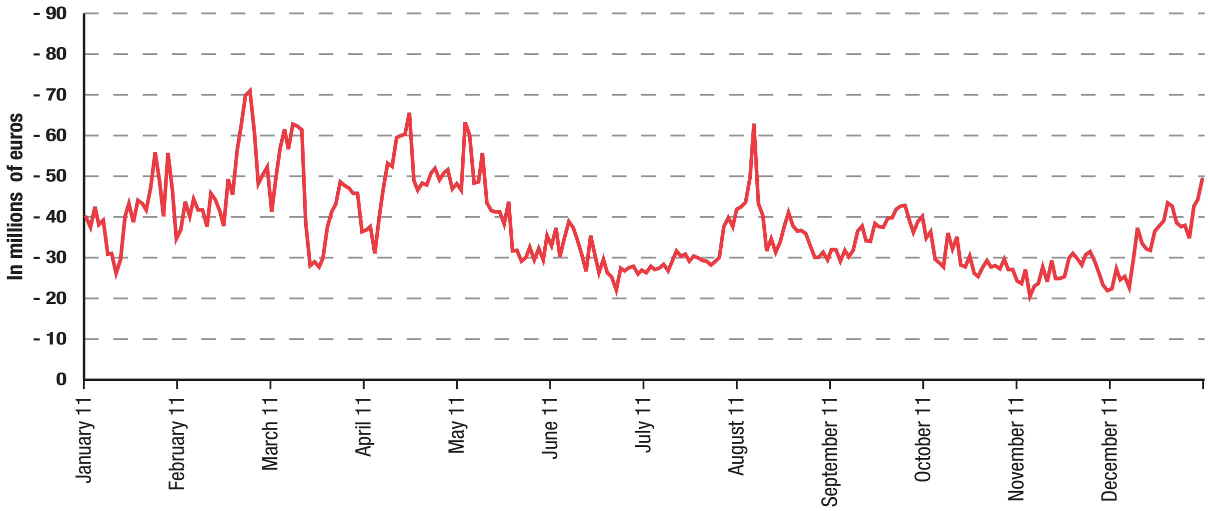
- systematically assessing the relevance of the model through backtesting to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval;
- supplementing the VaR assessment with stress test measurements as well as additional measurements.

Daily P&L twice exceeded the VaR amount in 2011.

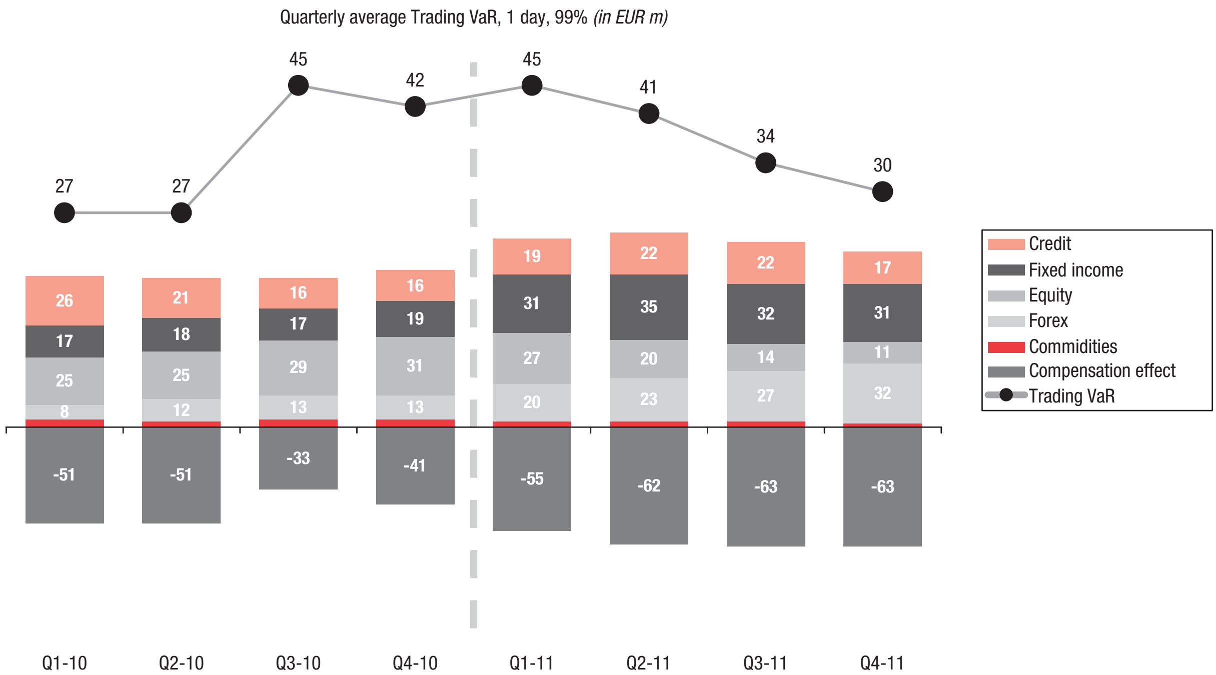
Today, the market risks for almost all of Corporate and Investment Banking's market activities are covered by the VaR method, including those related to the most complex products, as well as certain Retail Banking and Private Banking activities outside France.

The changes in the VaR of the Group's trading activities in 2011, for the entire monitoring scope, are presented below:

TRADING VAR (TRADING PORTFOLIOS) CHANGES IN TRADING VAR OVER THE COURSE OF 2011 (1 DAY, 99%) *(IN MILLIONS OF EUROS)*



BREAKDOWN BY RISK FACTOR OF TRADING VAR—CHANGES IN QUARTERLY AVERAGE OVER THE 2010-2011 PERIOD *(IN MILLIONS OF EUROS)*



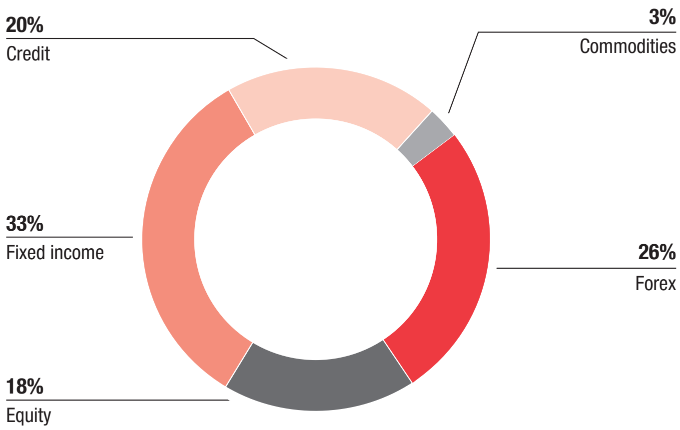
The average VaR amouns to EUR 37 million for the year 2011 against an annual average of EUR 35 million in 2010.

Beyond the stability at a low level in average VaR, 2011 saw a steady decline in VaR. After increasing slightly at the start of the year in a bullish market, the Group intentionally adopted more defensive positions during the country crises in March (Mediterranean basin and Japan). Subsequently, positions were kept at a reduced level in light of the deepening Greek debt crisis and the resulting uncertainty. These defensive positions were bolstered during and after the crisis in August, as is illustrated by a decline in VaR despite the inclusion of volatile scenarios in the rolling 1-year window used to compute VaR.

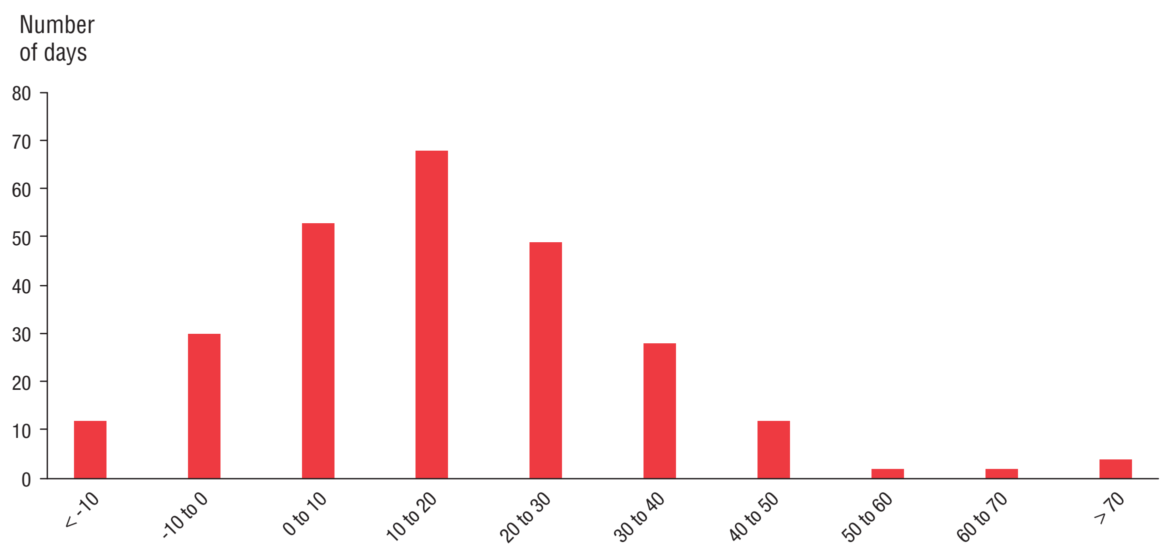
Improvements were made to the VaR model in 2011, thanks in large part to the addition of new risk factors. The main additions were:

- for equity: repo rates, underwriting margins;
- for interest and foreign-exchange rates: volatility smile;
- for credit: intrinsic risk factors (corporate, financial and sovereign).

BREAKDOWN OF TRADING VAR BY TYPE OF RISK – 2011



DAILY TRADING P&L – 2011 (IN MILLIONS OF EUROS)



STRESSED VAR (SVAR)

Societe Generale has been authorised by the French Prudential Supervisory Authority (Autorité de Contrôle Prudentiel) to complement its internal models with the new CRD3 measurements, in particular Stressed VaR, for the same scope as VaR.

The calculation method used is the same as under the VaR approach. This consists in carrying out a historical simulation with 1-day shocks and a 99% confidence interval. Contrary to VaR, which uses 260 scenarios for one-day fluctuations over a rolling one-year period, Stressed VaR uses a fixed one-year historical window corresponding to a period of significant financial tension.

The choice of the historical window of market stress has been approved by the regulator, using a method that captures significant shocks on all risk factors (covering equity, fixed-income, forex and commodity risk). This window of historical market stress is subject to an annual review and any changes to it must first be approved by the regulator.

STRESS TEST ASSESSMENT

Methodology

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

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

The stress test risk assessment methodology is based on 19 historical scenarios and 8 hypothetical scenarios, including the “Societe Generale Hypothetical Financial Crisis Scenario” (or “Generalised” scenario), based on the events observed in 2008. Together with 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 8 hypothetical scenarios;
- stress test limits are established for the Group’s activity as a whole and then for the Bank’s various business lines. They reflect the most adverse result arising from the 27 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.

HISTORICAL STRESS TESTS

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

HYPOTHETICAL STRESS TESTS

The hypothetical scenarios are defined by the Bank’s economists and are 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’s aim is to select extreme but nonetheless plausible events which would have major repercussions on all the international markets. Societe Generale has therefore adopted 8 hypothetical scenarios described below:

- generalised: considerable mistrust of financial institutions after the Lehman Brothers’ bankruptcy; collapse of equity markets, sharp decline in implied dividends, significant widening of credit spreads, pivoting of yield curves (rise in short-term interest rates and decline in long-term interest rates), substantial flight to quality;
- GIIPS crisis: mistrust of risky sovereign issuers and increased interest in higher-rated sovereign issuers such as Germany, followed by the spreading of fears to the other markets (equities, etc.);
- 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 yield curve;
- terrorist attack: major terrorist attack on the United States leading to a stock market crash, strong decline in interest rates, widening of credit spreads and sharp decline of the US dollar;

- bond crisis: crisis in the global bond markets inducing the 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;
- US 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: withdrawal of some countries from Euroland following the Euro's excessive appreciation against the US 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 2011

The scenarios leading to the largest potential losses are theoretical scenarios representing very severe shocks to the price of each of the assets held (e.g. a 15% to 30%, fall in global stock market indices).

The graph below shows the average of the stress test amounts in 2011.

Market risk modelling

Societe Generale's capital requirements related to market risk (excluding securitisation) are basically determined using an internal model approach (93% in 2011). In fiscal year 2011, these capital requirements were concentrated in credit (specific interest rate risk), particularly following the entry into force of the new European Capital Requirements Directive (CRD3) on December 31, 2011.

Societe Generale received the approval of the French Prudential Supervisory Authority to expand its internal market risk modelling system in particular to include IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure), for the same scope as VaR. These new measurements estimate the capital charge on debt instruments that is related to rating migration and issuer default risks within a one-year period. Capital charges are incremental, meaning they are added to charges calculated based on VaR and stressed VaR.

Societe Generale estimates its capital charges using a simulation model that distributes the various risk factors covered by regulatory requirements, while considering the relationships between these factors. IRC and CRM are 99.9% risk factors, meaning the highest risk obtained after eliminating the 0.1% most adverse occurrences.

These internal models are subject to the same governance as other internal models that meet the regulatory Pillar 1 requirements.

In particular:

- a weekly analysis is performed on these metrics, as well as control through limits;
- a comparison is made with standard-setting stress tests defined by the regulator (25 historical scenarios);
- a conservative annual review of model assumptions and an ex-post consistency control are carried out;
- the methodology and its implementation were approved by the Internal Audit Department and the French Prudential Supervisory Authority.

In accordance with the regulations, IRC is applied to debt instruments already measured using internal models other than securitisation and the correlation portfolio. In particular, this includes bonds, CDS and related derivative products.

CRM exclusively covers the correlation portfolio, i.e., CDO tranches for liquid issuers and "first-to-default" products as well as their hedging using CDS and indices. Aside from the credit-migration and default risk, the CRM also covers any other pricing risks (for example, spread, collection and correlation risks). Ultimately, the capital charge corresponds to the larger of the charge calculated by the internal model and 8% of the charge calculated using the standard method for market risks.

SPECIFIC FINANCIAL INFORMATION

Since June 2008 and in accordance with the recommendations of the Financial Stability Board, Societe Generale has disclosed the information on its exposure with regard to its assets affected by the global financial crisis.

In 2010, the Group continued to actively manage its exposure to risky assets by selling off part of its exotic credit derivatives portfolio as well as part of its ABS trading portfolio.

There have been no reclassifications from the trading portfolio to the loans and receivables portfolio following the reclassifications in October 2008.

UNHEDGED POSITIONS IN CDO (COLLATERALISED DEBT OBLIGATIONS) TRANCHES EXPOSED TO THE US REAL ESTATE SECTOR

Societe Generale holds unhedged positions in super senior and senior CDO tranches which are exposed to the US residential real estate sector.

In the absence of observable transactions, the tranches were valued using parameters that were neither observable nor quoted in an active market.

More specific and detailed information on the valuation of these instruments can be found in Note 3 to the consolidated financial statements.

At December 31, 2011, gross exposure to super senior and senior RMBS CDO tranches classified as held for trading totalled EUR 1.73 billion (compared with EUR 3.80 billion at December 31, 2010). These assets were subject to an average discount of 79%.

For the record, part of the portfolio was transferred from the trading portfolio to Loans and Receivables on October 1, 2008. Gross exposure held in the Loans and Receivables portfolios totalled EUR 5.55 billion at December 31, 2011 (compared with EUR 5.62 billion at December 31, 2010).

UNHEDGED CDOS EXPOSED TO THE US RESIDENTIAL MORTGAGE SECTOR

	CDO Super senior & senior tranches	
(In billions of euros)	**L&R Portfolio**	**Trading Portfolio**
Gross exposure at December 31, 2010[(1)]	5.62	3.80
Gross exposure at December 31, 2011[(1)(2)]	5.55	1.73
Nature of underlying	high grade/mezzanine[(4)]	high grade/mezzanine[(4)]
Attachment point at December 31, 2011[(3)]	3%	4%
At December 31, 2011		
% of underlying subprime assets	50%	67%
o/w 2004 and earlier	6%	26%
o/w 2005	34%	30%
o/w 2006	7%	5%
o/w 2007	3%	5%
% of Mid-prime and Alt-A underlying assets	9%	9%
% of Prime underlying assets	15%	7%
% of other underlying assets	26%	18%
Total impairments and writedowns	(1.95)	(1.37)
Total provisions for credit risk	(2.03)	-
% of total CDO write-downs at December 31, 2011	72%	79%
Net exposure at December 31, 2011[(1)]	1.57	0.36

(1) Exposure at closing price.
(2) The decrease in the Trading portfolio was mainly due to the exit of the last of the CDOs after their dismantling.
(3) The change in attachment points resulted:
- upward change: from early redemptions at par value;
- downward change: from defaults of some underlying assets.

(4) 27% of the gross exposure classified as L&R and 78% of the gross exposure classified as trading related to mezzanine underlying assets.

PROTECTION ACQUIRED TO HEDGE EXPOSURE TO CDOS OR OTHER ASSETS

Societe Generale is exposed to credit risk linked to monoline insurers and other financial institutions with regard to the financial guarantees received from them as hedges on certain assets.

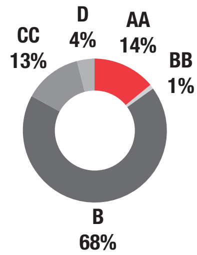
The fair value of the Group's exposures to monolines and other financial institutions that have enhanced the credit risk linked to assets (notably including underlying US subprime assets) reflects the deterioration in the estimated credit risk for these credit enhancers.

More specific and detailed information on this exposure and the valuation of the associated credit risk can be found in Note 3 to the consolidated financial statements.

PROTECTION ACQUIRED FROM MONOLINES

	Dec. 31, 2010	Dec. 31, 2011			
(In billions of euros)	**Fair value of protection before value adjustments**	**Fair value of protection before value adjustments**	**Fair value of hedged instruments (net exposure)**	**Gross notional amount of protection purchased**	**Gross notional amount of hedged instruments**
Protection purchased from monolines insurers					
against CDOs (US residential mortgage market)	1.05	1.26	0.48	1.74	1.74
against CDOs (excl. US residential mortgage market)	0.23	0.32	1.29	1.61	1.61
against corporate credits (CLOs)	0.10	0.27	2.76	3.03	3.03
against structured and infrastructure finance	0.22	0.18	1.09	1.37	1.20
Other replacement risks	0.23	0.36			

(In Eur bn)	31.12.2010	31.12.2011
Fair value of protection before value adjustments	1.82	2.39
Value adjustments for credit risk on monoline insurers (booked under protection)[1]	(0.92)	(1.28)
Net exposure to credit risk on monoline insurers	0.90	1.11
Nominal amount of hedges purchased[2]	(0.48)	(1.06)



(1) Amount at December 31, 2010 restated for the reclassification of collateral cash previously shown with the nominal amount of hedges bought of EUR 0.07 billion.
(2) As from Q4 2011, the marked-to-market valuation of hedging CDS was no longer neutralised in the income statement, and the value adjustment for credit risk linked to monoline insurers was calculated based on the fair value of the protection.

PROTECTION ACQUIRED FROM OTHER FINANCIAL INSTITUTIONS

- Fair value of protection purchased from other large financial institutions (multiline insurers and international banks): EUR 0.09 billion consisting mainly of corporate bonds and hedges on structured RMBS CDOs until the end of 2005.
- Other replacement risks (CDPCs): net residual exposure of EUR 0.17 billion (for a face value of EUR 3.15 billion) after taking into account adjustments in value due to credit risk of EUR 0.04 billion.

Since the second half of 2007, their valuation method has relied on the use of observable prices according to the benchmark indices, particularly the ABX index. With the return of market liquidity, reliable prices have once gain become individually observable. As a result, since the first half of 2011, the valuation method uses prices on external markets.

The residual exposure booked at fair value on the balance sheet to US RMBS increased from EUR 0.21 billion as at December 31, 2011 to EUR 0.36 billion as at December 31, 2010, due to the dismantling of "US" RMBS CDOs (excluding the exotic credit derivative portfolio).

EXPOSURE TO US RESIDENTIAL MORTGAGE MARKET: RESIDENTIAL LOANS AND RMBS

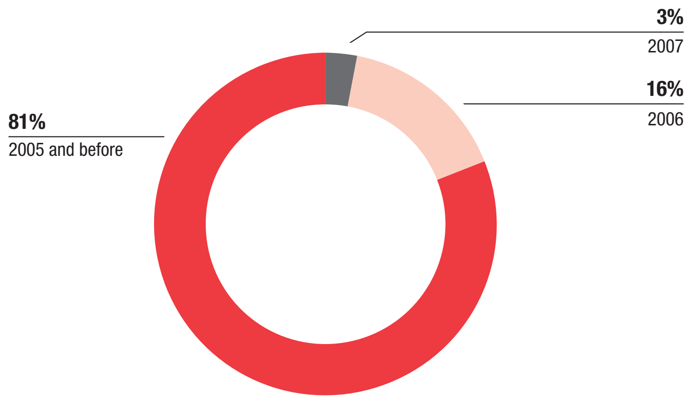
The Group is exposed to underlying assets related to the US residential mortgage market through RMBS.

- **"US" RMBS'[1]**

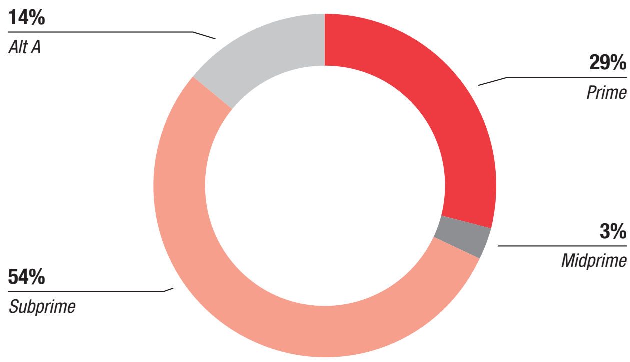
	Dec. 31, 2010	December 31, 2011						2011		
			Gross exposure[3]							
(In billions of euros)	Net exposure[2]	Net exposure[2]	*Amount*	*% net exposure*	% AAA[4]	*% AA & A*[4]		Net banking income	Cost of Risk	Equity
'Held for Trading' portfolio	n.s.	n.s.	*n.s.*	*n.s.*	*n.s.*	*n.s.*		n.s.	-	-
'Available-for-sale' portfolio	0.21	0.34	*1.07*	*32%*	*2%*	*9%*		n.s.	(0.03)	n.s.
'Loans & Receivables' portfolio	0.53	0.46	*0.55*	*84%*	*4%*	*11%*		n.s.	n.s.	-
TOTAL	**0.74**	**0.82**	***1.66***	***50%***	***3%***	***9%***		**n.s.**	**(0.04)**	**n.s.**

(1) Excluding "exotic credit derivative portfolio" presented below.
(2) Net of hedging and impairments.
(3) Remaining principal before hedging.
(4) As a % of remaining principal.

DISTRIBUTION OF ASSETS BY VINTAGE(1) END DECEMBER 2011



PORTFOLIO BREAKDOWN BY TYPE RMBS(1) END DECEMBER 2011



(1) As a % of remaining principal.

Note: Societe Generale has a portfolio of mid-prime loans purchased from an originator that defaulted (EUR 0.15 billion in the banking book net of write-downs).

EXPOSURE TO RESIDENTIAL MORTGAGE MARKETS IN SPAIN AND THE UNITED KINGDOM

The Group is exposed to underlying assets relative to the Spanish and UK residential mortgage markets through RMBS.

These exposures are valued based on a market consensus (combining the fair value estimates given by several banks), plus a liquidity add-on to obtain a conservative measurement.

Part of the portfolio was transferred from the trading portfolio to Loans and Receivables on October 1, 2008.

Societe Generale has no loan origination activity in Spain or the UK.

■ **“SPAIN” RMBS(1)**

	Dec. 31, 2010	December 31, 2011						2011		
			Gross exposure(3)							
(In billions of euros)	Net exposure(2)	Net exposure(2)	*Amount*	*% net exposure*	*% AAA(4)*	*% AA & A(4)*		Net banking income	Cost of Risk	Equity
‘Held for Trading’ portfolio	n.s.	n.s.	*n.s.*	*n.s.*	*n.s.*	*n.s.*		n.s.	-	-
‘Available-for-sale’ portfolio	0.10	0.07	*0.15*	*50%*	*16%*	*64%*		n.s.	-	n.s.
‘Loans & Receivables’ portfolio	0.24	0.19	*0.23*	*83%*	*7%*	*83%*		n.s.	-	-
‘Held To Maturity’ portfolio	n.s.	n.s.	*n.s.*	*n.s.*	*n.s.*	*n.s.*		-	-	-
TOTAL	**0.34**	**0.27**	***0.40***	***68%***	***10%***	***73%***		**n.s.**	**-**	**n.s.**

(1) Excluding “exotic credit derivative portfolio” presented below.
(2) Net of hedging and impairments.
(3) Remaining principal before hedging.
(4) As a % of remaining principal.

■ "UK" RMBS(1)

	Dec. 31, 2010	December 31, 2011						2011		
			Gross exposure(3)							
(In billions of euros)	Net exposure(2)	Net exposure(2)	*Amount*	*% net exposure*	*%AAA(4)*	*% AA & A(4)*	Net banking income	Cost of Risk	Equity
'Held for Trading' portfolio	0.05	n.s.	*n.s.*	*n.s.*	*n.s.*	*n.s.*	n.s.	-	-
'Available-for-sale' portfolio	0.09	0.05	*0.09*	*49%*	*0%*	*74%*	n.s.	-	n.s.
'Loans & Receivables' portfolio	0.10	n.s.	*n.s.*	*n.s.*	*n.s.*	*n.s.*	n.s.	-	-
TOTAL	**0.24**	**0.06**	***0.12***	**52%**	***0%***	***79%***	**n.s.**	**-**	**n.s.**

(1) Excluding "exotic credit derivative portfolio" presented below.
(2) Net of hedging and impairments.
(3) Remaining principal before hedging.
(4) As a % of remaining principal.

EXPOSURE TO CMBS(1)

The Group is exposed to underlying assets related to the commercial real estate market through CMBS. This portfolio is valued according to market parameters. Each "US" CMBS bond is valued based on the credit spread of its benchmark CMBX index (same vintage, same rating). However, with the return market liquidity, the Group has been able to use the market credit spread corresponding to each bond since the first half of 2011.

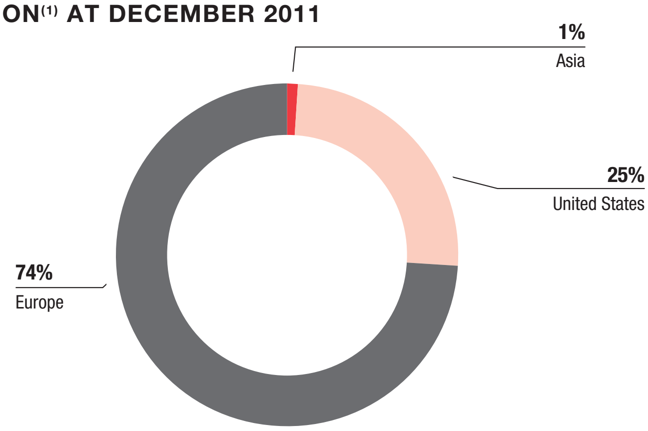
Part of the portfolio was transferred from the trading portfolio to Loans and Receivables on October 1, 2008.

The residual exposure booked at fair value on the balance sheet to CMBS fell from EUR 0.26 billion as at December 31, 2010 to EUR 0.24 billion as at December 31, 2011 (excluding the exotic credit derivative portfolio).

	Dec. 31, 2010	December 31, 2011					2011		
			Gross exposure(3)						
(In billions of euros)	Net exposure(2)	Net exposure(2)	*Amount*	*% net exposure*	*%AAA(4)*	*% AA & A(4)*	Net banking income(5)	Cost of Risk	Equity
'Held for Trading' portfolio	0.09	0.11	*0.24*	*47%*	*23%*	*10%*	n.s.	–	–
'Available-for-sale' portfolio	0.17	0.13	*0.21*	*64%*	*2%*	*42%*	n.s.	–	n.s.
'Loans & Receivables' portfolio	6.27	0.97	*1.16*	*83%*	*15%*	*39%*	0.80	(0.03)	–
'Held To Maturity' portfolio	0.05	0.04	*0.04*	*97%*	*29%*	*50%*	–	–	–
TOTAL	**6.58**	**1.26**	***1.65***	**76%**	***15%***	***36%***	**0.79**	**(0.03)**	**n.s.**

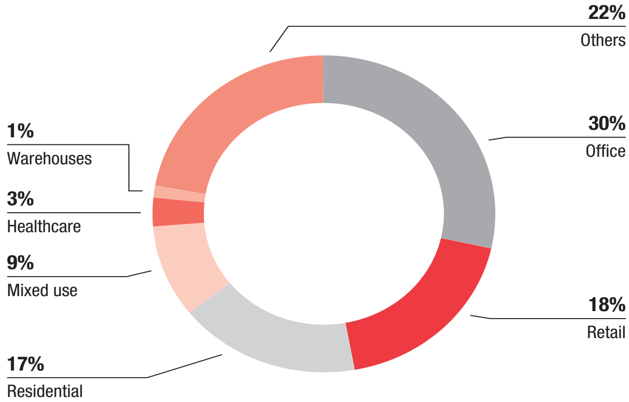
(1) Excluding "exotic credit derivative portfolio" presented below.
(2) Net of hedging and impairments.
(3) Remaining principal before hedging.
(4) As a % of remaining principal.
(5) Excluding losses on interest rated hedges.

GEOGRAPHICAL DISTRIBUTION(1) AT DECEMBER 2011



(1) As a % of remaining principal.

SECTORAL DISTRIBUTION[1] AT DECEMBER 2011



(1) As a % of remaining principal.

EXOTIC CREDIT DERIVATIVES

The exotic credit derivatives portfolio is linked to a customer activity which consists in selling securities indexed on the credit quality of ABS portfolios.

The Group hedges the credit protection generated in its books by purchasing underlying ABS portfolios and selling indices, and actively manages its hedging based on the changes in credit spreads by adjusting the ABS portfolio held, index positions on indices and marketed securities.

The five-year long risk-equivalent net position at December 31, 2011 was EUR -473 million.

- EUR 1.1 billion in securities were disposed of in 2011.
- 61% of the residual portfolio is made up of securities rated A and above.

FIVE-YEAR LONG RISK-EQUIVALENT NET POSITION

(In millions of euros)	Dec. 31, 2011	Dec. 31, 2010
US ABS	**(473)**	**(153)**
RMBS[1]	18	27
o/w Prime	0	(11)
o/w Midprime	0	(31)
o/w Subprime	19	69
CMBS[2]	(527)	(249)
Others	35	70
Total	**(473)**	**(153)**

(1) At December 31, 2011, net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 8 million, o/w EUR 0 million Prime, EUR 0 million Midprime and EUR 8 million Subprime.

(2) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 0.1 billion.

STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

Structural exposure to interest rate risks encompasses all exposures due to the commercial activities and their hedging and the proprietary transactions of the Group's consolidated entities.

The interest rate and exchange rate risks linked to trading activities are excluded from the structural risk measurement scope as they belong to the category of market risks. The structural and market exposures constitute the overall interest rate and exchange rate exposure of the Group.

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

Wherever possible, commercial transactions are hedged against interest rate and exchange rate risks, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within a treasury department). Interest rate and exchange rate risks linked to proprietary transactions must also be hedged as far as possible excepted for some foreign exchange positions kept to immunise its Tier 1 ratio.

ORGANISATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The principles and standards for managing these risks are defined at the Group level. The entities are first and foremost responsible for managing these risks. The Balance Sheet Management Department, which is part of the Group Finance Division, conducts Level 2 controls of the entities' structural risk management.

The Group Finance Committee, a General Management body:

- validates the structural risk monitoring, management and supervision system;
- reviews changes to the Group's structural risks through consolidated reporting by the Finance Division.

The Balance Sheet and Global Treasury Management Department which is part of the Finance Division is responsible for:

- the definition of the structural risks (liquidity, interest rate and exchange rate risks) policies for the Group and in particular the evaluation and planning of the funding needs for the Group;
- the definition of the steering indicators and global stress test scenarios of the different types of structural risks as well as the definition of main limits for business lines and the entities;
- the analysis of the structural risks expositions of the Group and the definition of the hedging strategies;
- watching over the regulatory environment concerning structural risks.

The Structural Risks Control Department which is part of the Finance Division is responsible for:

- defining the ALM principles for the Group and controlling the regulatory compliance of the structural risks;
- the definition of the normative environment of the structural risks metrics;
- validating the models used by the Group entities concerning structural risks;
- inventorying, consolidating and reporting on structural risks;
- structural risks limits control.

The Structural Risks Control Department is hierarchically is dependent of the Chief Financial Officer of the Group and is functionally supervised by the Chief Risk Officer to whom it reports its activities and who validates its working plan, jointly with the Chief Finance Officer. The Structural Risks Control Department is integrated in the channel or "Filière" risk of the Group in compliance with the CRBF 97-02.

Entities are responsible for structural risk management

As such, entities apply the standards defined at the Group level, develop their models, measure their risks exposure and implement the required hedging operations.

Each entity has its own structural risk manager, attached to the Finance Department of the entity, who is responsible for conducting Level 1 controls and for reporting the entity's structural risk exposure to the Balance Sheet Management Department via a shared IT system.

Retail banking entities both in France and abroad generally have an ad-hoc ALM (Asset Liability Management) Committee responsible for validating the models used, managing their exposures to interest rate and exchange rate risks and implementing the hedging programmes in line with the principles set out by the Group and the limits validated by the Finance Committee.

STRUCTURAL INTEREST RATE RISK

Structural interest rate risk is measured within the scope of structural activities (transactions with clients, the associated hedging operations and proprietary transactions).

Structural interest rate risk arises from the residual gaps (surplus or deficit) in each entity's fixed-rate forecasted positions.

Objective of the Group

The Group's main aim is to reduce each Group entity's exposure to structural interest rate risk as much as possible.

To this end, any residual interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. The sensitivity is defined as the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficits) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit set at Group level is EUR 1 billion, representing an amount equal to 2.4% of its risk-based capital.

Measurement and monitoring of structural interest rate risks

In order to quantify its exposure to structural interest rate risks, the Group analyses all fixed-rate assets and liabilities in the future. These positions come from transactions remunerated or charged at fixed rates and from their maturities.

Assets and liabilities are analysed independently, without any a priori matching. The maturities of outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models based on historic clients' behaviour patterns (particularly for regulated savings accounts, early loan repayments, etc.), as well as conventional assumptions relating to certain balance sheet items (principally shareholders' equity and sight deposits).

Once the Group has identified its fixed-rate positions (surplus or deficit), it calculates the sensitivity (as defined above) to variations of interest rates. This sensitivity is defined as the variation of the net present value of the fixed-rate positions for a 1% instantaneous parallel increase of the yield curve.

In addition to this analysis, the Group also analyses the sensitivity to different yield curve configurations of the fixed rate position (steepening and flattening of the yield curve). The measurement of the net interest income sensitivity is also used by the Group to quantify the structural interest rate risk of significant entities.

Throughout 2011, the Group's global sensitivity to interest rate risk remained below 2.4% of Group risk-based capital and within the EUR 1 billion limit.

The following observations can be made with regard to the business lines' structural interest rate risk:

- within the French retail networks, the outstanding amounts of customers' deposits, generally considered to be fixed-rate, exceed fixed-rate loans for maturities over than 3 years. Indeed, thanks to macro-hedging essentially through the use of interest rate swaps, the French retail networks' sensitivity to interest rate risk (on the basis of the adopted scenarii) has been kept to a low level. At end of December 2011, the sensitivity of the French retail networks' economic value, based on their essentially euro-denominated assets and liabilities, was EUR -84 million;
- transactions with large companies are generally micro-hedged and therefore present no residual interest rate risk;
- transactions with clients of the Specialised Financial Services subsidiaries are generally macro-hedged and therefore present only a very low interest rate risk;
- clients' transactions for our subsidiaries and branches located in countries with weak currencies can generate structural interest rate risk, which remains limited at the Group level. These entities may have problems to optimally hedge interest rate risk due to the low development of the financial markets in some countries;
- proprietary transactions are generally well hedged. Residual positions are limited and arise primarily from shareholders' equity that has not been fully reinvested on expected maturities.

Sensitivity to interest rate variations of the main entities of the Group represented EUR -116 million on December 31, 2011 (for a 1% parallel and instantaneous rise of the yield curve). These entities account for 85% of the Group's credits outstanding.

Table 1: Measurement of the entities' sensitivity to a 1% interest rate variation, at December 31, 2011, indicated by maturity

(In millions of euros)

Less than one year	between 1 and 5 years	More than 5 years	**Total sensitivity**
40	(231)	75	**(116)**

The results of the gap measurements (difference between liability and asset outstandings, at a fixed rate, by maturity) for the same entities are as follows (liabilities minus assets/ figures in millions of euros):

Table 2: Interest rate gaps by maturity at December 31, 2011

(In millions of euros)

Maturities	**1 year**	**3 years**	**5 years**	**7 years**
Amount of gap	(5,885)	(3,440)	135	1,844

STRUCTURAL EXCHANGE RATE RISK

Structural exchange rate risk is mainly caused by:

- foreign-currency denominated capital contributions and equity investments financed through the purchase of foreign currencies;
- retained earnings in foreign subsidiaries;
- investments made by some subsidiaries in a currency other than the one used for their equity funding for regulatory reasons.

Objective of the Group

The Group's policy is to immunise its solvency ratio against fluctuations in the currencies it operates. To do this, it may decide to purchase currencies to finance long-term foreign currency-denominated investments, thus creating structural foreign exchange positions. Any valuation differences of these structural positions are subsequently booked as conversion reserves.

Measurement and monitoring of structural exchange rate risks

The Group quantifies its exposure to structural exchange rate risks by analysing all assets and liabilities denominated in foreign currencies, arising from commercial operations and proprietary transactions.

The Balance Sheet and Global Treasury Management Department monitors structural exchange rate positions and manages the immunisation of the solvency ratio to exchange rate fluctuations.

In 2011, the Group successfully neutralised the sensitivity of its solvency ratio to fluctuations in currencies by monitoring the structural positions in these currencies (the sensitivity of the solvency ratio is steered by limits fixed according to the Groups appetite to risk in these currencies).

LIQUIDITY RISK

Liquidity risk is defined as the risk of not being able to meet cash flow or collateral requirements when they fall due and at a reasonable price.

A structural liquidity position is defined as resulting from the maturities of all balance sheet or off-balance sheet outstanding positions, according to their liquidity profile, determined either based on the contractual maturity of the transactions, or, for non-maturing products, based on a maturity modelled using historic client behaviour or a conventional maturity.

The Group manages this exposure using a specific framework designed to manage liquidity risk both under normal day-to-day conditions and in the event of a potential liquidity crisis.

Reorganisation of the liquidity risks managements functions

A new organisation of the structural risks management functions is implemented since January 1, 2011 by which steering functions are separated from the control functions within the Finance Division:

- the Balance Sheet and Global Treasury Management Department is in charge of the steering of the structural risks as well as the supervision and coordination of all treasury functions (external financing of the Group, internal refinancing of the entities and centralised management of the collateral); it also has the role of managing the central treasury for the Group and executing the funding operations;
- the Structural Risks Control Department is in charge of the supervision of the structural risks for the whole Group. In particular, it validates the behavioural models and conventional assumptions implemented throughout the different locations and supervises local limits and ALM practices. This Department is hierarchically dependant of the Chief Financial Officer and functionally of the Risk Direction.

Several departments of the Risk Direction play a role, together with the Finance Department, in the operational supervision of the liquidity risk. Their action is coordinated by the transversal risks monitoring department, for the Chief Risk Officer, and in particular:

- the independent review of models related to market activities;
- the validation of all the Group models of liquidity within the framework of a centralised governance;
- the instruction of the requests of limits concerning indicators of risk of liquidity and the follow-up of the possible over limits.

Adaptation of the architecture of the liquidity steering to the Basel 3 framework

- **The Basel Committee on Banking Supervision** has defined in December 2009 two standardised new regulatory ratios, which are meant to regulate the liquidity positions of banks. These ratios have been published on the December 16, 2010 text and its main objective is to guarantee the viability of the banks on a 1 month and 1 year horizons, under stress conditions. These ratios are decomposed as follows:
  - the **Liquidity Covered Ratio** (LCR) aims to ensure that banks have enough liquid assets to survive on a 1 month horizon under combined stress scenarios of market and specific crisis,
  - the **Net Stable Funding Ratio** (NSFR) aims to force banks to finance its operations on a long term basis, over 1 year. It compares the long term financing needs of banks to its resources which are considered stable resources under specific stress conditions.

  The implementing calendar of these ratios includes an observation period and a review clause before enforcement:
  - the **LCR** has to be monitored from 2012 on and its compliance is to be fulfilled after January 1, 2015,
  - the **NSFR** has to be monitored from 2012 on and will become compulsory from January the 1, 2018.

  The Basel Committee also works on the definition of systemic institutions and prepares a regulatory framework which aims to prevent large systemic banking crisis.
- **The European commission** will transpose the Basel 3 accords into law through the CRD4 (Capital Regulatory

Directive) and intends to follow the Basel text as close as possible. It published its project of law on July 20, 2011 which includes:

- an obligation of reporting for the juridical entities from January 1, 2013 on an observatory basis on the LCR and NSFR ratios,
- a central supervisory role for the EBA (European Banking Authority) for the period before and during the observatory phase,
- the need for the banks to respect the LCR on January 1, 2015.

After the observation period, on the basis of the EBA recommendations, the European Commission may modify the ratios.

The legislative procedure of co-decision between the European Parliament and the Council of the European Union will take place in 2012. After the vote the regulation will become law immediately. The CRD4 will then be transposed into national laws in each one of the European Union member states.

The Societe Generale Group has worked actively in 2011 on the transposition of the Basel text into internal norms to be used for steering purposes. A corpus of procedures adapted to the specificities of the Group has been defined and will be compulsory at the business lines and entities levels.

- the business lines will be able to measure its Basel 3 liquidity ratios for its respective activities and will report its metrics on an automated basis from the second half of 2012;
- in addition to the quarterly "Quantitative Impact Studies" of the Basel Committee, the SG Group will start to report in 2012 on a quarterly basis with a mutualised and centralised tool which guaranty the coherence of the metrics and the correct application throughout the Group;
- specific targets for the Basel 3 ratios have been defined and will be applied from 2012 to each one of the business lines in order to ensure the convergence of the business lines to the regulatory constraints of the LCR in 2015.

The management and steering framework of the liquidity of the Group have been adapted deeply in order to allow the evolution of the regulatory environment and will be operational particularity with the implementation of the centralised tool during 2012.

Organisation of liquidity risk management

The principles and standards applicable to liquidity risk management are defined at the Group level. The operating entities are responsible for managing their own liquidity and for respecting applicable regulatory constraints, while the Balance Sheet and Global Treasury Management Department manages liquidity for the overall Group, in conjunction with the Treasury Department of the Corporate and Investment Banking Division, to whom it has a functional authority.

- **The Group's Executive Committee:**
  - review quarterly the liquidity risks and the follow up of prior decisions,
  - review annually the liquidity management and steering framework,
  - defines the tolerance level on liquidity risks and specifically the survival horizon,
  - monitors the respect of the liquidity limits;
- **The General Management Committee:**
  - presents to the Group's Executive Committee the limits framework and the appetite for the liquidity risk,
  - defines the liquidity limits for the business lines,
  - monitors the compliance with the liquidity risk limits for the business lines and the group,
  - validates the action plans in case of limits overrun at the business lines and Group level;
- **The Group Finance Committee, which meets at least quarterly, is chaired by the General Management or a delegate General Management and is composed of members of the Business lines and functional directions:**
  - prepares the decisions of the General Management Committee concerning general policies liquidity risk appetite and liquidity limits,
  - examines the adequacy of the steering and control frameworks,
  - examines and validates the metrics suggested by the Balance Sheet and Global Treasury Management Department and the Structural Risks Control Department,
  - controls the evolution of the liquidity needs and validates the Group's funding programmes;

- **The Balance Sheet and Global Treasury Management Department,** which is part of the Group Finance Division:
  - defines, reviews and adapts periodically the liquidity steering framework: metrics, stress tests,…
  - suggests and calibrates the liquidity limits at the Group and business lines levels and for specific entities. It submits its propositions to the Group Finance Committee,
  - reviews and validates liquidity limits allocated by the business lines to the entities, in coherence with the limits notified to the business lines,
  - coordinates the action plans in case of limit overrun by the entities or the Group,
  - supervises the reporting chain and the validation of the calculation of the liquidity positions' process for the Group,
  - centralises, consolidates and reports on liquidity risk exposure, and carries out Level 2 controls (independently of the operating divisions supervising the entities),
  - validates the liquidity crisis scenarii,
  - plans the Group's funding programmes,
  - proposes the internal liquidity pricing policy;
- **The Treasury Department of the Corporate and Investment Banking Division**, in accord with the orientations defined by the Balance Sheet and Global Treasury Management Department, is responsible for managing short-term liquidity (less than 18 months) in coordination with local treasuries (New York, Tokyo,…)..
- The operating entities are responsible for managing their own liquidity risk.

To this end, they apply the standards defined at the Group level, develop models, measure their liquidity positions and finance their activities or reinvest surplus liquidity via the treasury departments (subject to regulatory and fiscal constraints).

The entities submit reports on their liquidity risk to the Group via a shared IT system.

Objective of the Group

Considering the liquidity as a scarce resource, the Group's objective is to finance its activities at the best possible rates under normal conditions and to ensure it can meet its obligations in the event of a crisis.

The main principles of the Group's liquidity management are as follows:

- a central management of liquidity by transferring the liquidity positions of the entities (liquidity surpluses and requirements) to the Group's treasury departments;
- central management of market resources using the access to the markets of the Group's main treasury departments (Paris, New York, London, Tokyo, Hong Kong, Singapore, etc.);
- diversification of sources of funding, both in terms of geographic regions and activity sectors;
- optimised management of resources by limiting the number of issuers within the Group (Societe Generale, SG Acceptance NV, SG North America, Societe Generale SCF….);
- a framework of measurement and monitoring of the liquidity gaps by business lines in a basic scenario and a stress scenario, the refinancing needs within the Group, the external refinancing needs of the Group in the financial markets and the contribution of each business line to the regulatory ratios (standard ACP ratio, LCR, NSFR);
- in this context, the excess or deficits of liquidity will be transferred across business lines systematically through the central treasury, for all maturities. Business lines have to comply with zero or small liquidity gaps in order to avoid liquidity transformation. This will guaranty a wealthy management across business lines (refinancing according to the assets in the balance sheet). Liquidity gaps will be monitored by currency and across currencies;
- internal stress tests are used to guarantee the Group will survive with a specific horizon to any stress scenario, whatever the market environment;
- the short term and long term funding plan for the Group, in complement to the resources collected with clients, is dimensioned in a prudent way not dependent on short term funding and based on diversified products and regions;
- net funding needs of the business lines are supervised and steered in a dynamic way, with compliance to the resources-raising capacity of the Group. This framework is completed by a threshold on gross funding needs growth of each business line, in order to restrict the balance sheet growth and to facilitate the convergence towards the future regulatory Basel 3 constraints regarding LCR and NSFR.

The implementation of these indicators in the Group has started in the first half of 2011. It is under observation till the end of 2012 in order to allow a progressive adjustment of the internal limits and establish targets by business line over the period 2012-2014.

Measurement and monitoring of liquidity risk

In 2011 the SG Group has invested in the implementation of a mutualised and centralised tool for liquidity steering. This tool will allow, from the beginning of 2012, to report metrics on a

Group, business line or entity level on the main followed liquidity metrics: LCR, NSFR, static gaps, financing needs, etc.

The Group's liquidity management framework comprises the following processes:

- an assessment of the Group's structural liquidity profile and its development over time.

  Risk analysis was conducted in 2011 using reports submitted by the different entities, listing their respective on and off-balance sheet outstandings according to currency of denomination and residual maturity. From 2012 on, reports will be produced by the mutualised and centralised tool which will deliver coherent metrics on Group, business line or entity level. The principle retained enables assets and liabilities to be categorised in terms of maturity. Maturities on outstanding positions are determined on the basis of the contractual terms of transactions, models of historic client behaviour patterns (regulated savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain balance sheet items (principally shareholders' equity and sight deposits).

  The breakdown of liabilities and contractual commitments by maturity are disclosed in Note 32.

  Medium- and long-term issues featuring a clause providing for early repayment options to the issuer are included in the repayment timetables at their first call date for subordinated issues and at their contractual maturity for structured issues (specific monitoring is applied to the amounts repaid for these issues). The objective defined for the business lines is of small liquidity gaps. This objective is monitored by the business lines and the Financial Committee and will be subject to action plans in case of limits overrun;

- a monthly monitoring of the internal financing needs allocated to the business lines and a control of the limits defined for budgetary purposes. This objective is also monitored by the business lines and the Finance Committee and will be subject to action plans in case of limits overrun;

- monitoring of the diversification of funding sources:

  Societe Generale maintains a broadly diversified range of funding sources, firstly including a large base of customer deposits that represents a large share of its medium-term resources, and secondly market resources.

  For its deposit base, the Group relies on inflows from Retail Banking Networks (France and abroad) and Private Banking structure.

  For its medium- and long-term market resources, the Group operates a diversified funding policy relying on various types of debt and forms of issue, currencies and investor pools.

  In a context of financial turbulence, the Group has refinanced in 2011 the roll over of its debt maturing during the year as well as the growth of its businesses, thanks not only to an active and diversified funding programme on the capital markets (issues of vanilla and structured private placements, senior and subordinate benchmark issues), but also through a complementary effort of deposits collection;

- the Group monitors the risk of the early repayment of its medium- and long-term debt instruments:

  - the main Group's medium- and long-term issue programmes feature no clauses that could generate an early repayment risk linked to a decline in the Group's credit quality. The proportion of medium- and long-term issues featuring a clause providing for early repayment options to investors is limited,

  - an assessment of the Group's funding needs on the basis of budget forecasts in order to plan appropriate funding solutions;

- analysis of liquidity risk exposure using liquidity crisis scenarii;

- close monitoring of long-term liquidity.

  A long-term funding plan aims to keep a medium- and long-term surplus liquidity gap.

  The issue policy aims to execute the funding plan in a regular and non-opportunistic way;

- conservative short-term liquidity management.

  The Treasury Department of the Corporate and Investment Banking division, which manages by delegation the Group's short-term liquidity, monitors its liquidity gap in stress scenarii taking into account assets eligible for central bank refinancing operations.

  A weekly liquidity committee meeting, chaired by the Chief Financial Officer and attended by the Chief Risk Officer, the Head and Treasurer of SG CIB and the Head of the Balance Sheet and Global Treasury Management Department, assesses the Bank's short-term liquidity position and makes management decisions according to the market environment by delegation from the Finance Committee;

- active management of eligible assets.

  Under the supervision of the Group Treasurer, the SG Group works to optimise the management of the pool of assets eligible for the various refinancing mechanisms (central bank refinancing operations, Societe de Credit Foncier, securitisations, etc.) using a centralised application that creates an inventory of saleable assets to allow an optimum allocation and secure management of these asset pools.

The Group eligible assets are formed of:

- a portfolio of sovereign debt of the best ratings managed centrally refinanced on a medium to long term basis and allocated specifically to be managed in case of a liquidity crisis particularly severe;
- securities eligible to Central Banks referenced daily and available to the central treasury;
- the liquidity pool validated by the Central Banks formed of loans deposited as guaranties for collateral near the Central banks;
- securities located in the local entities and eligible near the local Central Banks;
- market securities which may be used as complementary sources of liquidity either by sell in the market or by repo operations.

The regulatory one-month liquidity ratio is calculated on a monthly basis, and concerns Societe Generale SA. In 2011, Societe Generale SA systematically maintained a ratio above the required regulatory minimum.

OPERATIONAL RISKS

OPERATIONAL RISK MANAGEMENT: ORGANISATION AND GOVERNANCE

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[(1)], New Product Committees[(2)] and functions dedicated to the oversight and management of specific types of operational risks, such as fraud, risks pertaining to payment systems, legal risks[(3)], information system security risks[(4)] and non-compliance risks[(5)].

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 Corporate Divisions.

The Operational Risk Department is notably responsible for:

- running the Operational Risk function;
- devising and implementing Societe Generale's operational risk control strategy, in cooperation with the Business and Corporate Divisions;
- promoting an operational risk culture throughout the Group;
- defining, at Group level, methods for identifying, measuring, monitoring, reducing and/or transferring operational risk, in cooperation with the Business and Corporate Divisions, 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 function

In addition to the Operational Risk Department, the operational risk function includes Operational Risk Managers (ORMs) in the Business and Corporate Divisions, who are under the operational authority of the Group's Chief Operational Risk Officer.

ORMs operate throughout the Group's entities, and are responsible for implementing the Group's procedures 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, Corporate Division and subsidiary levels.

OPERATIONAL RISK MEASUREMENT

Since 2004, Societe Generale has used the Advanced Measurement Approach (AMA), as proposed by the Capital Requirements Directive, to measure operational risk. This approach 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 requirements;
- 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.

In 2007, the French Prudential Supervisory Authority conducted an in-depth review of the system in place at Societe Generale. As a result, it authorised the Group to use the most advanced measurement approach, as defined by the Basel 2 Accord (i.e. the AMA or Advanced Measurement Approach) to calculate the Group's capital requirements for operational risks, starting from January 1, 2008. This authorisation covers more than 90% of the Societe Generale Group's total net banking income. A few

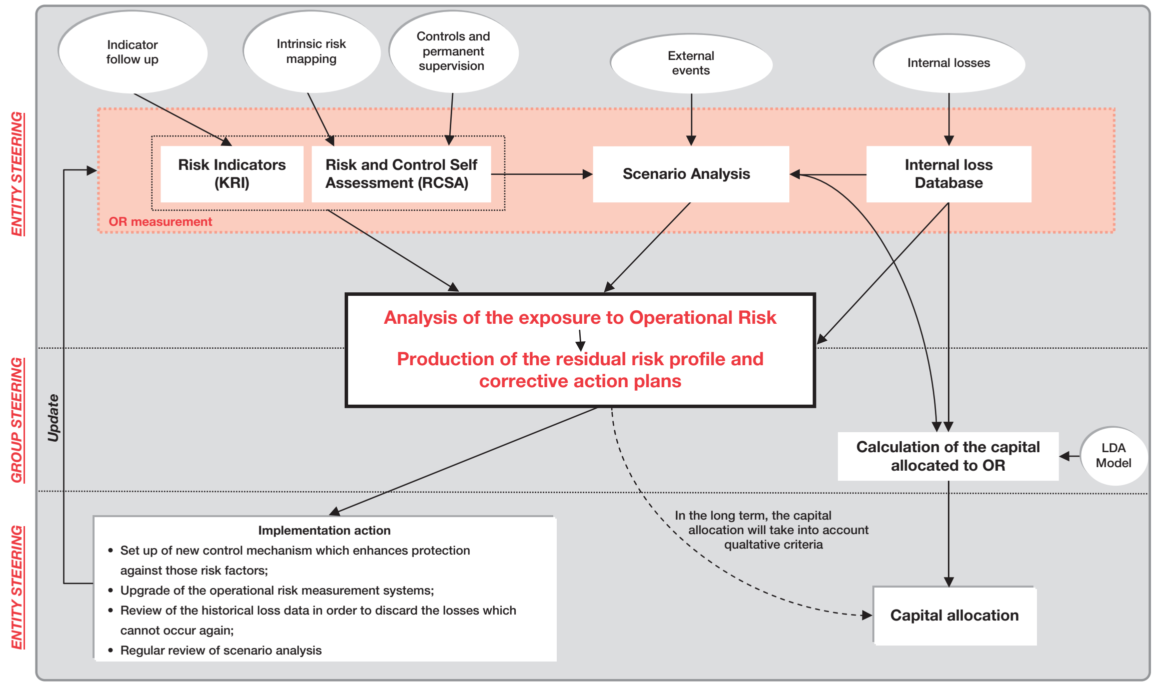
(1) See Chapter 5, page 103 and Chapter 9, page 231.
(2) See Chapter 5, page 104.
(3) See Chapter 9, page 235.
(4) See Chapter 5, page 109.
(5) See Chapter 8, page 181, and Chapter 9, page 234.

subsidiaries still use the standardised approach. A gradual transition to the advanced measurement approach is in place for some of them.

OPERATIONAL RISK MONITORING PROCESS

The frameworks specifically established by the Basel 2 regulations (the Capital Requirements 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:

- gathering of internal data on operational risk losses;
- Risk and Control Self-Assessment (RCSA) processes;
- Key Risk Indicators (KRI);
- scenario analyses;
- analysis of external loss data.



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.

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 interruptions

Internal loss data collection

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

- define and implement the appropriate corrective actions (changes to activities or processes, strengthening of controls, etc.);
- 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 20,000 due to the scope of its activity, the volumes involved and the relevance of regulatory capital modelling points. Below these thresholds, loss information is collected by the Group's various divisions but is not identified by the Operational Risk Department.

Risk and Control Self-Assessment (RCSA)

The purpose of Risk and Control Self-Assessment (RCSA) is to assess the Group's exposure to operational risks in order to improve their oversight. Based on interviews with Group experts, its goals are:

- identifying and assessing the major operational risks to which each businesses is inherently exposed (the "intrinsic" risks), while disregarding prevention and control systems. Where necessary, risk mapping established by the functions (e.g. Compliance, Information Systems Security, etc.) contribute to the evaluation of intrinsic risks;
- assessing the quality of major risk prevention and mitigation measures, including their existence and effectiveness in detecting and preventing major risks and/or their capacity to reduce their financial impact;
- assessing the major risk exposure of each 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;
- adapting the risk insurance strategy, if necessary.

As part of this exercise, major risks of a given scope are described using a double scale of severity and frequency.

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 system. 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 via a KRI dashboard.

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 operational risks.

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

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

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

Analyses are undertaken for two types of scenarios:

- major Group stress scenarios, involving very severe events that cut across businesses and departments, having an external cause in most cases and requiring a business continuity plan (BCP). The scenarios of this type analysed so far have helped to develop the Business Impact Analysis aspects of the BCPs;
- business scenarios that do not strictly speaking fall into the category of business continuity, but are used to measure the unexpected losses to which the businesses may be exposed. Specific actions are performed in order to prevent the portfolio from being diluted over too many scenarios and to maintain the system's focus on risks that could severely impact the Group.

Established governance enhances the appropriation of scenarios by business and Corporate Division Management (scenario presentations at ICCC meetings) and ensures the consistency of all results obtained for calculating capital requirements for operational risk.

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

In order to cover the risk of a crisis affecting the Group's staff, buildings and IT systems, the Group crisis management team aims to prevent health and safety risk and to define and maintain the crisis system in operating condition.

The Group also prepares to face all kinds of disasters (loss of operating resources, failures, lack of human resources, etc.) by developing business continuity plans. To do this, it draws on a methodological approach based on international standards and regularly tests its emergency mechanisms.

Combating fraud

The Group places great emphasis on preventing and detecting fraud. Losses due to fraud have dropped steadily since 2008, thanks in large part to the implementation of effective mechanisms across all businesses. In late 2009, an anti-fraud coordination unit within the Operational Risk Department was added alongside existing systems in the business divisions. Its main purpose is to serve as a centre of expertise in order to strengthen fraud prevention through better sharing of best practices and lessons learned from known or prevented cases of fraud, thus helping the function to assess the scope of operational risk controls and expand anti-fraud culture within the Group.

OPERATIONAL RISK MODELLING

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

It is a statistical approach that describes the annual distribution of operating losses through historical data on internal and external losses or scenario analyses, according to a bottom-up process that produces a matrix of operational risk categories and business divisions, i.e. a total of 22 event categories.

In the model, the loss distributions associated with each event category leads to the annual loss distribution for the business divisions and then the Group. This loss distribution describes the statistical distribution of losses the Bank is liable to experience, taking into account the frequency and severity of each type of loss, but also the correlation between events.

The Group's regulatory capital requirements for operational risks within the scope eligible for the AMA (Advanced Measurement Approach) internal model are then defined as the 99.9% quantile of the Group's annual loss distribution.

Based on the Group's models, Societe Generale's capital requirements for operational risks were EUR 3.5 billion at the end of 2011, representing EUR 43.4 billion in risk-weighted assets.

Insurance cover in risk modelling

In accordance with regulations, Societe Generale incorporates risk cover provided by insurance policies when calculating regulatory capital requirements for operational risks, within the limit of 20% of said requirements.

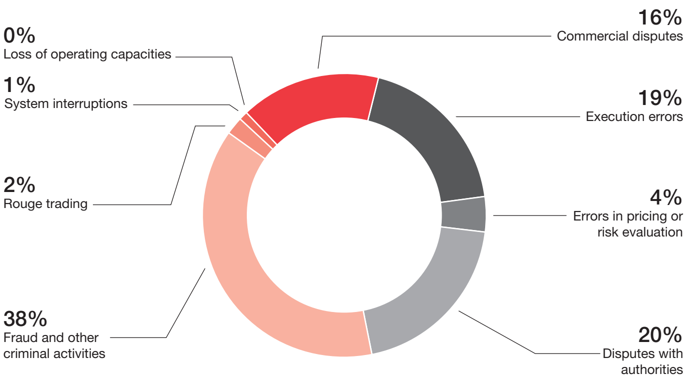
These insurance policies cover part of the Group's major risks, i.e. liability, fraud, fire and theft, as well as systems interruptions and operating losses due to a loss of operating resources.

Taking into account risk reduction through insurance policies results in a 15% reduction of total capital requirements for operational risks.

Quantitative data

The following chart breaks down operating losses by risk category for the 2007-2011 period.

OPERATIONAL RISK LOSSES (EXCLUDING EXCEPTIONAL ROGUE TRADING LOSS): BREAKDOWN BY SG RISK EVENT TYPE (AVERAGE FROM 2007 TO 2011)



Societe Generale's operational risks are concentrated in four risk categories, which account for close to 93% of the Group's total operating losses (excluding the exceptional rogue trading loss):

- on average, fraud accounted for 38% of the losses incurred (32% in external fraud) over the 2007 to 2011 period. The incidents were divided between a handful of large, isolated losses and a number of small losses, mainly consisting of fraud by using forged documents to obtain loans;
- disputes with the authorities accounted for 20% of overall losses. These losses were mainly linked to tax adjustments;
- execution errors accounted for 19% of losses, a slight increase in 2011. This development was primarily linked to market volatility stemming from the crisis, with several isolated, unusual events. The most frequent losses were for insignificant amounts thanks to the implementation of risk management action plans;
- commercial disputes accounted for 16% of losses, marking a very significant decrease: in 2011, there were no major new incidents in this category, despite the financial and economic crisis. The few major incidents from 2007 to 2010 were often related to counterparty default and, as such, were borderline credit risk incidents.

The other categories of Group operational risks (rogue trading – excluding the exceptional rogue trading loss – IT system interruptions, pricing or risk evaluation errors and loss of operating resources) were fairly insignificant, representing barely 6% of the Group's losses on average over the 2007 to 2011 period. No rogue trading incidents occurred in 2011.

OPERATIONAL RISK INSURANCE

Description of insurance policies

GENERAL POLICY

Since 1993, Societe Generale has implemented a global policy of hedging Group operational risks through insurance. This consists in looking on the market for the broadest and highest levels of guarantee with regard to the risks incurred and enabling all entities to benefit from these guarantees wherever possible. Coverage is taken out with leading insurers. When required by local legislation, local policies are taken out, which are then reinsured by insurers that are part of the global programme.

In addition, special insurance policies may be taken out by entities which exercise specific activities.

A Group internal reinsurance company intervenes in several policies in order to pool high frequency, low-level risks between entities. This approach contributes to the improvement of the Group's knowledge and management of its risks.

Description of coverage

GENERAL RISKS

Buildings and their contents, including IT equipment, are insured at their replacement value. The guarantee covering acts of terrorism abroad has been renewed.

Liability other than professional liability (i.e. relating to operations, Chief Executive Officers and Directors, vehicles, etc.) is covered by insurance policies around the world. The amounts insured vary from country to country to meet operating requirements.

RISKS ARISING FROM OPERATIONS

Insurance is only one of the financing methods that can be used to offset the consequences of the risks inherent in the Group's activity, and as such it complements the Group's risk management policy.

THEFT/FRAUD

These risks are included in the "Bankers Blanket Bond" policy that insures all the Bank's financial activities around the world. With regard to fraud, the coverage includes actions committed by an employee or a third party acting alone or with another employee with the intention of achieving illicit personal gain. Acts of malice assume the intention to cause harm to the Group.

PROFESSIONAL LIABILITY

The consequences of any lawsuits are insured under a global policy.

OPERATING LOSSES

The consequences of any accidental interruptions to activity are insured under a global policy. This policy supplements the business continuity plans. The amounts insured are designed to cover losses incurred between the time of the event and the implementation of an emergency solution.

NON-COMPLIANCE AND REPUTATIONAL RISKS

In 2006, an independent Compliance structure was set up within the Societe Generale Group.

The Group's Corporate Secretary is responsible for Group Compliance. He chairs the Group Compliance Committee, which meets monthly. Compliance incidents are reported to the Board of Directors in accordance with regulations.

The Group has issued a directive to its employees defining its policy for detecting, assessing and preventing reputational risk, making the management of this risk a key objective to which all its employees must contribute.

The measures for preventing compliance and reputational risks are described in Chapter 8, Compliance and Prevention of Money Laundering.

LEGAL RISKS

RISKS AND LITIGATION

- After conducting investigations on tax frauds allegedly committed by buyers of certain types of companies in Belgium since 1997, the Belgian State and the liquidator of some of these companies have brought actions against the various participants in these transactions in an attempt to recuperate the eluded tax or to seek damages. Societe Generale and one of its affiliates have been implicated because of the role played as advisor to the buyers in several transactions by an ex-employee of the bank, now deceased, who concealed from Societe Generale that he continued to play this role in spite of the prohibition notified to him by his supervisor several years ago, after the risks of such transactions had been identified. Societe Generale cooperated fully with the Belgian State's investigations. These investigations have lead to the opening of criminal proceedings.

  In the meantime, Societe Generale and the Belgian State settled the dispute for EUR 31.56 million. Societe Generale and its affiliate which have cooperated fully with the criminal authorities have also settled with the Public Prosecutor in order to put an end to the criminal proceedings.

- In October 2005, the official receivers in charge of the restructuring plans of Moulinex and Brandt, companies that have been put into bankruptcy in 2001, have initiated a lawsuit against member banks of syndicated loans granted to Moulinex in 1997 and to Brandt in 1998. They are seeking compensatory damages to indemnify the creditors for the banks' alleged improper financial support to the aforementioned companies. The compensatory damages sought against Societe Generale and Credit du Nord amount respectively to EUR 192.4 million and EUR 51.7 million.

  Societe Generale and Crédit du Nord only held a share of the syndicated loans. They vigorously oppose the claims since after trying to support Moulinex and Brandt on the grounds of serious and credible recovery plans, the banks have been the first victims of the Moulinex and Brandt collapses.

  All reasonably anticipated expenses relating to the management of these proceedings have been taken into account.

- Societe Generale, along with numerous other banks, financial institutions, and brokers, is subject to investigations in the United States by the Internal Revenue Service, the Securities and Exchange Commission, the Antitrust Division of the Department of Justice, and the attorneys general of several states for alleged noncompliance with various laws and regulations relating to their conduct in the provision to governmental entities of Guaranteed Investment Contracts (GICs) and related products in connection with the issuance of tax-exempt municipal bonds. Societe Generale is cooperating fully with the investigating authorities.

  Several lawsuits were initiated in US courts in 2008 against Societe Generale and numerous other banks, financial institutions, and brokers, alleging violation of US antitrust laws in connection with the bidding and sale of GICs and derivatives to municipalities. These lawsuits have been consolidated in the US District Court for the Southern District of New York in Manhattan. Some of these lawsuits are proceeding under a consolidated class action complaint. In April 2009, the court granted the defendants' joint motion to dismiss the consolidated class action complaint against Societe Generale and all the other defendants except three. A second consolidated and amended class action complaint was filed in June 2009. In addition, there are other actions that are proceeding separately from the consolidated class action complaint, including another purported class action under the US antitrust laws and California state law as well as lawsuits brought by individual local governmental agencies. Motions have been filed to dismiss the second consolidated amended class action complaint and all of these other related proceedings. The motions to dismiss have been denied and discovery is now proceeding.

- In January 2008, Societe Generale became aware of a fraud committed by one of its traders who had taken huge positions, fraudulently and outside his remit, that were fictitiously hedged on the equity index futures markets. Societe Generale was obliged to unwind these positions without delay in particularly unfavourable market conditions. Societe Generale filed a criminal claim. The judgement was delivered on 5 October 2010. The Court found the trader guilty of breach of trust, fraudulent insertion of data into a computer system, forgery and use of forged documents. The court ordered the trader to serve a prison sentence of five years including two years suspended and forbade him from engaging again in any activity connected with the financial markets. Regarding the civil action, the Court allowed the claims for damages brought by the bank and ordered the trader to pay EUR 4.9 billion as compensation for the financial loss suffered by the bank. The trader appealed. The hearings will take place from 4 to 28 June 2012 before the Court of Appeal of Paris.

- Since 2003, Societe Generale had set up "gold consignment" lines with the Turkish group Goldas. In February 2008, Societe Generale was alerted to a risk of fraud and embezzlement of gold reserves held at Goldas. These suspicions were rapidly confirmed following the failed payment (EUR 466.4 million) of gold purchased. In order to recover the sums owed by the Goldas Group and to protect its interests, Societe Generale brought civil proceedings in England and Turkey against its insurance carriers and Goldas Group entities. Goldas, for its part, has recently launched various proceedings in Turkey against Societe Generale who intends to vigorously oppose the claims articulated against it.

A provision has been made.

- In 1990 as part of a refinancing, Australian and European banks, including Societe Generale Australia Limited which is a subsidiary of Societe Generale, received security from certain companies in the Bell Group to cover unsecured loans previously granted to companies within the Bell Group. This security was realised when the Bell Group companies subsequently went into liquidation. The liquidator demanded that the banks reimburse the amounts realised from the exercise of the security and made other claims. In October 2008, the trial judge ordered the banks to pay the total principal amount of the claim plus compound interest. In December 2009, pursuant to court orders, Societe Generale Australia Limited deposited approximately AUD 192.9 million (including interest) into court. The appeal was heard in 2011 and it is expected that judgment will be given in 2012.
- Societe Generale Algeria (SGA) and several of its branch managers have been prosecuted for breach of Algerian laws on exchange rates and capital transfers with other countries. The defendants are accused of having failed to make complete or accurate statements to the Bank of Algeria on movements of capital in connection with exports or imports made by clients of SGA. The events were discovered during investigations by the Bank of Algeria who subsequently filed civil claims. Sentences (EUR 97.5 million) were delivered by the court of appeal against SGA and its employees in some criminal proceedings while charges were dropped in other ones. The Supreme Court revoked the sentences delivered against SGA and its employees and sent the cases to the court of appeal in order for them to be judged again. On the other hand, the Supreme Court definitively confirmed the decisions which dropped the charges. One case still remains to be judged by the Supreme Court.
- In January 2010, Societe Generale brought suit in the US District Court for the Southern District of New York in Manhattan against Financial Guaranty Insurance Company (the "Financial Guaranty") and FGIC Credit Products, LLC (the "FGIC Credit") (together the "FGIC Parties"), in connection with the purported termination by the FGIC Parties of twenty-two credit default swap transactions insuring various structured credit obligations of Societe Generale for an alleged failure by Societe Generale to timely pay premiums on two transactions. Societe Generale contended, among other things, that the terminations were improper and made in bad faith and should be invalidated by the Court.

  Further, in an amended complaint filed in February 2010, Societe Generale sought a declaration that its subsequent termination of the twenty-two transactions on account of Financial Guaranty's repudiation of the Insurance policies it issued covering the credit default swap transactions between Societe Generale and FGIC Credit was proper. The FGIC Parties moved to dismiss the complaint which Societe Generale opposed. The parties have settled their dispute.
- In response to a case filed by Trust Company of the West ("TCW") against several former employees, including its former Chief Investment Officer, Jeffrey Gundlach, and their new investment management firm, DoubleLine Capital ("DoubleLine") that was formed in order to compete against TCW, the employees filed a cross-complaint against TCW in February 2010. The cross-complaint alleged, among other things, that TCW breached an oral agreement governing Mr. Gundlach's employment and compensation, and the compensation of Mr. Gundlach's team. In the cross-complaint, the former TCW employees contended that TCW agreed to pay Mr. Gundlach and his team a percentage of management fees and profits of the investment accounts managed by Mr. Gundlach for a period of years. According to the cross-complaint, the damages owing to Mr. Gundlach and the other former TCW employees exceeded USD 1.25 billion. The employees also claimed a right to payment of wages under a California state Labor Code for the period they worked prior to their termination.

  Trial was held and on 16 September 2011 a jury found in favour of TCW and against Mr. Gundlach and his co-defendants on TCW's claims of misappropriation of trade secrets, breach of fiduciary duty, and as to Mr. Gundlach himself, intentional interference with contract. The jury also rejected Mr. Gundlach's claim based on the alleged oral contract with TCW. The jury found that under the state Labor Code, TCW owed Mr. Gundlach and his co-defendants wages for the period prior to their termination.

  On 29 December 2011, TCW and DoubleLine jointly announced that they had settled all claims between and among themselves as well as DoubleLine Funds Trust, Jeffrey Gundlach, and other individuals. The terms of the settlement are confidential. This ends the matter among the parties to the lawsuits and as a result all of the cases were dismissed with prejudice on 9 January 2012.
- In the early 2000s, the French banking industry decided the transition towards a new digital system for clearing checks in order to rationalise their processing.

  To support this reform (known as EIC – *Echange d'Images Chèques*) which has contributed to the improvement of check payments security and to the fight against fraud, the banks established several interbank fees (including the CEIC which was abolished in 2007). These fees were implemented under the aegis of the banking sector supervisory authorities, and to the knowledge of the public authorities.

  On 20 September 2010, after several years of investigation, the French competition authority considered that the joint implementation and the fixing of the amount of the CEIC and of two additional fees for 'related services', were in breach of competition law rules. The authority fined all the participants to the agreement (including the Banque de France) a total of around EUR 385 million. Societe Generale was ordered to pay a fine of EUR 53.5 million and Crédit du Nord, its affiliate, a fine of EUR 7.0 million.

However, in its 23 February 2012 order, the French Court of Appeal upheld the absence of any competition law infringement, allowing the banks to recoup the fines paid. The French competition authority may appeal the decision within one month.

- SG Private Bank (Suisse), S.A., along with several other financial institutions, has been named as a defendant in a putative class action that is pending in the US District Court for the Northern District of Texas. Plaintiffs seek to represent a class of individuals who were customers of Stanford International Bank Ltd. ("SIBL"), with money on deposit at SIBL and/or holding Certificates of Deposit issued by SIBL as of 16 February 2009. Plaintiffs allege that they suffered losses as a result of fraudulent activity at SIBL and the Stanford Financial Group or related entities, and that the defendants bear some responsibility for those alleged losses. Plaintiffs further seek to recoup payments made through or to the defendants on behalf of SIBL or related entities on the basis that they are alleged to have been fraudulent transfers.

  Connected with the allegations in this litigation, SG Private Bank (Suisse), S.A., and Societe Generale have also received requests for documents and other information from the US Department of Justice. SG Private Bank (Suisse), S.A., and Societe Generale are cooperating with these requests.

  Lastly, the US court-appointed receiver of the Stanford Financial Group has issued a request to obtain documents held by SG Private Bank (Suisse), S.A. A formal request for international mutual assistance for service of documents in a civil matter was filed with the Swiss authorities by a US judge. A ruling will shortly be pronounced on this request by the competent Swiss courts.

- Societe Generale, along with other financial institutions, has received formal requests for information from several regulators in Europe and the United States, in connection with investigations regarding submissions to the British Bankers Association for setting certain London Interbank Offered Rates ("LIBOR") and submissions to the European Banking Federation for setting EURIBOR, as well as trading in derivatives indexed to the same benchmarks. Societe Generale is cooperating fully with the investigating authorities. Societe Generale, along with other financial institutions, has also been named as a defendant in a putative class action in the United States alleging violations of, among other laws, United States antitrust laws and the United States Commodity Exchange Act in connection with its involvement in the setting of US dollar LIBOR rates and trading in derivatives indexed to LIBOR. The case is now pending before the US District Court in Manhattan.

- In September 2011, the Federal Housing Finance Authority ("FHFA") brought seventeen separate lawsuits, as conservator of Fannie Mae and Freddie Mac (collectively, the Government Sponsored Entities, or "GSEs"), against various financial institutions in an effort to recover for alleged losses in residential mortgage backed securities ("RMBS") that the GSEs purchased over several years. One of the proceedings is directed against certain Societe Generale Group entities (SG Mortgage Finance Corp., SG Mortgage Securities, LLC ("SGMS"), SG Americas Securities, LLC, SG Americas, Inc., and SG Americas Securities Holdings, LLC) and certain Officers and Directors of SGMS. The complaint alleges that the GSEs purchased approximately USD 1.3 billion in RMBS certificates in connection with three issuances between May 2006 and December 2006. Societe Generale disputes the allegations and will defend the claims vigorously.

- At the end of September 2011, the French Banking Regulator (*Autorité de Contrôle Prudentiel*) brought disciplinary proceedings against Societe Generale after auditing Societe Generale Private Banking's procedures regarding compliance controls, the fight against money laundering and terrorism financing. This initiative is part of a global program that is currently extending to all French financial institutions.

- A former affiliate of Societe Generale, Cowen and Company, has been sued by a group of plaintiffs in California state court in connection with alleged negligence by Cowen in 1998 in the course of an investment banking transaction. Cowen had been engaged by an entity that was acquired in a stock for stock transaction. Plaintiffs, who were shareholders of the acquired entity or its majority shareholder, allege that Cowen acted negligently in the engagement, including by making misrepresentations or omissions about the acquiring entity, and that they suffered financial harm as a result of the acquiror's subsequent bankruptcy. The litigation survived two motions to dismiss and discovery is proceeding.

ENVIRONMENTAL RISKS

See pages 153 to 180.

OTHER RISKS

The Group is aware of no other risk to be mentioned in this respect.

REGULATORY RATIOS

BASEL 2 SOLVENCY RATIO[1]

The Basel Accord of June 2004 set the rules for calculating minimum capital requirements, with the aim of more accurately calculating the risks to which banks are exposed. These rules (known as Basel 2) have been applicable since January 1, 2008. The calculation of credit risk-weighted assets therefore takes into account operational risk profiles using two methods: a standardised method and advanced methods based on internal counterparty rating models. Societe Generale has used these advanced methods for credit risk (IRBA) and operational risk (AMA) since year-end 2007. (for more information on this subject, see respectively page 197 and 231).

According to the Basel 2 solvency ratio, minimum capital requirements are set at 8% of total credit risk-weighted assets and the capital requirement multiplied by 12.5 for market risks and operational risks. With regard to risk-based capital, Basel 2 introduced deductions, which apply 50% to Tier 1 capital and 50% to Tier 2 capital.

As far as Market Risk is concerned, Societe Generale is using advanced methods (see page 213). To better incorporate the default risk and rating migration risk of assets in the trading portfolio (tranched and untranched assets), and to reduce the procyclicality of Value at Risk (VaR), in July 2009 the Basel Committee published new proposals (known as Basel 2.5). Rating migration risk and default risk for issuers in the trading portfolio are subject to two capital charges in respect of specific market risk: namely IRC (Incremental Risk Charges, applied to untranched assets) and CRM (Comprehensive Risk Measurement, specific to correlation trading portfolios). Moreover, the regulator requires a stressed VaR calculation. Stressed VaR is similar to VaR but is estimated over a previous crisis period. These proposals were transposed into European law via the Capital Requirements Directive 3 (CRD3) in July 2010 and have been in effect since December 31, 2011.

The Societe Generale Group's Basel 2 solvency ratio (including the Basel 2.5 requirements) stood at 11.9% at December 31, 2011 (with a Basel 2 Tier 1 ratio of 10.7% and a Core Tier 1 ratio[2] of 9.0%), without taking into account additional floor capital requirements[3]. These ratios remain unchanged after including the additional floor capital requirements.

(1) For further details, see the section of Chapter 10, note 4, dedicated to capital management and compliance with regulatory ratios on page 299, and the section of Chapter 4 dedicated to the Group's financial structure and management of the Basel 2 environment on page 60.

(2) As from December 31, 2011, Core Tier 1 capital is defined as Basel 2 Tier 1 capital minus Tier 1 eligible hybrid capital, after applying deductions from Tier 1 capital provided for under Basel 2.

(3) There is a transition period (extended until the end of 2011) for the implementation of Basel 2, during which Basel 2 capital requirements (calculated as 8% of risk-weighted assets and in accordance with the French ministerial act of February 20, 2007, amended on November 23, 2011) may not be less than 80% of the capital requirements under the previous standard (Basel 1 or Cooke).

RISK-BASED CAPITAL, RISK-WEIGHTED ASSETS AND BASEL 2 SOLVENCY RATIOS

(In millions of euros)	December 31, 2011	December 31, 2010
Shareholders' equity (IFRS)	**47,067**	**46,421**
Deeply subordinated notes	(5,297)	(6,411)
Perpetual subordinated notes	(930)	(892)
Shareholders' equity, net of deeply subordinated and perpetual subordinated notes	**40,840**	**39,118**
Non-controlling interests	3,443	3,359
Deeply subordinated notes	5,496	6,571
US preference shares	420	968
Intangible assets	(1,511)	(1,386)
Goodwill	(7,942)	(8,451)
Proposed dividends and coupons payable	(184)	(1,484)
Other regulatory adjustments	(382)	171
Tier 1 capital	**40,181**	**38,866**
Basel 2 deductions(1)	(2,717)	(3,503)
Total Tier 1 capital	**37,464**	**35,363**
Upper Tier 2 capital	1,555	1,236
Lower Tier 2 capital	9,187	11,255
Total Tier 2 capital	**10,742**	**12,491**
Basel 2 deductions(1)	(2,717)	(3,503)
Insurance affiliates(2)	(4,062)	(3,845)
Total regulatory capital (Tier 1 + Tier 2)	**41,428**	**40,506**
Total risk-weighted assets	**349,275**	**334,795**
Credit risk	273,297	274,646
Market risk(3)	32,536	13,078
Operational risk	43,442	47,071
Effect of transitional measures on risk-weighted assets used to calculate Tier 1 ratio(4)		9,067
Effect of transitional measures on risk-weighted assets used to calculate total ratio(4)		6,651
Solvency ratios		
Tier 1 ratio	10.7%	10.6%
Total capital adequacy ratio	11.9%	12.1%
Tier 1 ratio after transitional measures(4)	10.7%	10.3%
Total capital adequacy ratio after transitional measures(4)	11.9%	11.9%

(1) Basel 2 deductions are taken 50% from Tier 1 capital and 50% from Tier 2 capital. The implementation of Basel 2.5 generated additional deductions of EUR 145 million at December 31, 2011.
(2) Including EUR -2.8 billion for the value of investments in insurance subsidiaries and affiliates accounted for by the equity method; Societe Generale uses the option provided by the Financial Conglomerates Directive allowing the deduction of equity holdings in insurance companies accounted for by the equity method from total capital requirements.
(3) Including EUR 25.1 billion in 2011 linked to Basel 2.5 requirements.
(4) Additional floor capital requirements.

Group shareholders' equity at December 31, 2011 totalled EUR 47.1 billion (compared to EUR 46.4 billion at December 31, 2010). After taking into account non-controlling interests, US preference shares and prudential deductions (including Basel 2.5 deductions), total risk-based Basel 2 Tier 1 capital (including Basel 2.5 requirements) amounted to EUR 37.5 billion.

BASEL 2 RISK-WEIGHTED ASSETS (INCLUDING BASEL 2.5 REQUIREMENTS) AT DECEMBER 31, 2011

(In billions of euros)	Credit	Market	Operational	Total
French Networks	83.7	0.1	2.9	**86.6**
International Retail Banking	70.3	0.1	3.7	**74.1**
Corporate & Investment Banking	66.4	31.5	24.8	**122.7**
Including the impact of Basel 2.5 requirements		*24.9*		
Specialised Financial Services and Insurance	39.9	0.0	2.4	**42.2**
Global Investment Management and Services	10.0	0.7	5.3	**16.0**
Including the impact of Basel 2.5 requirements		*0.2*		
Corporate Centre	3.0	0.2	4.4	**7.6**
Group	**273.3**	**32.5**	**43.4**	**349.3**
Including the impact of Basel 2.5 requirements		***25.1***		***25.1***

Risk-weighted assets (EUR 349.3 billion) by type of activity break down as follows:

- credit risks[(1)] accounted for 78.3% of risk-weighted assets at December 31, 2011, i.e. EUR 273.3 billion (versus EUR 274.6 billion at December 31, 2010);
- market risks accounted for 9.3% of risk-weighted assets at December 31, 2011, i.e. EUR 32.5 billion (versus EUR 13.1 billion at December 31, 2010);
- operational risks accounted for 12.4% of risk-weighted assets at December 31, 2011, i.e. EUR 43.4 billion (versus EUR 47.1 billion at December 31, 2010).

Credit risk on derivatives essentially relates to instruments with maturities under five years (a detailed breakdown of these instruments is provided in Note 32 to the consolidated financial statements).

Moreover, as the Societe Generale Group has been classified as a financial conglomerate, it is subject to additional supervision by the French Prudential Supervisory Authority, (Autorité de Contrôle Prudentiel).

RATIO OF LARGE EXPOSURES

The European Directive (CRD2), transposed into French law in August 2010 and applicable as from December 31, 2010, amended the calculation of the ratio of large exposures (tougher interbank weighting rules, extended definition of affiliated customers, etc.). Each quarter, the Societe Generale Group checks that the total net risk incurred in respect of a given debtor does not exceed 25% of consolidated equity.

LIQUIDITY RATIO

Until May 30, 2010, the liquidity ratio was calculated according to the method in force at the time. A new one-month liquidity ratio was introduced as of June 30, 2010, in accordance with Instruction No. 2009-05 of June 29, 2009. At December 31, 2011, this ratio exceeded the regulatory minimum of 100%.

REGULATORY CHANGES

Solvency ratio

In response to the Basel Accord of December 2010, the European Directive (CRD4) will give regulatory force to the Committee's recommendations and should be adopted by the European Council in 2012 and take effect on January 1, 2013. The objective of this reform of the prudential framework is to reinforce the sector's financial stability through the following measures:

- the complete revision and harmonisation of the definition of capital, particularly with the amendment of the deduction rules, the definition of a standardised Core Tier 1 ratio, and new Tier 1 capital eligibility criteria for hybrid securities;
- new capital requirements for counterparty risk related to derivatives, to better incorporate the risk of CVAs (Credit Value Adjustments), and an incentive to clear derivatives through clearing houses;
- additional capital requirements, with the introduction of buffers to limit procyclicality: "capital conservation buffers" to limit the amounts that can be distributed (dividends, share buybacks, performance-linked pay, etc.) and "countercyclical buffers" to limit excessive growth in lending during periods of strong economic growth.

On July 19, 2011, the Basel Committee published the proposed rules for calculating the capital surcharge applicable to SIFIs (Systemically Important Financial Institutions). The G20 adopted these rules at the November 2011 summit. The additional capital requirement for SIFIs will be applied gradually starting from January 1, 2016, becoming fully effective on January 1, 2019.

(1) Including counterparty, dilution and settlement-delivery risks.

Liquidity ratio

In December 2009, the Basel Committee proposed two standard ratios with harmonised parameters aimed at monitoring bank liquidity positions. It published the final framework defining these ratios on December 16, 2011, with the objective of guaranteeing the viability of banks under conditions of intense stress over 1-month and 1-year time horizons. These two ratios are:

- a 1-month liquidity coverage ratio (LCR), whose purpose is to ensure that banks have a sufficient buffer of liquid assets or cash to survive severe stress conditions combining a market crisis and a specific crisis;
- a 1-year net stable funding ratio (NSFR), whose purpose is to promote longer-term funding, by comparing long-term funding needs with resources considered to be stable, under specific stress assumptions.

The implementation timetable for these ratios includes an observation phase and a review clause before they take effect:

- for the LCR: observation from January 2012 with implementation scheduled for January 1, 2015;
- for the NSFR, observation from January 2012, with implementation scheduled for January 1, 2018.

The Basel Committee is also continuing its deliberations on Systemically Important Financial Institutions and the measures under consideration for bank crisis management and resolution.

The European Commission is firmly committed to transposing the Basel 3 accords into European law via the CRD4. It published its draft proposal on July 20, 2011, in which it recommends:

- a reporting requirement starting as from January 1, 2013 for the LCR and NSFR components, very similar to the Basel framework, during the observation period specific to Europe;
- a central role for the European regulator (EBA – European Banking Authority) in the work carried out both before and during the observation period;
- a requirement that banks must comply with the LCR at a minimum level of 100% by January 1, 2015 at the earliest.

The legislative procedure for the joint decision by the European Parliament and the Council of the European Union will take place in 2012, after which the regulation defining the liquidity ratios will take effect as it stands, in contrast to the CRD4, which must be transposed into national law before taking effect.

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FINANCIAL INFORMATION

Contents

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS

(In millions of euros)		December 31, 2011	December 31, 2010
Cash, due from central banks	Note 5	43,963	14,081
Financial assets at fair value through profit or loss	Note 6	422,494	455,160
Hedging derivatives	Note 7	12,611	8,162
Available-for-sale financial assets	Note 8	124,738	103,836
Due from banks	Note 9	86,440	70,268
Customers loans	Note 10	367,517	371,898
Lease financing and similar agreements	Note 12	29,325	29,115
Revaluation differences on portfolios hedged against interest rate risk		3,385	2,376
Held-to-maturity financial assets	Note 13	1,453	1,882
Tax assets	Note 14	5,230	5,445
Other assets	Note 15	55,728	43,506
Non-current assets held for sale	Note 16	429	64
Deferred profit-sharing	Note 34	2,235	1,068
Investments in subsidiaries and affiliates accounted for by the equity method		2,014	1,968
Tangible and intangible fixed assets	Note 17	16,837	15,812
Goodwill	Note 18	6,973	7,431
Total		**1,181,372**	**1,132,072**

LIABILITIES

(In millions of euros)		December 31, 2011	December 31, 2010
Due to central banks		971	2,778
Financial liabilities at fair value through profit or loss	Note 6	395,247	358,963
Hedging derivatives	Note 7	12,904	9,267
Due to banks	Note 19	111,274	77,311
Customer deposits	Note 20	340,172	337,447
Securitised debt payables	Note 21	108,583	141,385
Revaluation differences on portfolios hedged against interest rate risk		4,113	875
Tax liabilities	Note 14	1,195	1,343
Other liabilities	Note 22	59,525	55,003
Non-current liabilities held for sale	Note 16	287	6
Underwriting reserves of insurance companies	Note 34	82,998	82,670
Provisions	Note 24	2,450	2,026
Subordinated debt	Note 27	10,541	12,023
Total liabilities		**1,130,260**	**1,081,097**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Issued common stocks, equity instruments and capital reserves		25,081	24,954
Retained earnings		20,616	18,106
Net income		2,385	3,917
Sub-total		**48,082**	**46,977**
Unrealised or deferred capital gains and losses	Note 29	(1,015)	(556)
Sub-total equity, Group share		**47,067**	**46,421**
Non-controlling interests		4,045	4,554
Total equity		**51,112**	**50,975**
Total		**1,181,372**	**1,132,072**

Consolidated income statement

(In millions of euros)		2011	2010
Interest and similar income	Note 35	32,389	28,294
Interest and similar expense	Note 35	(20,182)	(16,324)
Dividend income		420	318
Fee income	Note 36	9,898	10,038
Fee expense	Note 36	(2,719)	(2,553)
Net gains and losses on financial transactions		4,432	5,374
o/w net gains and losses on financial instruments at fair value through profit or loss	Note 37	*4,434*	*5,341*
o/w net gains and losses on available-for-sale financial assets	Note 38	*(2)*	*33*
Income from other activities	Note 39	23,675	19,662
Expenses from other activities	Note 39	(22,277)	(18,391)
Net banking income		**25,636**	**26,418**
Personnel expenses	Note 40	(9,666)	(9,559)
Other operating expenses		(6,449)	(6,053)
Amortisation, depreciation and impairment of tangible and intangible fixed assets		(921)	(933)
Gross operating income		**8,600**	**9,873**
Cost of risk	Note 42	(4,330)	(4,160)
Operating income		**4,270**	**5,713**
Net income from companies accounted for by the equity method		94	119
Net income/expense from other assets		12	11
Impairment losses on goodwill	Note 18	(265)	1
Earnings before tax		**4,111**	**5,844**
Income tax	Note 43	(1,323)	(1,542)
Consolidated net income		**2,788**	**4,302**
Non-controlling interests		403	385
Net income, Group share		**2,385**	**3,917**
Earnings per ordinary share	Note 44	**3.20**	**4.96**
Diluted earnings per ordinary share	Note 44	**3.18**	**4.94**

Statement of net income and unrealised or deferred gains and losses

(In millions of euros)		2011	2010
Net income		**2,788**	**4,302**
Translation differences		(14)	925
Revaluation of available-for-sale financial assets		(722)	78
Cash flow hedge derivatives revaluation		(52)	(125)
Unrealised gains and losses accounted for by the equity method		(6)	5
Tax		280	(34)
Total unrealised gains and losses	Note 29	**(514)**	**849**
Net income and unrealised gains and losses		**2,274**	**5,151**
O/w Group share		1,926	4,640
O/w non-controlling interests		348	511

Changes in shareholders' equity

	Capital and associated reserves					
(In millions of euros)	**Issued common stocks**	**Issuing premium and capital reserves**	**Elimination of treasury stock**	**Other equity instruments**	**Total**	**Retained earnings**
Shareholders' equity at January 1, 2010	**925**	**17,661**	**(1,515)**	**7,398**	**24,469**	**19,014**
Increase in common stock	8	230			238	
Elimination of treasury stock			180		180	(166)
Issuance of equity instruments		-		(16)	(16)	175
Equity component of share-based payment plans		83			83	
2010 Dividends paid					-	(693)
Effect of acquisitions and disposals on non-controlling interests					-	(227)
Sub-total of changes linked to relations with shareholders	***8***	***313***	***180***	***(16)***	***485***	***(911)***
Change in value of financial instruments having an impact on equity					-	
Change in value of financial instruments recognised in income					-	
Tax impact on change in value on financial instruments having an impact on equity or recognised in income					-	
Translation differences and other changes					-	3
2010 Net income for the period					-	-
Sub-total	***-***	***-***	***-***	***-***	***-***	***3***
Change in equity of associates and joint ventures accounted for by the equity method					-	
Shareholders' equity at December 31, 2010	**933**	**17,974**	**(1,335)**	**7,382**	**24,954**	**18,106**
Appropriation of net income						3,917
Shareholders' equity at January 1, 2011	**933**	**17,974**	**(1,335)**	**7,382**	**24,954**	**22,023**
Increase in common stock (see note 28)	37	1,067			1,104	
Elimination of treasury stock[1]			70		70	(103)
Issuance of equity instruments[4] (see note 28)		-		(1,209)	(1,209)	433
Equity component of share-based payment plans[2]		162		-	162	-
2011 Dividends paid (see note 28)					-	(1,770)
Effect of acquisitions and disposals on non-controlling interests[3][4]					-	36
Sub-total of changes linked to relations with shareholders	***37***	***1,229***	***70***	***(1,209)***	***127***	***(1,404)***
Change in value of financial instruments having an impact on equity (see note 29)					-	-
Change in value of financial instruments recognised in income (see note 29)					-	-
Tax impact on change in value on financial instruments having an impact on equity or recognised in income (see note 29)					-	-
Translation differences and other changes					-	(3)
2011 Net income for the period					-	
Sub-total	***-***	***-***	***-***	***-***	***-***	***(3)***
Change in equity of associates and joint ventures accounted for by the equity method					-	-
Shareholders' equity at December 31, 2011	**970**	**19,203**	**(1,265)**	**6,173**	**25,081**	**20,616**

	Unrealised or deferred gains and losses						Non-controlling interests				
Net income, Group Share	Translation reserves	Change in fair value of assets available-for-sale	Change in fair value of hedging derivatives	Tax impact	Total	Shareholders' equity, Group share	Capital and Reserves	Preferred shares issued by subsidiaries (see note 28)	Unrealised or deferred gains and losses	Total	Total consolidated shareholders' equity
-	**(1,149)**	**(635)**	**260**	**245**	**(1,279)**	**42,204**	**3,202**	**1,462**	**(30)**	**4,634**	**46,838**
						238				-	238
						14				-	14
						159	-	(500)		(500)	(341)
						83	-			-	83
						(693)	(283)			(283)	(976)
						(227)	193			193	(34)
	-	***-***	***-***	***-***	***-***	***(426)***	***(90)***	***(500)***	***-***	***(590)***	***(1,016)***
		452	(124)		328	328			12	12	340
		(362)	-		(362)	(362)			(25)	(25)	(387)
				(37)	(37)	(37)			6	6	(31)
	792				792	795	(1)		133	132	927
3,917					-	3,917	385			385	4,302
3,917	***792***	***90***	***(124)***	***(37)***	***721***	***4,641***	***384***		***126***	***510***	***5,151***
		5	-	(3)	2	2				-	2
3,917	**(357)**	**(540)**	**136**	**205**	**(556)**	**46,421**	**3,496**	**962**	**96**	**4,554**	**50,975**
(3,917)											
-	**(357)**	**(540)**	**136**	**205**	**(556)**	**46,421**	**3,496**	**962**	**96**	**4,554**	**50,975**
						1,104				-	1,104
						(33)				-	(33)
						(776)		(312)		(312)	(1,088)
						162	-			-	162
						(1,770)	(306)			(306)	(2,076)
						36	(6)	(230)		(236)	(200)
	-	***-***	***-***	***-***	***-***	***(1,277)***	***(312)***	***(542)***	***-***	***(854)***	***(2,131)***
		(1,133)	(46)		(1,179)	(1,179)			(32)	(32)	(1,211)
		412	(1)		411	411			26	26	437
				277	277	277			2	2	279
	37				37	34	(3)		(51)	(54)	(20)
2,385					-	2,385	403			403	2,788
2,385	***37***	***(721)***	***(47)***	***277***	***(454)***	***1,928***	***400***	***-***	***(55)***	***345***	***2,273***
		(7)	1	1	(5)	(5)				-	(5)
2,385	**(320)**	**(1,268)**	**90**	**483**	**(1,015)**	**47,067**	**3,584**	**420**	**41**	**4,045**	**51,112**

(1) As at December 31, 2011, the Group held 34,266,679 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 4.42% of the capital of Societe Generale S.A.

The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 1,265 million, including EUR 105 million in shares held for trading purposes and EUR 22 million in respect of the liquidity contract.

On August 22, 2011, the Group implemented a EUR 170 million liquidity contract in order to regulate its stock price. As at December 31, 2011, this liquidity contract contained 1,269,639 shares and EUR 162 million.

The change in treasury stock over 2011 breaks down as follows:

(In millions of euros)	**Liquidity contract**	**Transaction-related activities**	**Treasury stock and active management of Shareholders' equity**	**Total**
Disposals net of purchases	(22)	130	(38)	70
	(22)	**130**	**(38)**	**70**
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	9	1	(129)	(119)
Related dividends, removed from consolidated results	-	-	16	16
	9	**1**	**(113)**	**(103)**

(2) Share-based payments settled in equity instruments in 2011 amounted to EUR 162 million: EUR 31 million for the stock-option plans and EUR 131 million for the allocation of free shares.

(3) Impact on the shareholder's equity, Group share, regarding transactions related to non-controlling interests:

Cancellation of gains on disposals	104
Buybacks of non-controlling interests not subject to any put options	(67)
Transactions and variations in value on put options granted to non-controlling shareholders	1
Net income attributable to the non-controlling interests of shareholders holding a put option on their Group shares allocated to consolidated reserves	(2)
Total	**36**

(4) Changes booked under non-controlling interest reserves correspond to:

Reimbursement of preferred shares issued by subsidiaries amounting to EUR 312 million.
Repurchase of preferred shares issued by subsidiaries amounting to EUR 230 million.
The remaining EUR -6 million booked under non-controlling interest reserves correspond to:

- EUR -125 million of negative effect of the variations in scope, mainly related to the sale of BSGV to Rosbank and the acquisition of 2.53% of non-controlling interests by Rosbank;
- EUR 117 million of positive impact mainly resulting from increase in share capital by Rosbank (EUR 49 million) and Geniki (EUR 67 million);
- EUR 2 million of positive effect on transactions and variations of value on put options granted to non-controlling shareholders.

Cash flow statement

(In millions of euros)	December 31, 2011	December 31, 2010
Net cash inflow (outflow) related to operating activities		
Net income (I)	**2,788**	**4,302**
Amortisation expense on tangible fixed assets and intangible assets	3,131	2,910
Depreciation and net allocation to provisions	4,163	10,172
Net income/loss from companies accounted for by the equity method	(94)	(119)
Deferred taxes	353	117
Net income from the sale of long-term available-for-sale assets and subsidiaries	(190)	(142)
Change in deferred income	122	180
Change in prepaid expenses	80	(15)
Change in accrued income	(632)	(9)
Change in accrued expenses	1,182	(85)
Other changes	2,410	3,418
Non-monetary items included in net income and others adjustments (not including income on financial instruments at fair value through Profit or Loss) (II)	**10,525**	**16,427**
Income on financial instruments at fair value through Profit or Loss[1] (III)	**(4,434)**	**(5,341)**
Interbank transactions	17,766	(14,435)
Customers transactions	2,012	1,499
Transactions related to other financial assets and liabilities	12,342	373
Transactions related to other non financial assets and liabilities	(3,071)	2,555
Net increase/decrease in cash related to operating assets and liabilities (IV)	**29,049**	**(10,008)**
Net cash inflow (outflow) related to operating activities (A) = (I) + (II) + (III) + (IV)	**37,928**	**5,380**
Net cash inflow (outflow) related to investment activities		
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	1,936	161
Tangible and intangible fixed assets	(3,915)	(2,616)
Net cash inflow (outflow) related to investment activities (B)	**(1,979)**	**(2,455)**
Net cash inflow (outflow) related to financing activities		
Cash flow from/to shareholders[2]	(2,093)	(1,240)
Other net cash flows arising from financing activities	(1,881)	(657)
Net cash inflow (outflow) related to financing activities (C)	**(3,974)**	**(1,897)**
Net inflow (outflow) in cash and cash equivalents (A) + (B) + (C)	**31,975**	**1,028**
Cash and cash equivalents		
Cash and cash equivalents at the start of the year		
Net balance of cash accounts and accounts with central banks	11,303	11,303
Net balance of accounts, demand deposits and loans with banks	7,334	6,306
Cash and cash equivalents at the end of the year		
Net balance of cash accounts and accounts with central banks	42,992	11,303
Net balance of accounts, demand deposits and loans with banks	7,620	7,334
Net inflow (outflow) in cash and cash equivalents	**31,975**	**1,028**

(1) Income on financial instruments at fair value through Profit or Loss includes realised and unrealised income.

(2) See note 28:

- O/w reimbursement of preferred shares for USD 425 million;
- O/w 2011 dividends paid for EUR 1,187 million excluding dividends paid in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on February 15, 2012.

Note 1

SIGNIFICANT ACCOUNTING PRINCIPLES

INTRODUCTION

In accordance with European Regulation 1606/2002 of July 19, 2002 on the application of International Accounting Standards, the Societe Generale Group ("the Group") prepared its consolidated financial statements for the year ended December 31, 2011 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date (these standards are available on the European Commission website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

The standards comprise IFRS 1 to 8 and International Accounting Standards (IAS) 1 to 41, as well as the interpretations of these standards adopted by the European Union as at December 31, 2011.

The Group also continued to make use of the provisions of IAS 39, as adopted by the European Union, for applying macro-fair value hedge accounting (IAS 39 "carve-out").

The consolidated financial statements are presented in euros.

IFRS AND IFRIC INTERPRETATIONS APPLIED BY THE GROUP AS OF JANUARY 1, 2011

Accounting standards, amendments or Interpretations	Publication dates by IASB	Adoption dates by European Union
Amendment to IAS 32 "Classification of Rights Issues"	October 8, 2009	December 23, 2009
Amendment to IFRS 1 "Limited exemption from comparative IFRS 7 disclosures for first-time adopters"	January 28, 2010	June 30, 2010
IAS 24 (Revised) "Related Party Disclosures"	November 4, 2009	July 19, 2010
Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement"	November 25, 2009	July 19, 2010
IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"	November 25, 2009	July 23, 2010
Improvements to IFRS – May 2010	May 6, 2010	February 18, 2011

The application of these new measures has no effect on net income or shareholders' equity of the Group.

• Amendment to IAS 32 "Classification of Rights Issues"

This amendment addresses the accounting treatment of rights issues (rights, options, warrants, etc) that are denominated in a currency other than the functional currency of the issuer. Such rights issues were previously accounted for as derivative liabilities. Provided certain conditions are met, they will be now classified as equity regardless of the currency in which the exercise price is denominated.

• Amendment to IFRS 1 "Limited exemption from comparative IFRS 7 disclosures for first-time adopters"

Like preparers currently using IFRSs in their financial statements, first-time adopters are authorised to apply the transitional provisions provided for in the amendment to IFRS 7 "Improving Disclosures about Financial Instruments".

• IAS 24 (Revised) "Related Party Disclosures"

This revised standard simplifies the disclosure requirements for entities exclusively controlled (or jointly controlled) or significantly influenced by the same government and clarifies the definition of a related party.

• **Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement"**

This amendment clarifies the circumstances in which an entity, subject to minimum funding requirements, makes an early payment of contributions and can treat it as an asset.

• **IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"**

This interpretation provides for debtors with guidance on the accounting treatment for the extinguishment of a financial liability by the issuing of equity instruments. These equity instruments issued are measured at their fair value. The difference between the carrying value of the financial liability extinguished and the initial measurement amount of the equity instruments issued is included in profit or loss.

• **Improvements to IFRS – May 2010**

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published amendments to 6 accounting standards.

The main valuation and presentation rules used in drawing up the consolidated financial statements are disclosed below. Except for the application of the new IFRS and IFRIC interpretations described above, these accounting methods and principles were applied consistently in 2010 and 2011.

USE OF ESTIMATES

When applying the accounting principles disclosed below for the purpose of preparing the Group's consolidated financial statements, the Management makes assumptions and estimates that may have an impact on figures booked in the income statement, on the valuation of assets and liabilities in the balance sheet, and on information disclosed in the notes to the consolidated financial statements.

In order to make assumptions and estimates, the Management uses information available at the date of preparation of the consolidated financial statements and can exercise its judgment. By nature, valuations based on estimates include risks and uncertainties relating to their occurrence in the future. Consequently, actual future results may differ from these estimates and have a significant impact on the financial statements.

The use of estimates principally concerns the following valuations:

- fair value in the balance sheet of financial instruments not quoted in an active market which are classified as *Financial assets and liabilities at fair value through profit or loss*, *Hedging derivatives* or *available-for-sale financial assets* (described in paragraph 2 and note 3) and fair value of unlisted instruments for which this information must be disclosed in the notes to the financial statements;
- the amount of impairment of financial assets (*Loans and receivables, available-for-sale financial assets, held-to-maturity financial assets*), lease financing and similar agreements, tangible or intangible fixed assets and goodwill (described in paragraph 2 and notes 4, 18 and 25);
- provisions recognised under liabilities, including provisions for employee benefits or underwriting reserves of insurance companies as well as the deferred profit-sharing on the asset side of the balance sheet (described in paragraph 2 and notes 23, 24, 26 and 34);
- initial value of goodwill determined for each business combination (described in paragraph 1 and note 2);
- in the event of the loss of control of a consolidated subsidiary, fair value used to remeasure the portion kept by the Group in this entity, where applicable (described in paragraph 1).

1. CONSOLIDATION PRINCIPLES

The consolidated financial statements of Societe Generale include the financial statements of the Parent Company and of the main French and foreign companies making up the Group. Since the financial statements of foreign subsidiaries are prepared in accordance with accepted accounting principles in their respective countries, any necessary restatements and adjustments are made prior to consolidation so that they comply with the accounting principles used by the Societe Generale Group.

CONSOLIDATION METHODS

The consolidated financial statements comprise the financial statements of Societe Generale, including the bank's foreign branches and all significant subsidiaries over which Societe Generale exercises control. Companies with a fiscal year ending more than three months before or after that of Societe Generale prepare pro-forma statements for a twelve-month period ended December 31. All significant balances, profits and transactions between Group companies are eliminated.

When determining voting rights for the purpose of establishing the Group's degree of control over a company and the appropriate consolidation methods, potential voting rights are taken into account where they can be freely exercised or converted at the time the assessment is made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

The results of newly acquired subsidiaries are included in the consolidated financial statements from the date the acquisition became effective and results of subsidiaries disposed of during the fiscal year are included up to the date where the Group relinquished control.

The following consolidation methods are used:

- **Full consolidation**

This method is applied to companies over which Societe Generale exercises control. Control over a subsidiary is defined as the power to govern the financial and operating policies of the said subsidiary so as to obtain benefits from its activities. It is exercised:

- either by directly or indirectly holding the majority of voting rights in the subsidiary;
- or by holding the power to appoint or remove the majority of the members of the subsidiary's governing, management or supervisory bodies, or to command the majority of the voting rights at meetings of these bodies;
- or by holding the power to exert a controlling influence over the subsidiary by virtue of an agreement or provisions in the company's charter or by-laws.

- **Proportionate consolidation**

Companies over which the Group exercises joint control are consolidated using the proportionate method.

Joint control exists when control over a subsidiary run jointly by a limited number of partners or shareholders is shared in such a way that the financial and operating policies of the said subsidiary are determined by mutual agreement.

A contractual agreement must require the consent of all controlling partners or shareholders as regards the economic activity of the said subsidiary and any strategic decisions.

- **Equity method**

Companies over which the Group exercises significant influence are accounted for under the equity method. Significant influence is the power to influence the financial and operating policies of a subsidiary without exercising control over the said subsidiary. In particular, significant influence can result from Societe Generale being represented on the Board of Directors or supervisory board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Societe Generale. The Group is assumed to exercise significant influence over the financial and operating policies of a subsidiary when it directly or indirectly holds at least 20% of the voting rights in this subsidiary.

SPECIFIC TREATMENT OF SPECIAL PURPOSE VEHICLES (SPV)

Independent legal entities ("special purpose vehicles") set up specifically to manage a transaction or group of similar transactions are consolidated whenever they are substantially controlled by the Group, even in cases where the Group holds none of the capital in the entities.

Control of a special purpose vehicle is generally considered to exist if any one of the following criteria applies:

- the SPV's activities are being conducted exclusively on behalf of the Group so that the Group obtains benefits from the SPV's operation;
- the Group has the decision-making powers to obtain the majority of the benefits from the SPV's operation, whether or not this control has been delegated through an "autopilot" mechanism;
- the Group has the ability to obtain the majority of the benefits of the SPV;
- the Group retains the majority of the risks of the SPV.

In consolidating SPV's considered to be substantially controlled by the Group, the shares of the said entities not held by the Group are recognised as *debt* in the balance sheet.

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

The balance sheet items of consolidated companies reporting in foreign currencies are translated at the official exchange rates prevailing at the closing date. Income statement items of these companies are translated at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are included in shareholders' equity under *Gains and losses recognised directly in equity – Translation differences.* Gains and losses on transactions used to hedge net investments in foreign consolidated entities or their income in foreign currencies, along with gains and losses arising from the translation of the capital contribution of foreign branches of Group banks, are also included in changes in consolidated shareholders' equity under the same heading.

In accordance with the option allowed under IFRS 1, the Group allocated all differences arising on translation of foreign entity financial statements at January 1, 2004 to consolidated reserves. As a result, if any of these entities are sold, the proceeds from the sale will only include write-backs of those translation differences arising since January 1, 2004.

TREATMENT OF ACQUISITIONS AND GOODWILL

The Group uses the acquisition method to recognise its business combinations. The acquisition cost is calculated as the total fair value, at the date of acquisition, of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired entity. The costs directly linked to business combinations are recognised in the income statement for the period.

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is only potential. It is recognised under equity or debt in the balance sheet depending on the settlement alternatives; any subsequent adjustments are booked under income for financial liabilities in accordance with IAS 39 and within the scope of the appropriate standards for other debts. For equity instruments, these subsequent adjustments are not recognised.

At the acquisition date, all assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities that are identifiable under the provisions of IFRS 3 "Business Combinations" are measured individually at their fair value regardless of their purpose. The analyses and professional appraisals required for this initial valuation must be carried out within 12 months from the date of acquisition, as must any corrections to the value based on new information.

Any excess of the price paid over the assessed fair value of the proportion of net assets acquired is booked on the asset side of the consolidated balance sheet under *Goodwill.* Any deficit is immediately recognised in the income statement. *Non-controlling interests* are valued according to its stake of the fair value of the identifiable assets and liabilities of the acquired entity. However, for each business combination, the Group may also choose to measure *non-controlling interests* initially at their fair value, in which case a fraction of goodwill is allocated.

Goodwill is carried in the balance sheet at its historical cost denominated in the subsidiary's reporting currency, translated into euros at the official exchange rate at the balance sheet date for the period.

On the date of acquisition of an entity, any stake in this entity already held by the Group is remeasured at fair value through profit or loss. In the case of a step acquisition, goodwill is therefore determined by referring to the fair value on the acquisition date.

In the event of an increase in Group stakes in entities over which it already exercises control: the difference between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired at this date is booked under the Group's *Consolidated reserves*. Also, any reduction in the Group's stake in an entity over which it keeps control is accounted for as an equity transaction between shareholders. At the date when the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is remeasured at fair value through profit or loss, at the same time as the capital gain or loss is recorded.

Goodwill is reviewed regularly by the Group and tested for impairment whenever there is any indication that its value may have diminished, and at least once a year. At the acquisition date, each item of goodwill is attributed to one or more cash-generating units expected to derive benefits from the acquisition. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating unit(s).

If the recoverable amount of the cash-generating unit(s) is less than its(their) carrying amount, an irreversible impairment is booked to the consolidated income statement for the period under *Impairment losses on goodwill.*

COMMITMENTS TO BUY OUT MINORITY SHAREHOLDERS IN FULLY CONSOLIDATED SUBSIDIARIES

The Group has awarded minority shareholders in some fully consolidated Group subsidiaries commitments to buy out their stakes. For the Group, these buyouts commitments are put options sales. The exercise price for these options can be based on a formula agreed upon at the time of the acquisition of the shares of the subsidiary that takes into account its future performance or can be set as the fair value of these shares at the exercise date of the options.

The commitments are booked in the accounts as follows:

- in accordance with IAS 32, the Group booked a financial liability for the put options granted to minority shareholders of the subsidiaries over which it exercises control. This liability was initially recognised at the present value of the estimated exercise price of the put options under *Other liabilities;*
- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as that applied to transactions in *non-controlling interests*. As a result, the counterpart of this liability is a write-down in value of *non-controlling interests* underlying the options, with any balance deducted from the Group's *Consolidated reserves;*
- subsequent variations in this liability linked to changes in the estimated exercise price of the options and the carrying value of *non-controlling interests* are booked in full in the Group's *Consolidated reserves;*
- if the stake is bought, the liability is settled by the cash payment linked to the acquisition of *non-controlling interests* in the subsidiary in question. However if, when the commitment reaches its term, the purchase has not occurred, the liability is written off against *non-controlling interests* and the Group's *Consolidated reserves;*
- whilst the options have not been exercised, the results linked to *non-controlling interests* with a put option are recorded under *non-controlling interests* on the Group's consolidated income statement.

These accounting principles are likely to be revised over the coming years in line with any amendments proposed by the IFRS Interpretations Committee (ex IFRIC) or the IASB.

SEGMENT REPORTING

The Group is managed on a matrix basis that takes account of its different business lines and the geographical breakdown of its activities. Segment information is therefore presented under both criteria.

The Group includes in the results of each sub-division all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Centre, also includes the yield on capital allocated to it, based on the estimated rate of return on Group capital. On the other hand, the yield on the sub-division's book capital is reassigned to the Corporate Centre. Transactions between sub-divisions are carried out under the same terms and conditions as those applying to non-Group customers.

The Group is organised into five core business lines:

- French Networks, which include the domestic networks Societe Generale, Crédit du Nord and Boursorama;
- International Retail Banking, which covers retail banking activities abroad;
- Specialised Financial Services and Insurance, which comprises the Specialised Financing subsidiaries serving businesses (equipment and vendor finance, operational vehicle leasing and fleet management, and IT asset leasing and management, an activity that was disposed of in the second half of 2010), and individuals (consumer finance) and providing life and non-life insurance;
- Global Investment Management and Services. The Securities Services division includes the Group's brokerage arm, operated by Newedge, together with the securities and employee savings business;
- Corporate and Investment Banking, consisting of:
  - "Global Markets", which encompasses all market activities : "Equities" and "Fixed Income, Currencies & Commodities",
  - "Financing & Advisory", which covers all strategy, capital raising and structured financing advisory services,
  - "Legacy Assets", which manages financial assets that have become illiquid in the wake of the financial crisis.

These operating divisions are complemented by the Corporate Centre, which acts as the Group's central funding department for the divisions. As such, it recognises the financing cost of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income and expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

Segment income is presented taking into account internal transactions in the Group, while segment assets and liabilities are presented after their elimination. The tax rate levied on each business line is based on the standard tax rate applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Centre.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A fixed asset or group of assets and liabilities is deemed to be "held for sale" if its carrying value will primarily be recovered via a sale and not through its continuing use. For this classification to apply, the asset must be immediately available-for-sale and it must be highly probable that the sale will occur within twelve months. Assets and liabilities falling under this category are reclassified as *Non-current assets held for sale* and *Non-current liabilities held for sale,* with no netting.

Any negative differences between the fair value less selling costs of non-current assets and groups of assets held for sale and their net carrying value is recognised as impairment in profit or loss. Moreover, *Non-current assets held for sale* are no longer depreciated.

An operation is classified as discontinued at the date the Group actually disposed of the operation, or when the operation meets the criteria to be classified as held for sale. Discontinued operations are recognised as a single item in the income statement for the period, at their net income after taxes for the period up to the date of sale, combined with any net gains and losses after taxes on their disposal or on the fair value less selling costs of the assets and liabilities making up the discontinued operations. Similarly, cash flows generated by discontinued operations are booked as a separate item in the cash flow statement for the period.

2. ACCOUNTING POLICIES AND VALUATION METHODS

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the entity's functional currency at the prevailing spot exchange rate. Realised or unrealised foreign exchange losses or gains are recognised in the income statement.

Forward foreign exchange transactions are recognised at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are valued using the official spot rates applying at the end of the period. Unrealised gains and losses are recognised in the income statement.

Non-monetary financial assets denominated in foreign currencies, including shares and other variable-income securities that are not part of the trading portfolio, are converted into the entity's functional currency at the exchange rate applying at the end of the period. Currency differences arising on these financial assets are booked to shareholders' equity and are only recorded in the income statement when sold or impaired or where the currency risk is fair value-hedged. In particular, non-monetary assets funded by a liability denominated in the same currency are converted at the spot rate applying at the end of the period by booking the impact of exchange rate fluctuations to income subject to a fair value hedge relationship existing between the two financial instruments.

DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between informed and consenting parties in an arm's length transaction.

The first choice in determining the fair value of a financial instrument is the quoted price in an active market. If the instrument is not traded in an active market, fair value is determined using valuation techniques.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and they reflect actual and regular market transactions on an arm's length basis.

Determining whether a market is inactive requires the use of indicators such as a sharp decline in trading volume and the level of activity in the market, a sharp disparity in prices over time and between the various market participants mentioned above, or the fact that the latest transactions dealt on an arm's length basis are not recent enough.

When the financial instrument is traded in several markets to which the Group has immediate access, the fair value is the price at which a transaction would occur in the most advantageous active market. Where no price is quoted for a particular instrument but its components are quoted, the fair value is the sum of the various quoted components incorporating bid or asking prices for the net position, as appropriate.

If the market for a financial instrument is not or is no longer considered as active, its fair value is established using valuation techniques (in-house valuation models). Depending on the instrument under consideration, these may use data derived from recent transactions concluded on an arm's length basis, from the fair value of substantially similar instruments, from discounted cash flow or option pricing models, or from valuation parameters.

If market participants frequently use some valuation techniques and if those techniques have proved that they provide a reliable estimate of prices applied in real market transactions, then the Group can use those techniques. The use of internal assumptions for future cash flows and discount rates, correctly adjusted for the risks that any market participant would take into account, is permitted. Such adjustments are made in a reasonable and appropriate manner after examining the available information. Notably, internal assumptions consider counterparty risk, non-performance risk, liquidity risk and model risk, if necessary.

Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price. If the valuation parameters used are observable market data, the fair value is taken as the market price, and any difference between the transaction price and the price given by the in-house valuation model, i.e. the sales margin, is immediately recognised in the income statement. However, if valuation parameters are not observable or the valuation models are not recognised by the market, the fair value of the financial instrument at the time of the transaction is deemed to be the transaction price and the sales margin is then generally recognised in the income statement over the lifetime of the instrument. For some instruments, due to their complexity, this margin is recognised at their maturity or in the event of early sale. Where substantial volumes of issued instruments are traded on a secondary market with quoted prices, the sales margin is recognised in the income statement in accordance with the method used to determine the instrument's price. When valuation parameters become observable, any portion of the sales margin that has not yet been booked is recognised in the income statement at that time.

FINANCIAL ASSETS AND LIABILITIES

Purchases and sales of non-derivative financial assets at fair value through profit or loss, held-to-maturity financial assets and available-for-sale financial assets (see below) are recognised in the balance sheet at the delivery-settlement date while derivatives are recognised at the trade date. Changes in fair value between the trade and settlement dates are booked in the income statement or to shareholders' equity depending on the relevant accounting category. Loans and receivables are recorded in the balance sheet on the date they are paid or at the maturity date for invoiced services. When initially recognised, financial assets and liabilities are measured at fair value including transaction costs (except for financial instruments recognised at fair value through profit or loss) and classified under one of the four following categories.

• Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, held for trading purposes or intended for sale from the time they are originated or contributed. Loans and receivables are recognised in the balance sheet under *Due from banks* or *Customer loans* depending on the type of counterparty. Thereafter, they are valued at amortised cost using the effective interest rate method and impairment may be recorded if appropriate.

• Financial assets and liabilities at fair value through profit or loss

These are financial assets and liabilities held for trading purposes. They are booked at fair value at the balance sheet date and recognised in the balance sheet under *Financial assets or liabilities at fair value through profit or loss*. Changes in fair value are recorded in the income statement for the period as *Net gains and losses on financial instruments at fair value through profit or loss*.

This category also includes non-derivative financial assets and liabilities designated by the Group upon initial recognition to be carried at fair value through profit or loss in accordance with the option available under IAS 39. The Group's aim in using the fair value option is:

- firstly, to eliminate or significantly reduce discrepancies in the accounting treatment of certain financial assets and liabilities.

  The Group thus recognises at fair value through profit or loss some structured bonds issued by Societe Generale Corporate and Investment Banking. These issues are purely commercial and the associated risks are hedged on the market using financial instruments managed in trading portfolios. The use of the fair value option enables the Group to ensure consistency between the accounting treatment of these issued bonds and that of the derivatives hedging the associated market risks, which have to be carried at fair value.

  The Group also books at fair value through profit or loss the financial assets held to guarantee unit-linked policies of its life insurance subsidiaries to ensure their accounting treatment matches that of the corresponding insurance liabilities. Under IFRS 4, insurance liabilities have to be recognised according to local accounting principles. The revaluations of underwriting reserves on unit-linked policies, which are directly linked to revaluations of the financial assets underlying their policies, are therefore recognised in the income statement. The fair value option thus allows the Group to record changes in the fair value of the financial assets through profit or loss so that they match fluctuations in value of the insurance liabilities associated with these unit-linked policies;
- secondly, so that the Group can book certain compound financial instruments at fair value, thereby avoiding the need to separate out embedded derivatives that would otherwise have to be booked separately. This approach is notably used for valuation of the convertible bonds held by the Group.

• Held-to-maturity financial assets

These are non-derivative financial assets with fixed or determinable payments and a fixed maturity, that are quoted in an active market and which the Group has the intention and ability to hold to maturity. They are measured after acquisition at their amortised cost and may be subject to impairment as appropriate. The amortised cost includes premiums and discounts as well as transaction costs. These assets are recognised in the balance sheet under *held-to-maturity financial assets*.

• Available-for-sale financial assets

These are non-derivative financial assets held for an indeterminate period which the Group may sell at any time. By default, these are any assets that do not fall into one of the above three categories. These financial assets are recognised in the balance sheet under *available-for-sale financial assets* and measured at their fair value at the balance sheet date. Interest accrued or paid on fixed-income securities is recognised in the income statement using the effective interest rate method under *Interest and similar income – Transactions in financial instruments*. Changes in fair value other than income are recorded in shareholders' equity under *Gains and losses recognised directly in equity*. The Group only records these changes in fair value in the income statement when assets are sold or impaired, in which case they are reported as *Net gains and losses on available-for-sale financial assets*. Impairments regarding equity securities recognised as available-for-sale financial assets are irreversible. Dividend income earned on these securities is booked in the income statement under *Dividend income*.

SECURITIES LENDING AND BORROWING

Securities involved in a repurchase agreement or securities lending transaction are held in their original position on the asset side of the Group's balance sheet. For repurchase agreements, the obligation to return the amounts deposited is recorded under *Liabilities* on the liabilities side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial liabilities at fair value through profit or loss*.

Securities involved in a reverse repurchase agreement or securities borrowing transaction are not recorded in the Group's balance sheet. However, in the event the borrowed securities are subsequently sold, a debt representing the return of these securities to their lender is recorded on the liabilities side of the Group's balance sheet, under *Financial liabilities at fair value through profit or loss*. For securities received under a reverse repurchase agreement, the right to recover the amounts delivered by the Group is recorded under *Loans and receivables* on the asset side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial assets at fair value through profit or loss*.

RECLASSIFICATION OF FINANCIAL ASSETS

After their initial recognition, financial assets may not be later reclassified as *Financial assets at fair value through profit or loss.*

A non-derivative financial asset, initially recognised as an asset held for trading purposes under *Financial assets at fair value through profit or loss,* may be reclassified out of its category when it fulfils the following conditions:

- if a financial asset with fixed or determinable payments, initially held for trading purposes, can no longer, after acquisition, be quoted in an active market and the Group has the intention and ability to hold it for the foreseeable future or until maturity, then this financial asset may be reclassified in the *Loans and receivables* category, provided that the eligibility criteria for this category are met;
- if rare circumstances generate a change of the holding purpose of non-derivative debt or equity financial assets held for trading, then these assets may be reclassified into *available-for-sale financial assets* or into *held-to-maturity financial assets*, provided in the latter case that the eligibility criteria for this category are met.

In any case, financial derivatives and financial assets measured using the fair value option shall not be reclassified out of *Financial assets at fair value through profit or loss.*

A financial asset initially recognised under *available-for-sale financial assets* may be reclassified in *held-to-maturity financial assets,* provided that the eligibility criteria for this category are met. Furthermore, if a financial asset with fixed or determinable payments initially recognised under *available-for-sale financial assets* can subsequently no longer be quoted in an active market and if the Group has the intention and ability to hold it for the foreseeable future or until maturity, then this financial asset may be reclassified in *Loans and receivables* provided that the eligibility criteria for this category are met.

These reclassified financial assets are transferred to their new category at their fair value at the date of reclassification and then are measured according to the rules that apply to the new category. The amortised cost of financial assets reclassified out of *Financial assets at fair value through profit or loss* or *available-for-sale financial assets* to *Loans and receivables* and the amortised cost of financial assets reclassified out of *Financial assets at fair value through profit or loss* to *available-for-sale financial assets* are determined on the basis of estimated future cash flows measured at the date of reclassification. The estimated future cash flows must be reviewed at each closing. In the event of an increase in estimated future cash flows, as a result of an increase in their recoverability, the effective interest rate is adjusted prospectively. However, if there is objective evidence that the financial asset has been impaired as a result of an event occurring after reclassification and that loss event has a negative impact on the estimated future cash flows of the financial asset, the impairment of this financial asset is recognised under *Cost of risk* in the income statement.

DEBTS

Group borrowings that are not classified as financial liabilities recognised through profit or loss are initially recognised at cost, measured as the fair value of the amount borrowed net of transaction fees. These liabilities are valued at period end and at amortised cost using the effective interest rate method, and are recognised in the balance sheet under *Due to banks, Customer deposits* or *Securitised debt payables.*

• Amounts due to banks and customer deposits

Amounts due to banks and customer deposits are classified according to their initial duration and type: demand (demand deposits and current accounts) and time deposits and borrowings in the case of banks; regulated savings accounts and other deposits in the case of customers. They also include securities sold to banks and customers under repurchase agreements.

Interest accrued on these accounts using the effective interest rate is recorded as *Related payables* and as an expense in the income statement.

• Securitised debt payables

These liabilities are classified by type of security: loan notes, interbank market certificates, negotiable debt instruments, bonds and other debt securities excluding subordinated notes, which are classified under *Subordinated debt.*

Interest accrued on these accounts using the effective interest rate is recorded as *Related payables* and as an expense in the income statement. Bond issuance and redemption premiums are amortised at the effective interest rate over the life of the related borrowings. The resulting charge is recognised under *Interest expense* in the income statement.

SUBORDINATED DEBT

This item includes all dated or undated borrowings, whether or not in the form of securitised debt, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid. Interest accrued and payable in respect of long-term subordinated debt, if any, is booked as *Related payables* and as an expense in the income statement.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to the ownership of the asset.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Group derecognises it and, where necessary, books a separate asset or liability to cover any rights and obligations created or retained as a result of the asset's transfer. If the Group has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in that asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity.

The Group only derecognises all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

All financial derivatives are recognised at fair value in the balance sheet as financial assets or financial liabilities. Changes in the fair value of financial derivatives, except those designated as cash flow hedges (see below), are recognised in the income statement for the period.

Financial derivatives are divided into two categories:

- **Trading financial derivatives**

Derivative instruments are considered to be trading financial derivatives by default, unless they are designated as hedging instruments for accounting purposes. They are booked in the balance sheet under *Financial assets or liabilities at fair value through profit or loss.* Changes in fair value are recorded in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss.*

Changes in the fair value of financial derivatives involving counterparties which subsequently went into default are recorded under *Net gains and losses on financial instruments at fair value through profit or loss* until the termination date of these instruments. At this termination date, receivables and debts on these counterparties are recognised at fair value in the balance sheet. Any further impairment on these receivables is recognised under *Cost of risk* in the income statement.

- **Derivative hedging instruments**

To designate an instrument as a derivative hedging instrument, the Group must document the hedging relationship at the inception of the hedge. This documentation specifies the asset, liability, or future transaction hedged, the risk to be hedged, the type of financial derivative used and the valuation method applied to measure its effectiveness. The derivative designated as a hedging instrument must be highly effective in offsetting the change in fair value or cash flows arising from the hedged risk, both when the hedge is first set up and throughout its life. Derivative hedging instruments are recognised in the balance sheet under *Hedging derivatives*.

Depending on the risk hedged, the Group designates the derivative as a fair value hedge, cash flow hedge, or currency risk hedge for a net foreign investment.

Fair value hedge

In a fair value hedge, the carrying value of the hedged item is adjusted for gains and losses attributable to the hedged risk, which are reported under *Net gains and losses on financial instruments at fair value through profit or loss.* To the extent that the hedge is highly effective, changes in the fair value of the hedged item are faithfully reflected in the fair value of the derivative hedging instrument. As regards interest rate derivatives, accrued interest income or expenses are booked in the income statement under *Interest income and expense – Hedging derivatives* at the same time as the interest income or expense related to the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is sold, hedge accounting is discontinued prospectively. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value and the cumulative adjustments previously recognised under hedge accounting are amortised over its remaining life. Hedge accounting is discontinued automatically if the hedged item is sold before maturity or redeemed early.

Cash flow hedge

In a cash flow hedge, the effective portion of the changes in fair value of the hedging derivative instrument is recognised in a specific equity account, while the ineffective portion is recognised in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss.*

Amounts directly recognised in equity under cash flow hedge accounting are reclassified in *Interest income and expenses* in the income statement at the same time as the cash flows being hedged. Accrued interest income or expense on hedging derivatives is booked to the income statement under *Interest income and expense – Hedging derivatives* at the same time as the interest income or expense related to the hedged item.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, hedge accounting is discontinued prospectively. Amounts previously recognised directly in equity are reclassified under *Interest income and expense* in the income statement over the periods where the interest margin is affected by cash flows arising from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the forecast transaction hedged ceases to be highly probable, unrealised gains and losses booked to equity are immediately reclassified in the income statement.

Hedging of a net investment in a foreign operation

As with a cash flow hedge, the effective portion of the changes in the fair value of the hedging derivative designated for accounting purposes as a hedge of a net investment is recognised in equity under *Gains and losses recognised directly in equity* while the ineffective portion is recognised in the income statement.

Macro-fair value hedge

In this type of hedge, interest rate derivatives are used to globally hedge structural interest rate risks usually arising from Retail Banking activities. When accounting for these transactions, the Group applies the IAS 39 "carve-out" standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the carrying out of effectiveness tests required by IAS 39 as adopted by the European Union.

The accounting treatment of financial derivatives designated as macro-fair value hedge is similar to that for other fair value hedging instruments. Changes in fair value of the portfolio of macro-hedged instruments are reported on a separate line in the balance sheet under *Revaluation differences on portfolios hedged against interest rate risk* through profit or loss.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument. If this hybrid instrument is not valued at fair value through profit or loss, the Group separates out the embedded derivative from its host contract if, at the inception of the transaction, the economic characteristics and risks of the derivative are not closely related to the economic characteristics and risk profile of the host contract and it would separately meet the definition of a derivative. Once separated out, the derivative is recognised at its fair value in the balance sheet under *Financial assets or liabilities at fair value through profit or loss* and accounted for as above.

IMPAIRMENT OF FINANCIAL ASSETS

• Financial assets measured at amortised cost

At each balance sheet date, the Group assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognised (a "loss event") and whether that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Notwithstanding the existence of a guarantee, the criteria used to assess objective evidence of credit risk include the existence of unpaid instalments overdue by over three months (over six months for real estate loans and over nine months for loans to local authorities) or independently of the existence of any unpaid amount, the existence of objective evidence of credit risk counterparty or when the counterparty is subject to judiciary proceedings.

If there is objective evidence that loans or other receivables, or financial assets classified as *held-to-maturity financial assets,* are impaired, an impairment is booked for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees, discounted at the financial assets' original effective interest rate. This loss is booked to *Cost of risk* in the income statement and the value of the financial asset is reduced by an impairment amount. Allocations to and reversals of impairments are recorded under *Cost of risk.* The impaired loans or receivables are remunerated for accounting purposes by the reversal over time of the discounting to present value, which is recorded under *Interest and similar income* in the income statement.

Where a loan is restructured, the Group books a loss in *Cost of risk* representing the changes in the terms of the loan if the present value of expected recoverable future cash flows, discounted at the loan's original effective interest rate, is less than the amortised cost of the loan.

Where there is no objective evidence that an impairment loss has been incurred on a financial instrument considered individually, be it significant or not, the Group includes that financial asset in a group of financial assets having similar characteristics in terms of credit risk and tests the whole group for impairment.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, impairment is recognised without waiting for the risk to individually affect one or more receivables. Homogeneous portfolios thus impaired can include:

- receivables on counterparties which have encountered financial difficulties since these receivables were initially recognised, without any objective evidence of impairment having yet been identified at the individual level (sensitive receivables) or;
- receivables on counterparties linked to economic sectors considered as being in crisis further to the occurrence of loss events or;
- receivables on geographical sectors or countries on which a deterioration of credit risk has been assessed.

The amount of impairment on a group of homogeneous assets is notably determined on the basis of historical loss data for assets with credit risk characteristics similar to those in the portfolio, or using hypothetical extreme loss scenarios or, if necessary, *ad-hoc* studies. These factors are then adjusted to reflect any relevant current economic conditions. Allocations to and reversals of such impairment are recorded under *Cost of risk.*

- **Available-for-sale financial assets**

Impairment loss on an available-for-sale financial asset is recognised through profit or loss if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of this asset.

For listed equity instruments, a significant or prolonged decline in their price below their acquisition cost constitutes objective evidence of impairment. For this purpose, the Group considers as impaired listed shares showing on the balance sheet date an unrealised loss greater than 50% of their acquisition price, as well as listed shares for which the quoted prices have been below their acquisition price on every trading day for at least the last 24 months before the balance sheet date. Further factors, such as the financial situation of the issuer or its development outlook, can lead the Group to consider that the cost of its investment may not be recovered even if the above-mentioned criteria are not met. An impairment loss is then recorded through profit or loss equal to the difference between the last quoted price of the security on the balance sheet date and its acquisition price.

For unlisted equity instruments, the criteria used to assess the evidence of impairment are identical to those mentioned above; the value of these instruments at the balance sheet date is determined using the valuation methods described in note 3.

The criteria for the impairment of debt instruments are similar to those for the impairment of financial assets measured at amortised cost.

When a decline in the fair value of an *available-for-sale financial asset* has been recognised directly in shareholders' equity under *Gains and losses recognised directly in equity* and subsequent objective evidence of impairment emerges, the Group recognises the total accumulated unrealised loss previously booked to shareholders' equity in the income statement under *Cost of risk* for debt instruments and under *Net gains and losses on available-for-sale financial assets* for equity securities.

This cumulative loss is measured as the difference between the acquisition cost (net of any repayments of principal and amortisation) and the present fair value, less any impairment of the financial asset that has already been booked through profit or loss.

Impairment losses recognised through profit or loss on an equity instrument classified as available-for-sale are only reversed through profit or loss when the instrument is sold. Once a shareholders' equity instrument has been recognised as impaired, any further loss of value is booked as an additional impairment loss. For debt instruments, however, an impairment loss is reversed through profit or loss if they subsequently recover in value.

LEASE FINANCING AND SIMILAR AGREEMENTS

Leases are classified as finance leases if they substantially transfer all the risks and rewards incident to ownership of the leased asset to the lessee. Otherwise they are classified as operating leases.

Lease finance receivables are recognised in the balance sheet under *Lease financing and similar agreements* and represent the Group's net investment in the lease, calculated as the present value of the minimum payments to be received from the lessee discounted at the interest rate implicit in the lease, plus any unguaranteed residual value.

Interest included in the lease payments is booked under *Interest and similar income* in the income statement such that the lease generates a constant periodic rate of return on the lessor's net investment. If there has been a reduction in the estimated unguaranteed residual value used to calculate the lessor's gross investment in the finance lease, the present value of this reduction is booked as a loss under *Expenses from other activities* in the income statement and as a reduction of lease finance receivables on the asset side of the balance sheet.

Fixed assets held under operating lease activities are presented in the balance sheet under *Tangible and intangible fixed assets*. In the case of buildings, they are booked under *Investment property.* Lease payments are recognised in the income statement on a straight-line basis over the life of the lease under *Income from other activities.* The accounting treatment of income invoiced for maintenance services provided in connection with leasing activities aims to show a constant margin on these products in relation to the expenses incurred, over the life of the lease.

TANGIBLE AND INTANGIBLE FIXED ASSETS

Operating and investment fixed assets are carried at their purchase price on the asset side of the balance sheet. Borrowing expenses incurred to fund a lengthy construction period for the fixed assets are included in the acquisition cost, along with all other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets.

Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development. This includes external expenditures on hardware and services and personnel expenses which can be directly attributed to the production of the asset and its preparation for use.

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount. If there is a subsequent decrease or increase in this initial residual value, the depreciable amount of the asset is adjusted, leading to a prospective modification of the depreciation schedule.

When one or more components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life through profit or loss under *Amortisation, depreciation and impairment of tangible and intangible fixed assets*. The Group has applied this approach to its operating and investment property, breaking down its assets into at least the following components with their corresponding depreciation periods:

<table>
<tr><td rowspan="3">Infrastructure</td><td>Major structures</td><td>50 years</td></tr>
<tr><td>Doors and windows, roofing</td><td>20 years</td></tr>
<tr><td>Façades</td><td>30 years</td></tr>
<tr><td rowspan="8">Technical installations</td><td>Elevators</td><td rowspan="8">10 to 30 years</td></tr>
<tr><td>Electrical installations</td></tr>
<tr><td>Electricity generators</td></tr>
<tr><td>Air conditioning, extractors</td></tr>
<tr><td>Technical wiring</td></tr>
<tr><td>Security and surveillance installations</td></tr>
<tr><td>Plumbing</td></tr>
<tr><td>Fire safety equipment</td></tr>
<tr><td>Fixtures and fittings</td><td>Finishings, surroundings</td><td>10 years</td></tr>
</table>

Depreciation periods for fixed assets other than buildings depend on their useful life, which is usually estimated within the following ranges:

Plant and equipment	5 years
Transport	4 years
Furniture	10 to 20 years
Office equipment	5 to 10 years
IT equipment	3 to 5 years
Software, developed or acquired	3 to 5 years
Concessions, patents, licenses, etc.	5 to 20 years

Fixed assets are tested for impairment whenever there is any indication that their value may have diminished and, for intangible assets with an indefinite useful life, at least once a year. Evidence of a loss in value is assessed at every balance sheet date. Impairment tests are carried out on assets grouped by cash-generating unit. Where a loss is established, an impairment loss is booked to the income statement under *Amortisation, depreciation and impairment of tangible and intangible fixed assets*. It may be reversed when the factors that prompted impairment have changed or no longer exist. This impairment loss will reduce the depreciable amount of the asset and thus affect its future depreciation schedule.

Realised capital gains and losses on operating fixed assets are recognised under *Net income from other assets*, while profits or losses on investment real estate are booked as *net banking income* under *Income from other activities.*

PROVISIONS

Provisions, other than those for credit risk or employee benefits, represent liabilities whose timing or amount cannot be precisely determined. Provisions may be booked where, by virtue of a commitment to a third-party, the Group will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange.

The expected outflows are then discounted to present value to determine the amount of the provision, where this discounting has a significant impact. Allocations to and reversals of provisions are booked through profit or loss under the items corresponding to the future expense.

COMMITMENTS UNDER "CONTRATS EPARGNE-LOGEMENT" (MORTGAGE SAVINGS AGREEMENTS)

Comptes d'épargne-logement (CEL or mortgage savings accounts) and *plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of July 10, 1965 and combine an initial deposits phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. Under the current regulation, this last phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are booked at amortised cost.

These instruments create two types of commitments for the Group: the obligation to remunerate customer savings for an indeterminate future period at an interest rate established at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also established at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Group, a provision is booked on the liabilities side of the balance sheet. Any changes in these provisions are booked as *net banking income* under net interest income. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) which constitute a single generation.

During the deposits phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observed past behaviour of customers.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of the amount of balance sheet loans at the date of calculation and the historical observed past behaviour of customers.

A provision is booked if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products, with a similar estimated life and date of inception.

LOAN COMMITMENTS

The Group initially recognises at fair value loan commitments that are not considered as financial derivatives. Thereafter, these commitments are provisioned as necessary in accordance with the accounting principles for Provisions.

FINANCIAL GUARANTEES GIVEN

When considered as non-derivative financial instruments, financial guarantees issued by the Group are initially recognised in the balance sheet at fair value. Thereafter, they are measured at the higher of the amount of the obligation and the amount initially recognised less, when appropriate, the cumulative amortisation of a guarantee commission. Where there is objective evidence of a loss of value, a provision for financial guarantees given is booked to balance sheet liabilities.

LIABILITIES/SHAREHOLDERS' EQUITY DISTINCTION

Financial instruments issued by the Group are booked in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to remunerate the holders of the security in cash.

- **Perpetual subordinated notes (TSDI)**

Given their characteritics, perpetual subordinated notes (TSDI) issued by the Group and that do not include any discretionary features governing the payment of interest, as well as shares issued by a Group subsidiary in order to fund its property leasing activities, are classified as debt instruments.

These perpetual subordinated notes (TSDI) are then classified under *Subordinated debt*.

However, perpetual subordinated notes (TSDI) issued by the Group and that include some discretionary features governing the payment of interest are classified as equity.

Issued by Societe Generale, they are recorded under *Equity instruments and associated reserves.*

- **Preferred shares**

Due to the discretionary nature of the decision to pay dividends to shareholders, preferred shares issued by subsidiaries of the Group are classified as equity.

Issued by Group subsidiaries, preferred shares are recognised under *non-controlling interests.* Remuneration paid to preferred shareholders is recorded under *non-controlling interests* in the income statement.

- **Deeply subordinated notes**

Given the discretionary nature of the decision to pay interest in order to remunerate the deeply subordinated notes issued by the Group, these notes have been classified as equity.

Issued by Societe Generale, they are recognised under *Equity instruments and associated reserves.*

NON-CONTROLLING INTERESTS

Non-controlling interests refer to the equity holding in fully consolidated subsidiaries that are neither directly nor indirectly attributable to the Group. They include equity instruments issued by these subsidiaries and not held by the Group.

TREASURY SHARES

Societe Generale shares held by the Group are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is eliminated from the consolidated income statement.

Financial derivatives having Societe Generale shares as their underlying instrument or shares in subsidiaries over which the Group exercises sole control and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Societe Generale shares (other than derivatives) are initially recognised as equity. Premiums paid or received on financial derivatives classified as equity instruments are booked directly to equity. Changes in the fair value of the derivatives are not recorded.

Other financial derivatives having Societe Generale shares as their underlying instrument are booked to the balance sheet at fair value in the same manner as derivatives with other underlying instruments.

INTEREST INCOME AND EXPENSE

Interest income and expense are booked to the income statement for all financial instruments valued at amortised cost using the effective interest rate method.

The effective interest rate is taken to be the rate that discounts future cash inflows and outflows over the expected life of the instrument in order to establish the book value of the financial asset or liability. The calculation of this rate considers the future cash flows based on the contractual provisions of the financial instrument without taking account of possible future loan losses and also includes commissions paid or received between the parties where these may be assimilated to interest, transaction costs and all types of premiums and discounts.

When a financial asset or group of similar financial assets has been impaired following an impairment of value, subsequent interest income is booked through profit or loss under *Interest and similar income* based on the effective interest rate used to discount the future cash flows when measuring the loss of value. Moreover, except for those related to employee benefits, provisions booked as balance sheet liabilities generate interest expenses that are calculated using the same interest rate as is used to discount the expected outflow of resources.

NET FEES FOR SERVICES

The Group recognises fee income and expense for services provided and received in different ways depending on the type of service.

Fees for continuous services, such as some payment services, custody fees, or web-service subscriptions are booked as income over the lifetime of the service. Fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties following payment incidents are booked to income when the service is provided under *Fee services.*

In syndication deals, the effective interest rate for the share of the issue retained on the Group's balance sheet is comparable to that applying to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees is recorded in the income statement at the end of the syndication period. Arrangement fees are booked to income when the placement is legally complete. These fees are recognised in the income statement under *Fee income from Primary market transactions.*

PERSONNEL EXPENSES

The *Personnel expenses* account includes all expenses related to personnel, notably the cost of the legal employee profit-sharing and incentive plans for the year as well as the costs of the various Group pension and retirement schemes and expenses arising from the application of IFRS 2 "Share-based payments".

EMPLOYEE BENEFITS

Group companies, in France and abroad, may award their employees:

- post-employment benefits, such as pension plans or retirement benefits;
- long-term benefits such as deferred variable remunerations, long service awards or the *Compte Epargne Temps* (CET) flexible working provisions;
- termination benefits.

- **Post-employment benefits**

Pension plans may be defined contribution or defined benefit plans.

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are booked as an expense for the year in question.

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the associated medium or long-term risk.

Provisions are booked on the liabilities side of the balance sheet under *Provisions,* to cover the whole of these retirement obligations. These provisions are assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) or differences between actuarial assumptions and real performance (return on plan assets) are booked as actuarial gains and losses. They are amortised in the income statement according to the "corridor" method: i.e. over the expected average remaining working lives of the employees participating in the plan, as soon as they exceed the greater of:

- 10% of the present value of the defined benefit obligation;
- 10% of the fair value of the assets at the end of the previous financial year.

Where a new or amended plan comes into force, the cost of past services is spread over the remaining period until vesting.

An annual charge is booked under *Personnel expenses* for defined benefit plans, consisting of:

- the additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- the expected return on plan assets (gross return);
- the amortisation of actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

- **Long-term benefits**

These are benefits paid to employees more than 12 months after the end of the period in which they provided the related services. Long-term benefits are measured in the same way as post-employment benefits, except for the treatment of actuarial gains and losses and past service costs, which are booked immediately to income.

PAYMENTS BASED ON SOCIETE GENERALE SHARES OR SHARES ISSUED BY A CONSOLIDATED ENTITY

Share-based payments include:

- payments in equity instruments of the entity;
- cash payments whose amount depends on the performance of equity instruments.

Share-based payments systematically give rise to a personnel expense booked to *Personnel expenses* under the terms set out below.

- **Global employee share ownership plan**

Every year the Group carries out a capital increase reserved for current and former employees as part of the Global Employee Share Ownership Plan. New shares are offered at a discount with an obligatory five-year holding period. The resultant benefit to the employees is booked by the Group as an expense for the year under *Personnel expenses – Employee profit-sharing and incentives*. This benefit is measured as the difference between the fair value of each security acquired and the acquisition price paid by the employee, multiplied by the number of shares purchased. The fair value of the acquired securities is measured taking account of the associated legal obligatory holding period using market parameters (notably the borrowing rate) applicable to market participants which benefits from these non-transferable shares to estimate the free disposal ability.

- **Other share-based payments**

The Group can award some of its employees stock purchase or subscription options, free shares or rights to a future cash payment based on the increase in Societe Generale share price (SAR).

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, or for the beneficiaries to exercise their options.

Group stock-option plans are measured using a binomial formula when the Group has adequate statistics to take into account the behaviour of the option beneficiaries. When such data are not available, the Black & Scholes model or Monte Carlo model is used. Valuations are performed by independent actuaries.

For equity-settled share-based payments (free shares, stock purchase or subscription options), the fair value of these instruments, measured at the vesting date, is spread over the vesting period and booked to *Equity instruments and associated reserves* under shareholders' equity. At each accounting date, the number of these instruments is revised in order to take into account performance and service conditions and adjust the overall cost of the plan as originally determined. Expenses booked to *Personnel expenses* from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments (stock-options granted by unlisted companies or compensation indexed on Societe Generale shares), the fair value of the amounts payable is booked to *Personnel expenses* as an expense over the vesting period against a corresponding liabilities entry booked in the balance sheet under *Other liabilities – Accrued social charges.* This payables item is then remeasured at fair value against income until settled. For hedging derivatives, the effective portion of the change in their fair value is booked through profit or loss.

COST OF RISK

The *Cost of risk* account includes allocations, net of reversals, to provisions and to impairments for credit risk, the amount of the loan considered uncollectible and the amount of recoveries on loans written off.

INCOME TAX

• Current taxes

Current tax is based on the taxable profits of each consolidated taxable entity and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under *Income tax* in the consolidated income statement.

• Deferred tax

Deferred taxes are recognised whenever the Group identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured in each consolidated taxable entity and in accordance with the rules established by the local taxation authorities, upon which their income taxes are payable. This amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value. Deferred tax assets can result from deductible temporary differences or from tax loss carry forwards. These deferred tax assets are recorded if it is probable that the entity is likely to be able to apply them within a set time. These temporary differences or tax loss carry forwards can also be used against future taxable profit. Tax loss carry forwards are subject to an annual review taking into account the tax system applicable to the relevant entities and a realistic projection of their tax income or expense, based on their business development outlook: any previously unrecognised deferred tax assets are recorded in the balance sheet to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered ; however, the carrying value of deferred tax assets already recognised in the balance sheet is reduced where a risk of total or partial non-recovery occurs.

Current and deferred taxes are booked in the consolidated income statement under *Income tax*. But the deferred taxes related to gains and losses booked under *Gains and losses recognised directly in equity* are also booked under the same heading in shareholders' equity.

INSURANCE ACTIVITIES

• Financial assets and liabilities

The financial assets and liabilities of the Group's insurance companies are recognised and measured according to the rules governing financial instruments explained above.

• Underwriting reserves of insurance companies

Underwriting reserves correspond to the commitments of insurance companies with respect to insured persons and the beneficiaries of policies.

In accordance with IFRS 4 on insurance contracts, life and non-life underwriting reserves continue to be measured under the same local regulations.

Life insurance underwriting reserves mainly comprise actuarial reserves, which correspond to the difference between the current value of commitments falling to the insurer and those falling to the policyholder, and reserves for claims incurred but not settled. The risks covered are principally death, invalidity and incapacity for work.

Underwriting reserves for unit-linked policies with discretionary profit-sharing or any other significant feature, are measured at the balance sheet date on the basis of the current value of the assets underlying these policies.

Non-life insurance underwriting reserves comprise reserves for unearned premiums (share of premium income relating to subsequent financial years) and for outstanding claims. The risks covered are principally risks linked to home, car and accident insurance guarantees.

Under the principles defined in IFRS 4, and in compliance with local regulations applicable with respect thereto, life insurance policies with discretionary profit-sharing features are subject to "mirror accounting", whereby any changes in the value of financial assets liable to affect policyholders are recorded in *Deferred profit-sharing*. This reserve is calculated to reflect the potential rights of policyholders to unrealised gains on financial instruments measured at fair value or their potential share of unrealised losses.

To demonstrate the recoverability of the deferred profit-sharing asset in the event of an unrealised net loss, two approaches are used to show that the liquidity requirements caused by an unfavourable economic environment would not require assets to be sold should there be unrealised losses:

- the first consists in simulating deterministic stress scenarios ("standardised" or extreme). This is used to show that in these scenarios no significant losses would be realised on the assets existing at the balance sheet date for the scenarios tested;
- the aim of the second approach is to ensure that in the long or medium term, the sale of assets to meet liquidity needs would not generate any significant losses. The approach is verified for projections based on extreme scenarios;
- a liability adequacy test is also carried out semi-annually using a stochastic model based on parameter assumptions consistent with those used for the MCEV (Market Consistent Embedded Value). This test takes into account all of the future cash flows from policies, including management charges, fees and policy options and guarantees.

3. PRESENTATION OF FINANCIAL STATEMENTS

CNC RECOMMENDED FORMAT FOR BANKS' SUMMARY FINANCIAL STATEMENTS

As the IFRS accounting framework does not specify a standard model, the format used for the financial statements is consistent with the format proposed by the French National Accounting Standards Board, the CNC, under Recommendation 2009-R-04 of July 2, 2009.

RULE ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

A financial asset and liability are offset and a net balance presented in the balance sheet when the Group is entitled to do so by law and intends either to settle the net amount or to realise the asset and to settle the liability at the same time.

The Group recognises in the balance sheet the net value of agreements to repurchase securities given and received where they fulfil the following conditions:

- the counterparty to the agreements is the same legal entity;
- they have the same firm maturity date from the start of the transaction;
- they are covered by a framework agreement that grants permanent entitlement, enforceable against third parties, to offset amounts for same-day settlement;
- they are settled through a clearing system that guarantees delivery of securities against payment of the corresponding cash sums.

The Group recognises in its balance sheet for their net amount the fair value of options on indexes traded on organised markets and whose underlying are securities within a single legal entity, provided these options meet the following criteria:

- the market where they are traded requires a settlement on a net basis;
- they are managed according to the same strategy;
- they are traded on the same organised market;
- the settlement of options via the physical delivery of underlying assets is not possible on these organised markets;

- they have the same characteristics (offsetting of call options with other call options on the one hand and offsetting of put options with other put options on the other);
- they share the same underlying, currency and maturity date.

CASH AND CASH EQUIVALENTS

In the cash flow statement, *Cash and cash equivalents* includes cash accounts, demand deposits, loans and borrowings due to and from central banks and other credit establishments.

EARNINGS PER SHARE

Earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, except for treasury shares. The net profit attributable to ordinary shareholders takes account of dividend rights of preferred shareholders such as holders of preferred shares, subordinated securities or deeply subordinated securities classified in equity. Diluted earnings per share takes into account the potential dilution of shareholders' interests in the event dilutive instruments (stock options or free shares plans) are converted into ordinary shares. This dilutive effect is determined using the share buyback method.

4. ACCOUNTING STANDARDS AND INTERPRETATIONS TO BE APPLIED BY THE GROUP IN THE FUTURE

Not all of the accounting standards published by the IASB had been adopted by the European Union at December 31, 2011. These accounting standards and interpretations are required to be applied from annual periods beginning on July 1, 2011 at the earliest or on the date of their adoption by the European Union. They were not applied by the Group as of December 31, 2011.

ACCOUNTING STANDARDS, AMENDMENTS OR INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION

Accounting standards or Interpretations	Adoption dates by the European Union	Effective dates: annual periods beginning on or after
Amendment to IFRS 7 "Disclosures – Transfers of Financial Assets"	November 22, 2011	July 1, 2011

• Amendment to IFRS 7 "Disclosures – Transfers of Financial Assets"

This amendment is designed to ensure a better understanding of transactions involving the transfer of financial assets (for example, securitisations) including the possible effects of any risks that remain with the entity that transferred the assets. Additional disclosures are required if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

AMENDMENTS OR INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION AT DECEMBER 31, 2011

Accounting standards or Interpretations	Publication dates by IASB	Effective dates: annual periods beginning on or after
IFRS 9 "Financial Instruments" (Phase 1: Classification and Measurement)	November 12, 2009 October 28, 2010 and December 16, 2011	January 1, 2015
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	December 20, 2010	January 1, 2012
IFRS 10 "Consolidated Financial Statements"	May 12, 2011	January 1, 2013
IFRS 11 "Joint Arrangements"	May 12, 2011	January 1, 2013
IFRS 12 "Disclosures of Interests in Other Entities"	May 12, 2011	January 1, 2013
IFRS 13 "Fair Value Measurement"	May 12, 2011	January 1, 2013
Amendments to IAS 27 "Separate Financial Statements"	May 12, 2011	January 1, 2013
Amendments to IAS 28 "Investments in Associates and Joint Ventures"	May 12, 2011	January 1, 2013
Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"	June 16, 2011	January 1, 2013
Amendments to IAS 19 "Employee Benefits"	June 16, 2011	January 1, 2013
IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"	October 19, 2011	January 1, 2013
Amendments to IAS 32 and IFRS 7 "Offsetting Financial Assets and Financial Liabilities"	December 16, 2011	January 1, 2014 and January 1, 2013

• IFRS 9 "Financial Instruments" (Phase 1: Classification and Measurement)

This standard, which represents the first step of the overhaul of IAS 39, introduces new requirements for classifying and measuring financial assets and liabilities. Impairment methodology for financial assets and hedge accounting will expand IFRS 9 in further steps.

Financial assets are required to be classified into three categories (amortised cost, fair value through profit or loss and fair value through other comprehensive income) depending on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

All debt instruments (loans, receivables and bonds) will be measured at amortised cost only if the objective of the entity (business model) is to collect the contractual cash flows and if these cash flows are only payments of principal and interest. All other debt instruments will be measured at fair value through profit or loss.

All equity instruments will be measured at fair value through profit or loss except in case of irrevocable election made at initial recognition for measurement at fair value through other comprehensive income (provided these financial assets are not held for trading purposes and not measured at fair value through profit or loss) without subsequent recycling through profit or loss.

Embedded derivatives will not be recognised separately when their host contracts are financial assets and the hybrid instrument in its entirety will then be measured at fair value through profit or loss.

Requirements for the classification and measurement of financial liabilities contained in IAS 39 have been incorporated into IFRS 9 without any modifications, except for financial liabilities designated at fair value through profit or loss (using the fair value option). The amount of change in the liability's fair value attributable to changes in credit risk is recognised in other comprehensive income without subsequent recycling through profit or loss.

Provisions related to derecognition of financial assets and financial liabilities have been carried forward unchanged from IAS 39 into IFRS 9.

• Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"

The measurement of deferred tax depends on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that the carrying amount will be recovered through sale unless the entity has decided differently. This presumption applies to investment properties carried at fair value.

• IFRS 10 "Consolidated Financial Statements"

This standard establishes a single control model that will require Management to exercise significant judgement. The new definition of control includes all of the following elements: power over the investee, rights or exposure to variable returns of the investee and ability to use the power over the investee to affect the amount of the investor's returns.

• IFRS 11 "Joint Arrangements"

This standard distinguishes two forms of joint arrangement (joint operation and joint venture) by assessing the rights and obligations conferred upon the parties and eliminates the option of applying the proportionate consolidation method. Joint ventures must now be consolidated by applying the equity method.

• IFRS 12 "Disclosures of Interests in Other Entities"

This standard requires enhanced disclosures about consolidated entities and both consolidated and unconsolidated structured entities.

• IFRS 13 "Fair Value measurement"

This standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurement.

• Amendments to IAS 27 "Separate Financial Statements"

These amendments have the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity elects to present separate financial statements.

• Amendments to IAS 28 "Investments in Associates and Joint Ventures"

Further to the issue of IFRS 10 and IFRS 11, IAS 28 is amended to prescribe the accounting treatment of investments in associates and joint ventures.

• Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income (OCI)"

These amendments require profit or loss and OCI to be presented together. But grouped items must be presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently and tax associated with items presented before tax to be shown separately for each of the two groups of OCI items.

- **Amendments to IAS 19 "Employee Benefits"**

These amendments make important improvements: remeasurements in OCI, immediate recognition of past service costs as a result of plan assets.

- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"**

This interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods.

- **Amendments to IAS 32 and IFRS 7 "Offsetting Financial Assets and Financial Liabilities"**

The amendment to IFRS 7 requires the disclosure of information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement: gross amounts, amounts offset and net amounts.

The amendment to IAS 32 is intended to clarify existing application issues relating to the offsetting rules: the rights of set off must be legally enforceable in the normal course of business and in the event of default, bankruptcy or insolvency. The realisation of financial asset and settlement of a financial liability is simultaneous if the settlements occur at the same time.

Note 2

CHANGES IN CONSOLIDATION SCOPE

As at December 31, 2011, the Group's consolidation scope included 808 companies:

- ***640*** fully consolidated companies;
- ***93*** proportionately consolidated companies;
- ***75*** companies accounted for by the equity method.

The consolidation scope includes entities under exclusive control, under joint control or under significant influence that are not negligible compared to the Group's consolidated financial statements. Entities are assumed to be not negligible in particular in comparison with Group consolidated total assets and net operating income.

The main changes to the consolidation scope at December 31, 2011, compared with the scope applicable at the closing date of December 31, 2010, are as follows:

- During the second half of 2011

- The Group fully consolidated Philips Medical Capital France in which its holds 60%.
- The real estate activities previously consolidated through New Esporta Holding Limited were removed from the consolidation scope due to their sale.
- BSGV, previously fully consolidated, merged with Rosbank, increasing the Group's stake in the latter from 74.89% to 79.87%. The Group also purchased shares from another shareholder, bringing its stake in Rosbank, and consequently in Limited Liability Company Rusfinance, Limited Liability Company Rusfinance Bank and Deltacredit to 82.40%.
- The stake in Societe Generale de Leasing au Maroc decreased from 74.15% to 56.91% due to the sale by SG Financial Services Holding of its shares to SG Marocaine de Banque.
- The stake in BRD – Groupe Societe Generale increased from 59.37% to 60.17% following the purchase of shares previously owned by other shareholders, and consequently the stake in ALD Automotive SRL increased to 92.03%.
- Following the increase in treasury shares and the purchase of shares held by other shareholders, the stake in Komercni Banka A.S. increased to 60.73%.
- The Group fully consolidated the wholly owned subsidiary SG Leasing and Renting Co Ltd. This entity is located in China.
- The Group fully consolidated Societe Generale Tchadienne de Banque at 55.19%.
- SAS Orbeo, previously proportionately consolidated at 50%, was sold to Rhodia.
- The Group's stake in GENIKI increased from 88.44% to 99.05% due to an unevenly subscribed capital increase and to the conversion into ordinary shares from preferred shares subscribed for by the Group.
- The stake in BOURSORAMA S.A. decreased by 0.08% to 57.39% due to an unevenly subscribed capital increase.
- The stake in TCW Group inc. decreased from 100% to 97.88% following a dilutive capital increase due to an earn-out clause granted for the acquisition of Metropolitan West Asset Management in 2010. All the shares that will be issued within the framework of the earn-out clause contain a put clause granted by TCW Group Inc. to its new shareholders.

In accordance with IFRS 5 *"Non-current receivables held for sale and discontinued operations"*, the main items classified in *Non-current assets and liabilities held for sale* are:

- shares in the private equity activities that were put up for sale by the Group;
- assets and liabilities relating to commodity trading businesses in North America.

- In the first half of 2011
  - The Group fully consolidated Ohridska Banka, located in Macedonia, at 70.02%.
  - The stake in Bank Republic was increased by 2.86% compared to December 31, 2010 to 84.04% after an unevenly subscribed capital increase.
  - In February 2011, the Group sold its stake in Limited Liability Partnership Prostokredit, previously fully consolidated through SG Consumer Finance, to Eurasian Bank.
  - Deltacredit, previously fully consolidated at 100% through DC Mortgage Finance Nederland BV, is now 74.89%-owned by the Group and directly consolidated due to its sale to Rosbank.
  - Limited Liability Company Rusfinance and Limited Liability Company Rusfinance Bank, previously fully consolidated through Rusfinance SAS at 100%, are now 74.89%-owned by the Group and directly consolidated due to their sale to Rosbank.
  - The stake in Banka Societe Generale Albania Sh.A., was increased to 87.47%, i.e. a 1.65% increase compared to December 31, 2010, due to an unevenly subscribed capital increase.
  - After the sale by Gefa Leasing GMBH and SG EQUIPMENT FINANCE INTERNATIONAL GMBH to Komercni Banka, the stake in SG Equipment Finance Czech Republic SRO decreased by 19.82% to 80.18% compared to December 31, 2010.
  - The Group fully consolidated ALD Automotive SRL held by 91.87% since 2004 and located in Romania.
  - The stake in BOURSORAMA S.A. was decreased to 57.47%, i.e. a 0.31% decrease compared to December 31, 2010, due to a capital increase and the sale of treasury shares.
  - The operating activities consolidated through New Esporta Holding Limited were removed from the consolidation scope as at June 30, 2011 after its sale.

Note 3

FAIR VALUE OF FINANCIAL INSTRUMENTS

This section begins by specifying the valuation methods used by the Group to establish the fair value of the financial instruments presented in the following notes:

Notes	Description
Note 6	Financial assets and liabilities at fair value through profit or loss
Note 7	Hedging derivatives
Note 8	Available-for-sale financial assets
Note 9	Due from banks
Note 10	Customer loans
Note 11	Reclassification of financial assets
Note 12	Lease financing and similar agreements
Note 13	Held-to-maturity financial assets
Note 19	Due to banks
Note 20	Customer deposits
Note 21	Securitised debt payables

The second part of this section details the valuation methods used by the Group to establish the fair value of the financial instruments affected by the financial crisis.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

1. VALUATION METHODS

1.1. FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE BALANCE SHEET

For financial instruments recognised at fair value on the balance sheet, fair value is determined primarily on the basis of the prices quoted in an active market. These prices might be adjusted if none are available on the balance sheet date or if the clearing value does not reflect transaction prices.

However, due notably to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products processed by the Group do not have quoted prices in the markets.

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for swaps or the Black & Scholes formula for certain options and using valuation parameters that reflect current market conditions as at the balance sheet date. Before being used, these valuation models are validated independently by the experts from the market risk department of the Group's Risk Division, who also carry out subsequent consistency checks (backtesting). Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are subject to exhaustive monthly checks by specialists from the market risk department of the Group's Risk Division, and if necessary are supplemented by further reserves (such as bid-ask spreads and liquidity).

For information purposes, in the notes to the consolidated financial statements, financial instruments carried at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used:

- Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities. These instruments are mainly shares, government bonds and derivatives;
- Level 2 (L2): instruments valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Instruments quoted in an insufficiently liquid market and those traded over-the-counter market belong to this level. Prices published by an external source derived from the valuation of similar instruments are considered as data derived from prices;
- Level 3 (L3): instruments valued using inputs for the asset or liability that are not based on observable market data (unobservable inputs). These instruments are mainly those for which the sales margin is not immediately recognised in profit or loss (derivatives with higher maturities than the ones usually traded) and financial instruments classified in legacy assets, when their valuation is not based on observable data.

Observable data must be: independent of the bank (non-bank data), available, publicly distributed, based on a narrow consensus and backed up by transaction prices.

For example, consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable data. This is the case for the implicit volatility used for the valuation of share options with maturities of more than seven years. On the other hand, when the residual maturity of the instrument is less than seven years, its fair value becomes sensitive to observable parameters.

In the event of unusual tensions on the markets, leading to a lack of the usual reference data used for the valuation of a financial instrument, the Risk Division may implement a new model in accordance with pertinent available data, similar to methods used by other market players. This was the case during 2011 for the valuation of Greek government bonds (see Note 25 – "Exposures to sovereign risk").

• Shares and other variable income securities

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

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

For unlisted securities in which the Group has significant holdings, valuations based on the above methods are completed by using a discounted future cash flow valuation based on business plans or on valuation multiples of similar companies.

• Debt (fixed-income) instruments held in portfolio, issues of structured securities measured at fair value and financial derivatives

The fair value of these financial instruments is determined based on the quoted price on the balance sheet date or prices provided by brokers on the same date, when available. For unlisted financial instruments, fair value is determined using valuation techniques (see note 1 "Significant accounting principles"). Concerning liabilities measured at fair value, the on-balance sheet amounts include changes in the Group's issuer credit risk.

- **Other debts**

For listed financial instruments, fair value is taken as their closing quoted price on the balance sheet date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates (including counterparty risks, non-performance and liquidity risks).

1.2. FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE ON THE BALANCE SHEET

For financial instruments that are not recognised at fair value on the balance sheet, the figures given in the notes should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

The fair values of financial instruments include accrued interest as applicable.

- **Loans, receivables and lease financing agreements**

The fair value of loans, receivables and lease financing transactions for large corporates is calculated, in the absence of an actively-traded market for these loans, by discounting expected cash flows to present value based on the market rates (the benchmark maturity yield published by the Banque de France and the zero coupon yield) on the balance sheet date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

The fair value of loans, receivables and lease financing transactions for retail banking customers, essentially comprised of individuals and small or medium-sized companies, is determined, in the absence of an actively-traded market for these loans, by discounting the associated expected cash flows to present value at the market rates in force on the balance sheet closing date for similar types of loans and similar maturities.

For all floating-rate loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity less than or equal to one year, fair value is taken to be the same as book value net of impairment, assuming there has been no significant change in credit spreads on the counterparties concerned since they were recognised in the balance sheet.

- **Customer deposits**

The fair value of retail customer deposits, in the absence of an actively-traded market for these liabilities, is taken to be the same as the value of future cash flows discounted to present value at the market rates prevailing on the balance sheet closing date.

For floating-rate deposits, demand deposits and borrowings with an initial maturity of less than or equal to one year, fair value is taken to be the same as book value.

2. VALUATION METHODS OF FINANCIAL INSTRUMENTS AFFECTED BY THE FINANCIAL CRISIS

In 2011, the Societe Generale Group continued to be affected by the high volatility of financial instruments and an uncertain economic environment, particularly on:

- its positions in super senior and senior tranches of CDOs (Collateralised Debt Obligations) exposed to the US residential mortgage sector;
- its US RMBS (Residential Mortgage Backed Securities) positions;
- its CMBS (Commercial Mortgage Backed Securities) positions;
- its exposure to counterparty risk on monoline insurers.

2.1. CASE OF SUPER SENIOR AND SENIOR TRANCHES OF CDOS EXPOSED TO THE US RESIDENTIAL MORTGAGE SECTOR

In the absence of observable transactions, the valuation of super senior and senior tranches of CDOs exposed to the US residential mortgage market was carried out using a model with largely unobservable data or not quoted in an active market.

Societe Generale Group's approach focuses on the valuation of individual mortgage pools, the underlying assets of the structured bonds, in order to estimate the value of RMBS bonds and consequently the value of CDO tranches, using a prospective conservative credit scenario (as opposed to a marked-to-market approach).

Four key variables are used to estimate future mortgage pool cash flows: probability of default, loss given default, pre-payment speed and default horizon. The future flows are then discounted using an average rate observed on the market. The impact of the annual review of these parameters generated write-downs of EUR 0.3 billion on hedged and unhedged US RMBS CDOs.

CUMULATIVE LOSS RATES ON SUBPRIME ASSETS (CALCULATED ON THE NOMINAL VALUE)

	2004	2005	2006	2007
Assumptions for cumulative end-2010 losses *	6.1%	16.5%	39.6%	49.5%
Assumptions for cumulative end-2011 losses	8.5%	20.1%	38.8%	48.9%

* The loss rate incorporates the illiquidity of the tranches (in 2010 via a specific discount, in 2011 directly via the retained assumptions).

As of March 31, 2011, the measurement was refined with a more advanced waterfall method, which takes into account the cash flows at the CDO level in addition to those at the level of the underlying assets.

The nominal amount of super senior and senior unhedged tranches of US RMBS CDOs carried at fair value on the balance sheet decreased from EUR 3.9 billion as at December 31, 2010 to EUR 1.7 billion as at December 31, 2011, as a result of the dismantling of certain US RMBS CDOs. Concerning this position, write-downs recorded in 2011 amount to EUR 0.3 billion and negatively affect bonds and other debt instruments at fair value through profit or loss booked as assets on the consolidated balance sheet. The fair value of these tranches as at December 31, 2011 equals EUR 0.4 billion compared to EUR 1.7 billion at the end of December 2010.

The nominal amount of hedged US RMBS CDOs carried at fair value on the balance sheet is stable at EUR 1.7 billion as at December 31, 2011. Their fair value as at the end of December 2011 equals EUR 0.5 billion compared to EUR 0.7 billion at the end of December 2010.

2.2. CASE OF US RMBS (RESIDENTIAL MORTGAGE BACKED SECURITIES)

For positions relative to bonds whose underlyings are subprime risks on US residential real estate exposure, the valuation technique had been based on the use of observable prices on benchmark indices, in particular the ABX index, since the second half of 2007. The return of liquidity in the market has allowed individually reliable prices to become available again. As a result, the Group switched its valuation approach since the first half of 2011 to external market prices.

The residual exposure booked at fair value on the balance sheet to US RMBS[1], following the dismantling of certain CDO of RMBS, amounts to EUR 0.4 billion as at December 31, 2011, versus EUR 0.2 billion as at December 31, 2010.

2.3. CASE OF CMBS (COMMERCIAL MORTGAGE BACKED SECURITIES)

CMBS are valued using market parameters. Up until December 31, 2010, each US CMBS bond had been valued using the credit spread of its CMBX benchmark index (same vintage, same rating). However, the return of liquidity in the market enabled the Group to switch to a market sourced credit spread for each bond in the first half of 2011.

The residual exposure booked at fair value on the balance sheet to CMBS[1] decreased from EUR 0.3 billion as at December 31, 2010 to EUR 0.2 billion as at December 31, 2011.

2.4. EXPOSURE TO CREDIT RISK ON MONOLINE INSURERS

The exposure to credit risk on monoline insurers is included under *Financial assets at fair value through profit or loss*. The fair value of the Group's exposure to monoline insurers that have granted credit enhancements on assets, including assets with US real estate underlyings takes into account the deterioration in the estimated credit risk on these players.

Between 2008 and September 30, 2011, the marked-to-market value of CDS (Credit Default Swaps) purchased as hedges from bank counterparties was neutralised on the income statement and the value adjustments for credit risk on monoline insurers were calculated based on the fair value of protection net of the nominal of hedges purchased.

Since the fourth quarter of 2011, the marked-to-market value of CDS purchased as hedges is no longer neutralised on the income statement and value adjustments for credit risk on monoline insurers have been calculated based on the fair value of protection. The exposure to credit risk on monoline insurers can be broken down into three parts:

- exposure linked to CDO tranches of RMBS, for which the methodology and the parameters applied by the Group are the same as for unhedged CDOs;
- exposure linked to non RMBS CDOs (excluding US residential mortgage market) and infrastructure finance, for which a marked-to-stress methodology (maximum historical cumulative loss over five years for each asset category) and an adjustment derived from the marked-to-market are applied;
- exposure linked to corporate credit (CLOs) and other secured financial instruments measured at marked-to-market.

(1) Excluding exotic credit derivatives.

As a result, the fair value of protection before value adjustments increased due to the evolution of the valuation of CDO of RMBS, the deterioration of corporate credit (CLO) and the US dollar's appreciation against the euro.

Consequently, the estimate of the amounts that may be due to the Societe Generale Group from monoline insurers' guarantees increased from EUR 1.8 billion as at December 31, 2010 to EUR 2.4 billion as at December 31, 2011.

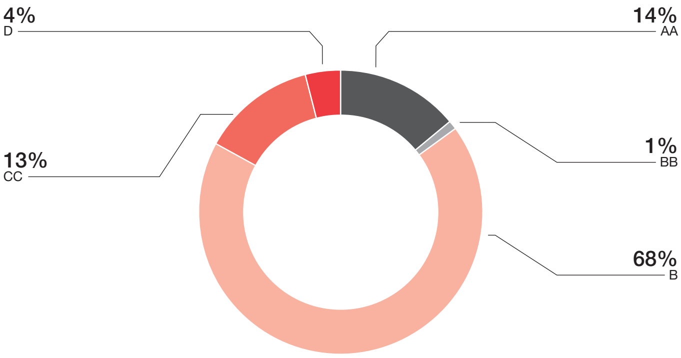
In 2011, the value adjustments calculated for credit risk on monoline insurers increased by EUR 0.4 billion, reaching a total of EUR 1.3 billion. These adjustments are calculated based on the application of conservative cumulative loss rates (up to 90% for the most poorly rated monoline insurers). The expected loss rate applied to each monoline is reviewed quarterly and adjusted when needed.

EXPOSURE TO COUNTERPARTY RISK ON MONOLINE INSURERS (IMMEDIATE DEFAULT SCENARIO FOR ALL SOCIETE GENERALE GROUP'S MONOLINE INSURER COUNTERPARTIES)

(In billions of euros)	December 31, 2011	December 31, 2010
Fair value of protection before value adjustments	2.39	1.82
Value adjustments for credit risk on monolines insurers (booked under protection) *	(1.28)	(0.92)
Net exposure to counterparty risk on monolines insurers	1.11	0.90
Nominal amount of hedges purchased *	(1.06)	(0.48)

* Amount as at December 31, 2010, adjusted of the reclassification of the cash collateral of EUR 0.07 billion previously presented with the nominal amount of hedges purchased.

FAIR VALUE OF PROTECTION BEFORE VALUE ADJUSTMENT AT DECEMBER 31, 2011



3. SENSITIVITY OF FAIR VALUE FOR INSTRUMENTS IN LEVEL 3

Unobservable parameters are assessed carefully, particularly in the ongoing depressed current economic environment and market. However, by their very nature, unobservable parameters imply a degree of uncertainty in their valuation.

To quantify this, a sensitivity of fair value at December 31, 2011 was estimated on instruments whose valuation is based on unobservable parameters. This estimate was made on the basis of:

- a "fixed" 10% variation of the cumulative loss rates estimated for a given vintage of the underlying assets to model the super senior and senior CDO tranches of US RMBS and the non-RMBS CDOs. For a 10% rise (e.g. from 25% to 27.5%), the valuation would decrease by EUR 148 million, and, for a 10% drop, the valuation would increase by EUR 229 million[1];
- a "standardised"[2] variation of other unobservable parameters, calculated for each parameter on a net position.

(1) The exposures taken into account in this calculation include:
- the possible hedges on the bonds considered (CDS);
- where applicable, the value adjustments made on monoline insurers CDS.

(2) Meaning:
- either the standard deviation of consensus prices which contribute to evaluating the parameter (TOTEM...) that are nevertheless considered unobservable,
- or the standard deviation of historical data used to assess the parameter.

Sensitivity to a standard variation in unobservable parameters – absolute value in millions of euros	
Shares, other equity instruments and derivatives	
Equity instrument volatility	18
Dividends	4
Correlation	7
Hedge Fund volatility	27
Mutual Fund volatility	13
Bonds, other debt instruments and derivatives	
Correlations between exchange rates	10
Correlations between exchange rates and interest rates	5
Time to default correlation (CDO)	34
Correlation between exchange rates and time to default (CDO)	2
Unobservable credit spreads (CDO)	1
Others	
Commodities correlations	7

The estimates above include the impact on profit or loss of positions at market value through profit and loss and the impact on other comprehensive income of available-for-sale financial assets. It should be noted that, given the already conservative valuation levels (see 1.1 – "Financial instruments carried at fair value on the balance sheet"), the probability attached to this uncertainty is higher for a favourable impact on results than for an unfavourable impact.

Note 4

RISK MANAGEMENT LINKED TO FINANCIAL INSTRUMENTS

This note describes the main risks linked to financial instruments and the way they are managed by the Group according to IFRS 7 requirements ("Disclosures – Transfers of Financial Assets").

Societe Generale risk management is articulated according to the following categories:

- **Credit and counterparty risk** (including country risk): risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes the counterparty risk linked to market transactions (replacement risk), as well as securitisation activities. In addition, credit risk may be further amplified by concentration risk, which arises from a large exposure to a given risk, to one or a few counterparties, or to one or more homogeneous groups of counterparties;
- **Market risk:** risk of a decline in the value of financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates and the price of securities (equities, bonds), commodities, derivatives and all other assets, including real estate assets;
- **Liquidity risk:** risk of the Group not being able to meet its cash or collateral requirements as they arise and at reasonable cost;
- **Structural interest and exchange rates risk:** risk of loss or write-down of the Group's assets arising from variations in interest or exchange rates. Structural interest rate and exchange rate risks arise from commercial activities and from transactions entered into by the Corporate Centre (operations involving the shareholders' equity, investments and bond issues).

1. ORGANISATION, PROCEDURES AND METHODS

1.1. RISK MANAGEMENT STRATEGY

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

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

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

- the relative risk/reward of the Group's activities;

- earnings sensitivity to economic cycles and credit or market events;
- sovereign and macro-economic risks, both on the emerging markets and in developed countries;
- the balance in the portfolio of earning streams.

1.2. RISK MANAGEMENT GOVERNANCE, CONTROL AND ORGANISATION PRINCIPLES

The Group's risk management governance is based on:

- strong managerial involvement, throughout the entire organisation, from the Board of Directors down to operational 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:

- risk assessment departments should be independent from the operating divisions;
- the approach and risk monitoring should be consistent 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. The Group's Corporate Divisions, such as the Risk Division and Finance Division, which are independent from the operating divisions, are dedicated to permanent risk management and control under the authority of the General Management.

• The Board of Directors

The Board of Directors defines the Group's strategy, by assuming and controlling risks, and ensures its implementation. In particular, the Board of Directors ensures the adequacy of the Group's risk management infrastructure, monitors changes in the cost of risk and approves the market risk limits. Presentations on the main aspects of, and notable changes to the Group's risk management strategy are made to the Board of Directors by the General Management at least once a year (more often if circumstances require).

• 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 quality of the Group's internal control. More specifically it is responsible for examining the internal framework for risk monitoring to ensure consistency and compliance with procedures, laws and regulations in force. The Committee benefits from specific presentations made by the General Management, reviews the procedures for controlling market risks as well as the structural interest rate risk and is consulted about the setting of risk limits. It also issues an opinion on the Group's overall write-down policy as well as on large specific provisions. Lastly, it examines the Annual Report on internal control, which is submitted to the Board of Directors and to the French Prudential Supervisory Authority *(Autorité de Contrôle Prudentiel)*.

• The Risk Committee and the Large Exposures Committee

Chaired by the General Management, the Risk Committee (CORISQ) meets at least once a month to discuss the major trends for the Group in terms of risk. Generally, the CORISQ, upon proposal of the Risk Division, takes the main decisions pertaining to, on the one hand, the architecture and the implementation of the Group's risk monitoring system, and on the other, the framework of each type of risk (credit risk, country risk, market and operational risks).

In addition to the CORISQ, the Group has a Large Exposures Committee, which focuses on reviewing large individual exposures.

• The Risk division

The Risk division's primary role is to put in place a risk management system and to contribute to the Group's business development and profitability. In exercising its functions, it reconciles independence from and close cooperation with the core businesses, these being responsible first and foremost for the transactions they originate.

Accordingly, the Risk division is responsible for:

- providing hierarchical and functional supervision of the Group's Risk structure;
- identifying the risks borne by the Group;
- putting into practice a governance and monitoring system for these risks across all business lines, and regularly reporting on their nature and their magnitude to the General Management, the Board of Directors and the supervisory authorities;
- contributing to the definition of risk policies, taking into account the aims of the core businesses and the corresponding risk issues;
- defining or validating risk analysis, assessment, approval and monitoring methods and procedures;

- validating the transactions and limits proposed by the business managers;
- defining the risk monitoring information system, and ensuring its suitability for the needs of the core businesses and its consistency with the Group's information system.

New product procedures

Each division submits all new products, businesses or activities to the New Product procedure. This procedure, which is jointly managed with the Risk Division and business divisions, aims to ensure that, prior to the launch of a new product, business or activity:

- all associated risks are fully identified, understood and correctly addressed;
- compliance is assessed with respect to the laws and regulations in force, codes of good professional conduct and risks to the reputation of the Group;
- all the support functions are committed and have no, or no longer have, any reservations.

This procedure is underpinned by a very broad definition of a new product, which applies to the creation of a new product, the outsourcing of essential or important services, the adaptation of an existing product to a new environment or the transfer of activities involving new teams or new systems.

The Finance Division

Within the Finance Division, the Financial Management and Capital department manages the capital requirements and the capital structure.

Since January 1, 2011, the management and monitoring of structural risks have been carried out by two separate entities, in accordance with regulatory principles that recommend separating risk oversight and control functions.

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

The Finance Policy Committee is chaired by the General Management and validates the system used to analyse and measure structural risks as well as the exposure limits for each Group entity. It also serves an advisory role for the business divisions and entities.

Societe Generale's risk measurement and assessment processes are an integral part of the bank's ICAAP (Internal Capital Adequacy Assessment Process[1]). Alongside capital management, the ICAAP is aimed at providing guidance to both CORISQ and Financial Committee in defining the Group's overall risk appetite and setting risk limits.

2. CREDIT RISKS

2.1. RISK MANAGEMENT GENERAL PRINCIPLES

2.1.1. Credit policy

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, the purpose and nature of the transaction and the sources of repayment. Credit decisions must also ensure that the structure of the transaction will minimise the risk of loss in case of default of the counterparty. Risk approval forms part of the Group's risk management strategy in line with its risk appetite.

2.1.2. Approval process

The risk approval process is based on four core principles:

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

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

Finally, the supervision provided by the CORISQ is supplemented by the Large Exposure Risk Committee.

(1) ICAAP: Internal Capital Adequacy Assessment Process, corresponds to the Pillar II process required under the Basel Accord that enables the Group to ensure capital adequacy to support all business risks.

2.1.3 Credit and counterparty risk monitoring

Societe Generale places great emphasis on carefully monitoring its credit and counterparty 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).

A significant weakening in the bank's counterparties also prompts urgent internal rating reviews. A specific supervision and approval process is put in place for more sensitive counterparties or more complex financial instruments.

2.2. RISK MEASUREMENT AND INTERNAL RATINGS

The Group's rating system makes a key distinction between retail customers and corporate, bank and sovereign clients:

- for retail customer portfolios, internal models are used to measure credit risks, calculated according to the borrower's probability of default (PD) within one year and the percentage loss if the counterparty defaults (Loss Given Default, LGD). These parameters are automatically assigned, in line with the Basel Accord's guidelines;
- for the corporate, bank and sovereign portfolios, the rating system relies on two main pillars: obligor rating models used as a decision support tool when assigning a rating and a system that automatically assigns LGD and CCF (Credit Conversion Factor) parameters according to the characteristics of the transactions.

In both cases a set of procedures defines the rules relating to ratings (scope, frequency of rating review, procedure for approving ratings, etc.), and for the supervision, backtesting and validation of models. Amongst other things, these procedures facilitate human judgement, which takes a critical eye on the results and is an essential accompaniment to the models for these portfolios.

The Group's internal models enable a quantitative assessment of credit risks based on the probability of default of the counterparty and the loss given default. These elements are included in the credit applications and are factored into the calculation of the risk-adjusted return on capital. They are used as a tool for structuring, pricing and approving transactions. Thus, obligor ratings are one of the criteria for determining the approval limits granted to operational staff and the risk function.

All Group risk models are developed and validated on the basis of the longest available internal historical data, which must be representative (in terms both of the concerned portfolios and the effects of the economic environment during the period) and conservative. As a result, the Group's risks estimates are not excessively sensitive to changes in the economic environment, while being able to detect any deterioration of risks. The PD modelling for large corporates has also been calibrated against long-term default statistics obtained from an external rating agency.

These models used to estimate the PDs and LGDs cover the vast majority of the Group's credit portfolios (Retail Banking and Corporate and Investment Banking). Most of them were IRBA-validated (Internal Ratings Based Advanced approach) in 2007 and have since undergone regular performance assessments.

In addition, the Bank received authorisation from the regulator to use the Internal Assessment Approach (IAA) when calculating regulatory capital requirements for Asset-Backed Commercial Paper conduits.

2.3. MANAGEMENT OF THE CREDIT PORTFOLIO AND OF COUNTERPARTY RISK

The Group uses credit risk mitigation techniques both for market and commercial banking activities. These techniques provide partial or full protection against the risk of debtor insolvency.

Credit derivatives used to mitigate Corporate concentration risk

The Group uses credit derivatives in the management of its Corporate credit portfolio. They primarily enable the reduction of individual, sector and geographic concentration and the implementation of proactive risk and capital management. The Group's over-concentration management policy has led to it taking major individual hedging positions: for example, the ten most-hedged names account for 56% of the total amount of individual protection purchased.

Total outstanding purchases of protection through Corporates credit derivatives decreased from EUR 7.7 billion to EUR 4.6 billion at end-December 2011, mainly due to the unwinding of certain positions and the non-renewal of matured protection. The widening in CDS spreads that started in 2010 on European investment grade issues (Itraxx index) accelerated strongly in 2011 as a result of the developments in the sovereign debt crisis.

In order to limit the volatility of the income generated by the CDS portfolio (as they are valued at Marked-to-Market) the department in charge of corporate portfolio concentration management, has entered into credit derivatives transactions, to reduce the portfolio's sensitivity to credit spreads tightening.

Almost all protection was purchased from bank counterparties with ratings of A- or above, the average being A+. Concentration with any particular counterparty is carefully monitored.

In accordance with IAS 39, all credit derivatives regardless of their purpose shall be recognised at fair value through profit and loss and cannot be booked as hedging instruments. Accordingly, they are recognised as trading derivatives at their notional value and fair value.

- **Guarantees and collateral**

Guarantees and collateral are used to partially or fully protect the bank against the risk of debtor insolvency (e.g. mortgage or hedging through a *Crédit Logement* (housing credit) guarantee for mortgage loans granted to individuals). Guarantor ratings are reviewed internally at least once a year and collateral is subject to revaluation at least once a year.

Moreover, Societe Generale Group has strengthened the guarantees and collaterals process and the updating of their valuation (data collection of the guarantees and collateral, operational procedures).

Societe Generale Group therefore proactively manages its guarantees with the aim of reducing the risks it takes by diversifying guarantees: physical collateral, personal and other guarantees.

- **Mitigation of counterparty risk linked to market transactions**

Societe Generale uses different techniques to reduce the counterparty risk. With regard to trading counterparties, it 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, provide their value is adjusted ("haircuts") to reflect the lower quality and/or liquidity of the asset.

- **Credit insurance**

As well as turning to Export credit agencies (for example Coface and Exim) and multilaterals organisations (for example the EBRD), Societe Generale has been developing relationships with private insurers over the last few years in order to hedge part of the financing against all non-payment risks, both commercial and political.

This activity is exercised within a risk framework and monitoring system validated by the Group's General Management. This system is based on a global limit for the activity, complemented by sub-limits by maturity and individual limits in order to reduce concentration by counterparty insurer which has to meet strict criteria of eligibility.

The implementation of such a policy contributes to a sound reduction of risks.

2.4. CREDIT PORTFOLIO ANALYSIS

• 2.4.1 Breakdown of on-balance-sheet credit portfolio

Outstanding loans in the on-balance-sheet credit portfolio can be broken down as follows:

(In billions of euros)	December 31, 2011				December 31, 2010			
	Debt instruments(1)	Customer loans(2)	Due from banks	Total	Debt instruments*(1)	Customer loans*(2)	Due from banks*	Total*
Outstanding performing assets *	115.02	369.97	37.36	522.35	93.49	376.16	42.14	511.79
*of which including past due amount **		*7.24*	*0.14*	*7.38*		7.14	0.20	7.34
Impaired loans and advances	1.32	27.71	0.2	29.23	0.88	26.41	0.33	27.62
Total gross outstanding loans *	**116.34**	**397.68**	**37.56**	**551.58**	**94.37**	**402.57**	**42.47**	**539.41**
Depreciation	(0.99)	(16.76)	(0.12)	(17.87)	(0.66)	(15.29)	(0.15)	(16.1)
Revaluation of hedged items	-	0.54	0.05	0.59	-	0.76	0.07	0.83
Total net outstanding loans	**115.35**	**381.46**	**37.49**	**534.3**	**93.71**	**388.04**	**42.39**	**524.14**
Loans secured by notes and securities and securities purchased under resale agreement	-	15.39	48.96	64.35	-	12.97	27.88	40.85
Total	**115.35**	**396.85**	**86.45**	**598.65**	**93.71**	**401.01**	**70.27**	**564.99**

* Amounts adjusted with respect to the financial statements published as at December 31, 2010.

(1) Debt instruments include available for sale and held to maturity assets.

(2) Including Lease Financing and similar agreements.

Performing oustanding including past due amounts account for 1.8% of unimpaired on-balance sheet assets excluding debt instruments and include loans that are past due for technical reasons. The amount is stable compared to December 31, 2010 (1.7% of outstanding performing assets excluding debt/securities).

• 2.4.2. Information on risk concentration

The measurement used for outstanding in this section is EAD – Exposure At Default (on-balance sheet and off-balance sheet), excluding fixed assets, equity investments, accruals.

At December 31, 2011, the Exposure at Default of the Group amounts EUR 743 billion (including EUR 559 billion on-balance sheet).

Societe Generale Group proactively manages its risk concentrations, both at the individual and portfolio levels (geographic or industry concentration).

Individual concentration is a parameter managed when at the time of origination of the loan and throughout the life of the loan. The counterparts representing the most important exposures of the bank are regularly reviewed by the General Management.

Global portfolio analyses, as well as geographic and sector analyses, are performed and periodically presented to the General Management.

CREDIT RISK EXPOSURE BY EXPOSURE CLASS EXCLUDING SECURITISATION AS AT DECEMBER 31, 2011 *(Exposure At Default)*

Portfolio	December 31, 2011	December 31, 2010
(In millions of euros)	EAD	EAD
Exposure Class		
Sovereign	116,672	69,706
Institutions(1)	118,842	121,444
Corporate	301,810	300,210
Retail	183,926	179,246
TOTAL	**721,250**	**670,606**

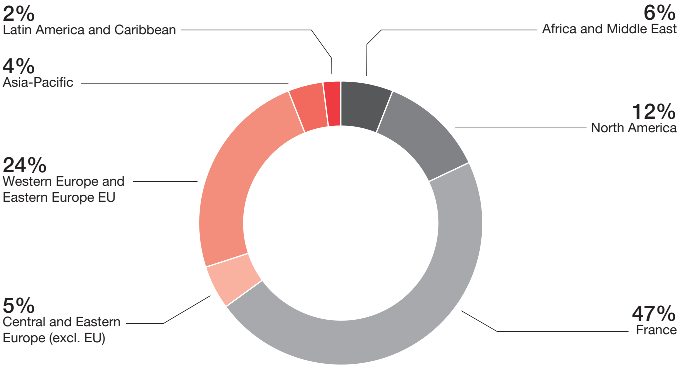
(1) Institutions: Basel classification banks and public sector entities.

RETAIL CREDIT RISK EXPOSURE BY EXPOSURE CLASS AS AT DECEMBER 31, 2011 *(Exposure At Default)*

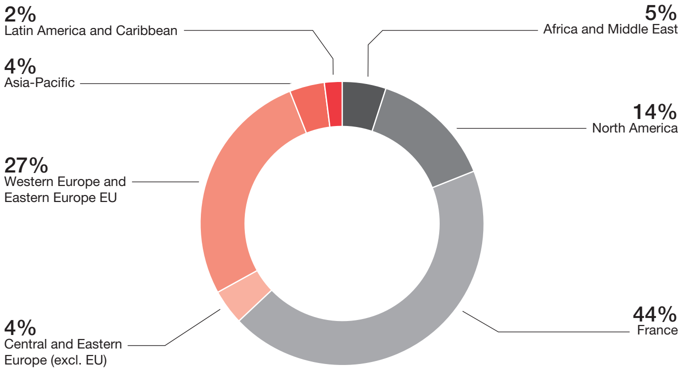
Retail Portfolio	December 31, 2011	December 31, 2010
(In millions of euros)	EAD	EAD
Exposure Class		
Residential mortgages	91,245	84,642
Revolving credit	10,435	10,954
Other credit to individual	56,380	58,583
Very small enterprises and self-employed	25,866	25,066
TOTAL	**183,926**	**179,245**

GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK OUTSTANDING AS AT DECEMBER 31, 2011 (ALL CLIENT TYPES INCLUDED)

Balance sheet commitments (EUR 559 billion in EAD)

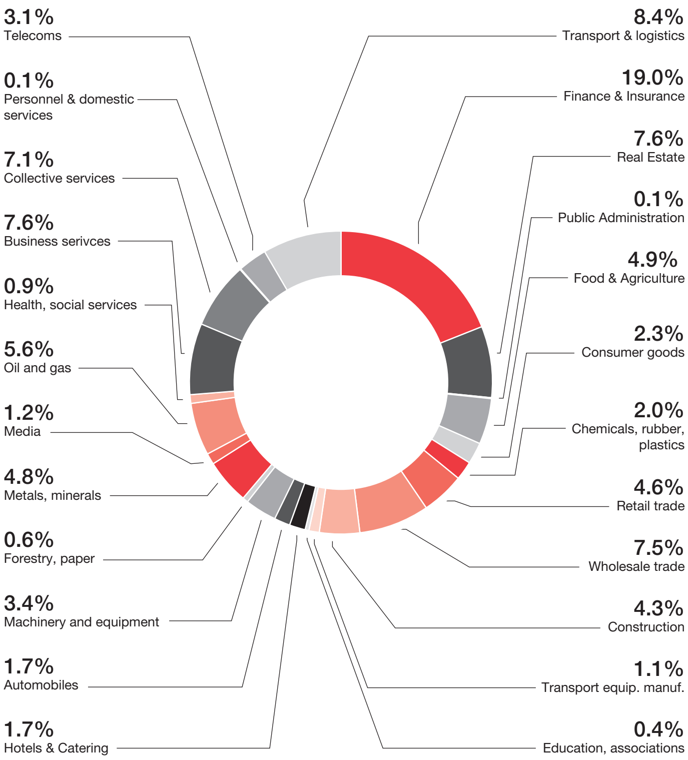


On-balance sheet and off-balance sheet commitments (EUR 743 billion in EAD)



At December 31, 2011, 85% of the Group's on and off-balance sheet outstanding loans were concentrated in the major industrialised countries. Almost half of the overall amount of outstanding was to French customers (26% to non-retail customers and 18% to individual customers).

SECTOR BREAKDOWN OF GROUP CORPORATE OUTSTANDING AT DECEMBER 31, 2011 (BASEL CORPORATE PORTFOLIO, EUR 302 BILLION IN EAD) *



* On-balance sheet and off-balance sheet EAD, excluding fixed assets, accruals and equity investments.

The Group's Corporate portfolio (Large Corporates, SMEs and Specialised Financing) is highly diversified in terms of sectors.

At December 31, 2011, the Corporate portfolio amounted to EUR 302 billion (on and off-balance sheet outstanding measured in EAD). Only the Finance and Insurance sector accounts for more than 10% of the portfolio.

The Group's commitments to its ten largest corporate counterparties account for 5% of this portfolio.

2.4.3. Loans and advances past due not individually impaired

	December 31, 2011			December 31, 2010 *		
(Gross outstanding loans in billions of euros)	Loans and advances to Customers	Loans and advances to Banks	% of Gross outstanding loans	Loans and advances to Customers	Loans and advances to Banks	% of Gross outstanding loans
Past due amounts less than 91 days old	6.62	0.04	90.2%	6.6	0.17	92.2%
Included less than 31 days old	*4.36*	*0.04*	*60.0%*	*3.88*	0.15	*55.0%*
Past due amounts between 91 and 180 days old	0.36	0.03	5.3%	0.31	0.03	4.6%
Past due amounts over 180 days old	0.26	0.07	4.5%	0.23	-	3.2%
TOTAL	**7.24**	**0.14**		**7.14**	**0.20**	

* Amounts adjusted with respect to the financial statements published as at December 31, 2010.

The amounts presented in the table above include loans and advances that are past due for technical reasons, which primarily affect the "less than 31 days old" category. Loans past due for technical reasons are loans that are classified as past due on account of a delay between the accounting in the customer account and the payment value date.

Total declared past due loans not individually impaired are all receivables (outstanding balance, interest and past due amounts) with at least one recognised past due amount. These outstanding loans can be placed on a watch list as soon as the first payment is past due.

Once a payment has been past due for 90 days, the counterparty is deemed to be in default (with the exception of certain categories of outstanding loans, particularly those relating to public sector entities).

• 2.4.4. Guarantees and collaterals for not individually impaired outstanding loans and impaired outstanding loans

Guarantees and collateral relating to not individually impaired outstanding loans and impaired outstanding loans can be broken down as follows:

	December 31, 2011		December 31, 2010	
(In millions of euros)	Retail	Non-retail	Retail	Non-retail
Guarantees and collaterals related to neither past due nor individually impaired loans	82,104	56,269	79,516	57,376
Guarantees and collaterals related to past due, not individually impaired loans	1,398	1,014	1,533	1,005
Guarantees and collaterals related to impaired outstanding loans	2,305	2,405	2,119	1,946

* Amounts adjusted with respect to the published financial statements as at December 31, 2010.

The amounts of the guarantees and collaterals presented in the table above correspond to the amounts allocated for the calculation of Group capital requirements.

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

2.5. IMPAIRMENT

• 2.5.1. Individual provisions for credit risk

Decisions to book individual provisions on certain counterparties are taken where there is objective evidence of default. The amount of depreciation depends on the probability of recovering the amounts due. The expected cash flows are based on the financial position of the counterparty, its economic prospects and the guarantees called up or that may be called up.

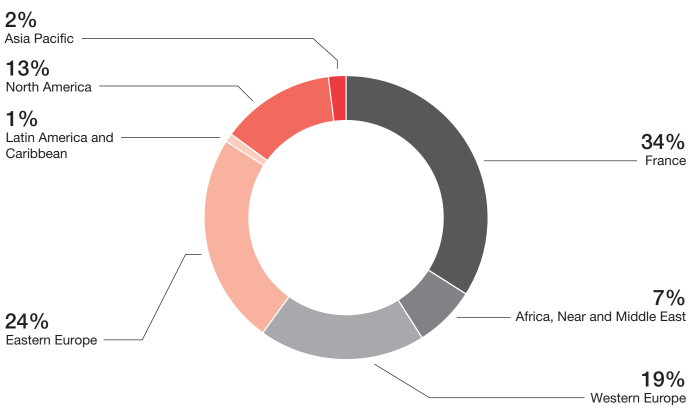
A counterparty is deemed to be in default when at least one of the following conditions is verified:

- a significant financial degradation of the borrower leads to a high probability of it being unable to fulfil its overall commitments (credit obligations) hence a risk of loss to the bank; and/or
- one or several past due of more than 90 days are recorded; and/or
- an out of court settlement procedure is initiated, (with the exception of certain asset categories, such as loans to local authorities); and/or
- a legal proceeding such as a bankruptcy, legal settlement or compulsory liquidation is in progress.

Sovereign issuers are deemed to be in default when the debt service is no longer paid or when an exchange offer is proposed, involving a loss in value for the creditors[1].

As at December 31, 2011, impaired outstanding loans amount to EUR 27.9 billion (EUR 26.7 billion as at December 31, 2010), including EUR 3.8 billion on legacy assets within the Corporate and Investment Banking Division. They can be broken down as follows:

BREAKDOWN OF IMPAIRED OUTSTANDING LOANS BY GEOGRAPHIC REGION AT DECEMBER 31, 2011



(1) See Note 25.

As at December 31, 2010, impaired outstanding loans were broken down as follows: 34% France, 25% Central and Eastern Europe, 17% Western Europe, 16% North America, 6% Africa, Near and Middle East, 1% Asia Pacific and 1% Latin America and Caribbean.

As at December 31, 2011, these loans were provisioned for an amount of EUR 15.6 billion, including EUR 2.1 billion for legacy assets.

2.5.2. Depreciation on groups of homogenous assets

Provisions on groups of homogenous assets are collective provisions booked:

- for groups of receivables that are homogenous in terms of sensitivity to risk factors (list of weak counterparties, identified as sensitive);
- for portfolio segments which have suffered an impairment in value following a deterioration in risk (country or sector risk).

These provisions are calculated on the basis of observed historical losses, adjusted to reflect any relevant current economic conditions, and regular analyses of the portfolio by industrial sector, country or counterparty type. They are reviewed quarterly by the Risk division.

As at December 31, 2011, provisions on groups of homogeneous assets amounted to EUR 1.3 billion; they totalled EUR 1.2 billion at December 31, 2010.

2.5.3. Depreciation

Impairments on assets are broken down as follows:

(In millions of euros)	Amount at December 31, 2010	Net impairment allowance	Reversal used	Exchange and scope effects	Amount at December 31, 2011
Specific impairments (Bank loan + Customer loan + lease financing)	14,200	3,115	(1,903)	184	15,596
Impairments on groups of similar assets	1,244	47	-	-	1,291
Impairments on available-for-sale assets and held to maturity securities, fixed income instruments	661	735	(240)	(171)	985
Other impairments	194	70	(36)	(5)	223
Total	**16,299**	**3,967**	**(2,179)**	**8**	**18,095**

3. MARKET RISKS

Market risk is the risk of losses resulting from unfavourable changes in market parameters. It concerns all the trading book transactions as well as some of the banking book portfolio valued through the mark-to-market approach.

3.1. MARKET RISK MANAGEMENT STRUCTURE

Although primary responsibility for managing risk exposure lies with the front office managers, the supervision system is based on an independent structure, the Market Risk Department of the Risk Division.

It carries out the following tasks:

- permanent 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 the Board of Directors, and monitoring of their use;
- centralisation, consolidation and reporting of the Group's market risks;
- proposals to the Group Risk Committee of the levels of authorised risk by type of activity.

Besides these specific market risk functions, the Department also monitors the gross nominal 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 first level 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 and the accounting services;
- 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 limits, Stress Tests (extreme scenarios) and general sensitivity to interest rates compared to the limits set out at Group level is submitted to General Management and the managers of the business lines, in addition to a monthly report which summarises key events in the area of market risk and specifies the use of the limits set by General Management and the Board of Directors.

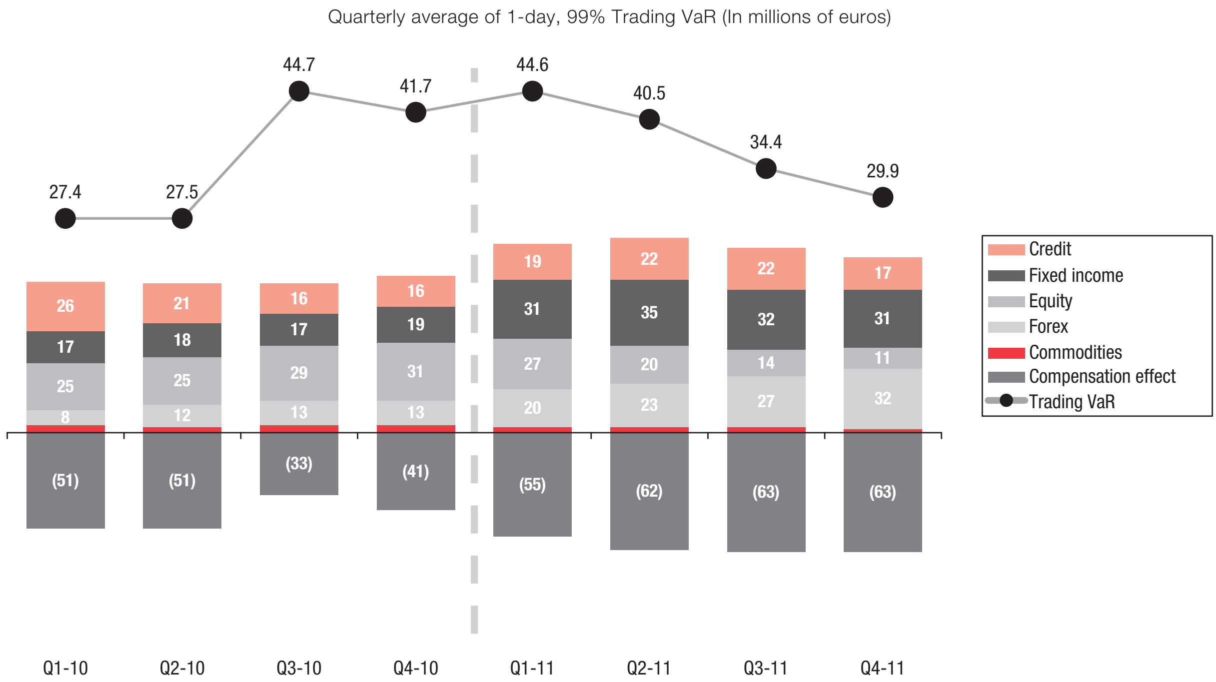
3.2. METHODS FOR MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

The Group's market risk assessment is based on three main 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 the day-to-day monitoring of the market risks incurred by the Bank, notably on the scope of its trading activities;
- a Stress Test measurement, based on a decennial shock-type indicator. Stress Test measurements limit the Group's exposure to systemic risk and exceptional market shocks;
- complementary limits (sensitivity, nominal, concentration or holding period, etc.), which ensure consistency between the global risk limits and the operational thresholds used by the front office. These limits also allow for control of risks that are only partially detected by VaR or Stress Test measurements.

The following indicators have been set up in light of CRD3: Stressed VaR, IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure), all of which are calculated weekly. The capital charges arising from these new internal models complement the previous measure (VaR) so as to better take into account extreme risks (in particular rating migration and default) and to limit the procyclical nature of capital requirements.

BREAKDOWN OF TRADING VAR BY TYPE OF RISK – CHANGES IN QUATERLY AVERAGE OVER THE 2010-2011 PERIOD (IN MILLIONS OF EUROS)



3.2.1. Average VaR

The average VaR amounts to EUR 37 million for the year 2011 against an annual average of EUR 35 million in 2010.

Beyond the stability at a low level in average VaR, 2011 saw a steady decline in VaR. After increasing slightly at the start of the year in a bullish market, the Group intentionally adopted more defensive positions during the country crises in March (Mediterranean basin and Japan). Subsequently, positions were kept at a reduced level in light of the deepening Greek debt crisis and the resulting uncertainty. These defensive positions were bolstered during and after the crisis in August, as is illustrated by a decline in VaR despite the inclusion of volatile scenarios in the rolling 1-year window used to compute VaR.

3.2.2. VaR calculation 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 "historical 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 prices, volatility, credit spreads, etc.);
- the definition of 260 scenarios, corresponding to one-day variations in these market parameters over a rolling one-year period;
- the application of these 260 scenarios to the market parameters of the day;
- the revaluation of daily positions, on the basis of the 260 sets of adjusted daily market parameters.

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

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

- 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 detailed 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 "backtesting" 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 as well as additional measurements.

Today, the market risks for almost all of Corporate and Investment Banking's market 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.

3.2.3. Stressed VaR (SVaR)

Societe Generale has been authorised by the French Prudential Supervisory Authority (Autorité de Contrôle Prudentiel) to complement its internal models with the new CRD3 measurements, in particular Stressed VaR, for the same scope as VaR.

The calculation method used is the same as under the VaR approach. This consists in carrying out a historical simulation with 1-day shocks and a 99% confidence interval. Contrary to VaR, which uses 260 scenarios for one-day fluctuations over a rolling one-year period, Stressed VaR uses a fixed one-year historical window corresponding to a period of significant financial tension.

The choice of the historical window of market stress has been approved by the regulator, using a method that captures significant shocks on all risk factors (covering equity, fixed-income, forex and commodity risk). This window of historical market stress is subject to an annual review and any changes to it must first be approved by the regulator.

3.2.4. 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 parameters 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 8 hypothetical scenarios, including the "Societe Generale Hypothetical Financial Crisis Scenario" (or "Generalised" scenario), based on the events observed in 2008. Together with 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 8 hypothetical scenarios;
- stress test limits are established for the Group's activity as a whole and then for the Bank's various business lines. They reflect the most adverse result arising from the 27 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.

3.2.5. Historical Stress Tests

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

3.2.6. Hypothetical Stress Tests

The hypothetical scenarios are defined by the Bank's economists and are 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's aim is to select extreme, but nonetheless plausible events which would have major repercussions on all the international markets. Societe Generale has therefore adopted 8 hypothetical scenarios.

4. STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

Structural exposure to interest rate risks encompasses all exposures due to the commercial activities and their hedging and the proprietary transactions of the Group's consolidated entities.

The interest rate and exchange rate risks linked to trading activities are excluded from the structural risk measurement scope as they belong to the category of market risks. The structural and market exposures constitute the overall interest rate and exchange rate exposure of the Group.

The general principle is to reduce structural interest rate and exchange rate risks within the consolidated entities as much as possible. Wherever possible, commercial transactions are hedged against interest rate and exchange rate risks, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within a treasury department). Interest rate and exchange rate risks linked to proprietary transactions must also be hedged as far as possible excepted for some foreign exchange positions kept to immunise its Tier 1 ratio.

4.1. ORGANISATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The principles and standards for managing these risks are defined at the Group level. The entities are first and foremost responsible for managing these risks. The Balance Sheet Management Department, which is part of the Group Finance Division, conducts Level 2 controls of the entities' structural risk management.

- The Group Finance Committee, a General Management body:
  - validates the structural risk monitoring, management and supervision system,
  - reviews changes to the Group's structural risks through consolidated reporting by the Finance Division.
- The Balance Sheet and Global Treasury Management Department which is part of the Finance Division is responsible for:
  - the definition of the structural risks (liquidity, interest rate and exchange rate risks) policies for the Group and in particular the evaluation and planning of the funding needs for the group,
  - the definition of the steering indicators and global stress test scenarios of the different types of structural risks as well as the definition of main limits for business lines and the entities,
  - the analysis of the structural risks expositions of the Group and the definition of the hedging strategies,
  - watching over the regulatory environment concerning structural risks.
- The ALM Risks Control Department which is part of the Finance Division is responsible for:
  - defining the ALM principles for the group and controlling the regulatory compliance of the structural risks,

- the definition of the normative environment of the structural risks metrics,
- validating the models used by the Group entities concerning structural risks,
- inventorying, consolidating and reporting on structural risks,
- structural risks limits control.

The Structural Risks Control Department is hierarchically dependent of the Chief Financial Officer of the Group and is functionally supervised by the Chef Risk Officer to whom it reports its activities and who validates its working plan, jointly with the Chef Finance Officer. The Structural Risks Control Department is integrated in the “Filière” risk of the Group in compliance with the CRBF 97-02.

- Entities are responsible for structural risk management

As such, entities apply the standards defined at the Group level, develop their models, measure their risks exposure and implement the required hedging operations.

Each entity has its own structural risk manager, attached to the Finance Department of the entity, who is responsible for conducting Level 1 controls and for reporting the entity’s structural risk exposure to the Balance Sheet Management Department via a shared IT system.

Retail banking entities both in France and abroad generally have an ad-hoc ALM (Asset Liability Management) Committee responsible for validating the models used, managing their exposures to interest rate and exchange rate risks and implementing the hedging programmes in line with the principles set out by the Group and the limits validated by the Finance Committee.

4.2. STRUCTURAL INTEREST RATE RISK

Structural interest rate risk is measured within the scope of structural activities (transactions with clients, the associated hedging operations and proprietary transactions).

Structural interest rate risk arises from the residual gaps (surplus or deficit) in each entity’s fixed-rate forecasted positions.

4.2.1. Objective of the Group

The Group’s main aim is to reduce each Group entity’s exposure to structural interest rate risk as much as possible.

To this end, any residual interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. The sensitivity is defined as the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficits) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit set at Group level is EUR 1 billion, representing an amount equal to 2,4% of its risk-based capital.

4.2.2. Measurement and monitoring of structural interest rate risks

In order to quantify its exposure to structural interest rate risks, the Group analyses all fixed-rate assets and liabilities in the future. These positions come from transactions remunerated or charged at fixed rates and from their maturities.

Assets and liabilities are analysed independently, without any a priori matching. The maturities of outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models based on historic clients’ behaviour patterns (particularly for regulated savings accounts, early loan repayments, etc.), as well as conventional assumptions relating to certain balance sheet items (principally shareholders’ equity and sight deposits).

Once the Group has identified its fixed-rate positions (surplus or deficit), it calculates the sensitivity (as defined above) to variations of interest rates. This sensitivity is defined as the variation of the net present value of the fixed-rate positions for a 1% instantaneous parallel increase of the yield curve.

In addition to this analysis, the Group also analyses the sensitivity to different yield curve configurations of the fixed rate position (steepening and flattening of the yield curve). The measurement of the net interest income sensitivity is also used by the Group to quantify the structural interest rate risk of significant entities.

Throughout 2011, the Group’s global sensitivity to interest rate risk remained below 2,4% of Group risk-based capital and within the EUR 1 billion limit.

The following observations can be made with regard to the business lines’ structural interest rate risk:

- within the French retail networks, the outstanding amounts of customers’ deposits, generally considered to be fixed-rate, exceed fixed-rate loans for maturities over than 3 years. Indeed, thanks to macro-hedging essentially through the use of interest rate swaps, the French retail networks’ sensitivity to interest rate risk (on the basis of the adopted scenarii) has been kept to a low level. At end of December 2011, the sensitivity of the French retail networks’ economic value, based on their essentially euro-denominated assets and liabilities, was EUR – 84 million;

- transactions with large companies are generally micro-hedged and therefore present no residual interest rate risk;
- transactions with clients of the Specialised Financial Services subsidiaries are generally macro-hedged and therefore present only a very low interest rate risk;
- clients' transactions for our subsidiaries and branches located in countries with weak currencies can generate structural interest rate risk, which remains limited at the Group level. These entities may have problems to optimally hedge interest rate risk due to the low development of the financial markets in some countries;
- proprietary transactions are generally well hedged. Residual positions are limited and arise primarily from shareholders' equity that has not been fully reinvested on expected maturities.

Sensitivity to interest rate variations of the main entities of the Group represented EUR -116 million on December 31, 2011 (for a 1% parallel and instantaneous rise of the yield curve). These entities account for 85% of the Group's credits outstanding.

(In millions of euros)

Less than one year	Between 1 and 5 years	More than 5 years	**Total sensitivity**
40	(231)	75	**(116)**

4.3. STRUCTURAL EXCHANGE RATE RISK

Structural exchange rate risk is mainly caused by:

- foreign-currency denominated capital contributions and equity investments financed through the purchase of foreign currencies;
- retained earnings in foreign subsidiaries;
- investments made by some subsidiaries in a currency other than the one used for their equity funding for regulatory reasons.

4.3.1. Objective of the Group

The Group's policy is to immunise its solvency ratio against fluctuations in the currencies it operates. To do this, it may decide to purchase currencies to finance long-term foreign currency-denominated investments, thus creating structural foreign exchange positions. Any valuation differences of these structural positions are subsequently booked as conversion reserves.

4.3.2. Measurement and monitoring of structural exchange rate risks

The Group quantifies its exposure to structural exchange rate risks by analysing all assets and liabilities denominated in foreign currencies, arising from commercial operations and proprietary transactions.

The Balance Sheet and Global Treasury Management Department monitors structural exchange rate positions and manages the immunisation of the solvency ratio to exchange rate fluctuations.

In 2011, the Group successfully neutralised the sensitivity of its solvency ratio to fluctuations in currencies by monitoring the structural positions in these currencies (the sensitivity of the solvency ratio is steered by limits fixed according to the Groups appetite to risk in these currencies).

4.4. HEDGING INTEREST RATE AND EXCHANGE RATE RISK

In order to hedge certain market risks inherent to Societe Generale's Corporate and Investment Banking arm, the Group has set up hedges which, in accounting terms, are referred to as fair value hedges or cash flow hedges depending on the risks and/or financial instruments to be hedged.

In order to qualify these transactions as accounting hedges, the Group documents said hedge transactions in detail, specifying the risk covered, the risk management strategy and the method used to measure the effectiveness of the hedge from its inception. This effectiveness is verified when changes in the fair value or cash flow of the hedged instrument are almost entirely offset by changes in the fair value or cash flow of the hedging instrument – the expected ratio between the two changes in fair value being within the range of 80%-125%. Effectiveness is measured each quarter on a prospective (discounted over future periods) and retrospective (booked in past periods) basis. Where the effectiveness falls outside the range specified above, hedge accounting is discontinued.

Fair value hedging

Within the framework of its activities and in order to hedge its fixed-rate financial assets and liabilities against fluctuations in long-term interest rates (essentially loans/borrowings, securities issues and fixed-income securities), the Group uses fair value hedges primarily in the form of interest rate swaps.

The purpose of these hedges is to protect against a decline in the fair value of an instrument which does not affect the income statement in principle but would do so if the instrument were no longer booked on the balance sheet.

Prospective effectiveness is assessed via a sensitivity analysis based on probable market trends or via a regression analysis of the statistical relation (correlation) between certain components of the hedged and hedging instruments.

Retrospective effectiveness is assessed by comparing any changes in the fair value of the hedging instrument with any changes in the fair value of the hedged instrument.

• Cash flow hedging

Cash flow hedges on interest rates are used to hedge against the risk that the future cash flow of a floating-rate financial instrument fluctuate in line with market interest rates.

The purpose of these hedges is to protect against a decline in the fair value of an instrument which would affect the income statement.

Societe Generale's Corporate and Investment Banking arm is exposed to future variations in cash flow by virtue of its short- and medium-term financing needs. Its highly probable refinancing requirement is determined according to the historic data drawn up for each activity and which reflects balance sheet assets. This data may be revised upwards or downwards depending on how management styles evolve.

The effectiveness of the hedge is assessed using the hypothetical derivative method, which consists in creating a hypothetical derivative which bears exactly the same characteristics as the instrument being hedged (in notional terms, in terms of the date on which the rates are reset, in terms of the rates themselves, etc.) but which works in the opposite way and whose fair value is nil when the hedge is set up, then comparing the expected changes in the fair value of the hypothetical derivative with those of the hedge instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge. Here, only any "over-hedging" is deemed ineffective.

The following table specifies the amount of cash flow that is subject to a cash flow hedge relationship (broken down by provisional due date) and the amount of highly probable forecast transactions hedged.

At December 31, 2011	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
(In millions of euros)					
Floating cash flows hedged	345	180	719	78	1,322
Highly probable forecast transaction	43	603	1,177	367	2,190
Other	81	116	695	-	892
Total flows covered by cash flow hedged	469	899	2,591	445	4,404

At December 31, 2010	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
(In millions of euros)					
Floating cash flows hedged	1,958	401	1,409	621	4,389
Highly probable forecast transaction	29	45	61	76	211
Other	-	66	294	-	360
Total flows covered by cash flow hedged	1,987	512	1,764	697	4,960

• Hedging of a net investment in a foreign company

The purpose of a hedge on a net investment in a foreign company is to protect against exchange rate risk.

The item hedged is an investment in a country whose currency differs from the Group's functional currency. The hedge therefore serves to protect the net position of a foreign subsidiary against an exchange rate risk linked to the entity's functional currency.

5. LIQUIDITY RISK

Liquidity risk is defined as the risk of not being able to meet cash flow or collateral requirements when they fall due and at a reasonable price.

A structural liquidity position is defined as resulting from the maturities of all balance sheet or off-balance sheet outstanding positions, according to their liquidity profile, determined either based on the contractual maturity of the transactions, or, for non-maturing products, based on a maturity modelled using historic client behaviour or a conventional maturity.

The Group manages this exposure using a specific framework designed to manage liquidity risk both under normal day-to-day conditions and in the event of a potential liquidity crisis.

5.1. REORGANISATION OF THE LIQUIDITY RISKS MANAGEMENT FUNCTIONS

A new organisation of the structural risks management functions is implemented since January 1, 2011 by which steering functions are separated from the control functions within the Finance Division:

- the Balance Sheet and Global Treasury Management Department is in charge of the steering of the structural risks as well as the supervision and coordination of all treasury functions (external financing of the Group, internal refinancing of the entities and centralised management of the collateral); it also has the role of managing the central treasury for the group and executing the funding operations;

- the Structural Risks Control Department is in charge of the supervision of the structural risks for the whole Group. In particular, it validates the behavioural models and conventional assumptions implemented throughout the different locations and supervises local limits and ALM practices. This Department is hierarchically dependant of the Chief Financial Officer and functionally of the Risk Direction.

Several departments of the Risk Direction play a role, together with the Finance Department, in the operational supervision of the liquidity risk. Their action is coordinated by the transversal risks monitoring department, for the Chief Risk Officer, and in particular:

- the independent review of models related to market activities;
- the validation of all the group models of liquidity within the framework of a centralised governance;
- the instruction of the requests of limits concerning indicators of risk of liquidity and the follow-up of the possible over limits.

5.2. ADAPTATION OF THE ARCHITECTURE OF THE LIQUIDITY STEERING TO THE BASEL 3 FRAMEWORK

- **The Basel Committee** on Banking Supervision has defined in December 2009 two standardised new regulatory ratios, which are meant to regulate the liquidity positions of banks. These ratios have been published on December 16, 2010. Its main objective is to guarantee the viability of the banks on a 1 month and 1 year horizons, under stress conditions.

These ratios are decomposed as follows:

- the **Liquidity Covered Ratio** (LCR) aims to ensure that banks have enough liquid assets to survive on a 1 month horizon under combined stress scenarios of market and specific crisis,
- the **Net Stable Funding Ratio** (NSFR) aims to force banks to finance its operations on a long term basis, over 1 year. It compares the long term financing needs of banks to its resources which are considered stable resources under specific stress conditions.

The implementing calendar of these ratios includes an observation period and a review clause before enforcement:

- The **LCR** has to be monitored from 2012 on and its compliance is to be fulfilled after January 1, 2015.
- The **NSFR** has to be monitored from 2012 on and will become compulsory from January the 1, 2018.

The Basel Committee also works on the definition of systemic institutions and prepares a regulatory framework which aims to prevent large systemic banking crisis.

- **The European commission** will transpose the Basel 3 accords into law through the CRD4 (Capital Regulatory Directive) and intends to follow the Basel text as close as possible. It published its project of law on July 20, 2011 which includes:

- an obligation of reporting for the juridical entities from January 1, 2013 on an observatory basis on the LCR and NSFR ratios,
- a central supervisory role for the EBA (European Banking Authority) for the period before and during the observatory phase.
- the need for the banks to respect the LCR on January 1, 2015.

After the observation period, on the basis of the EBA recommendations, the European Commission may modify the ratios.

The legislative procedure of co-decision between the European Parliament and the Council of the European Union will take place in 2012. After the vote the regulation will become law immediately. The CRD4 will then be transposed into national laws in each one of the European Union member states.

The Societe Generale Group has worked actively in 2011 on the transposition of the Basel text into internal norms to be used for steering purposes. A corpus of procedures adapted to the specificities of the group has been defined and will be compulsory at the business lines and entities levels.

- The business lines will be able to measure its Basel 3 liquidity ratios for its respective activities and will report its metrics on an automated basis from the first quarter of 2012.
- In addition to the quarterly “Quantitative Impact Studies” of the Basel Committee, the Group will start to report in 2012 on a quarterly basis with a mutualised and centralised tool which guaranty the coherence of the metrics and the correct application throughout the group.
- Specific targets for the Basel 4 ratios have been defined and will be applied from 2012 to each one of the business lines in order to ensure the convergence of the business lines to the regulatory constraints of the LCR in 2015.

The management and steering framework of the liquidity of the Group have been adapted deeply in order to allow the evolution of the regulatory environment and will be operational particularity with the implementation of the centralised tool during 2012.

5.3. ORGANISATION OF LIQUIDITY RISK MANAGEMENT

The principles and standards applicable to liquidity risk management are defined at the Group level. The operating entities are responsible for managing their own liquidity and for respecting applicable regulatory constraints, while the Balance Sheet and Global Treasury Management Department manages liquidity for the overall Group, in conjunction with the Treasury Department of the Corporate and Investment Banking Division, to whom it has a functional authority.

- **The Group's Executive Committee:**

- reviews quarterly the liquidity risks and the follow up of prior decisions,
- reviews annually the liquidity management and steering framework,
- defines the tolerance level on liquidity risks and specifically the survival horizon,
- monitors the respect of the liquidity limits.

- **The General Management Committee:**

- presents to the Group's Executive Committee the limits framework and the appetite for the liquidity risk,
- defines the liquidity limits for the business lines,
- monitors the compliance with the liquidity risk limits for the business lines and the Group,
- validates the action plans in case of limits overrun at the business lines and Group level.

- **The Group Finance Committee, which meets at least quarterly, is chaired by the General Management or a delegate General Management and is composed of members of the business lines and functional directions:**

- prepares the decisions of the General Management Committee concerning general policies liquidity risk appetite and liquidity limits,
- examines the adequacy of the steering and control frameworks,
- examines and validates the metrics suggested by the Balance Sheet and Global Treasury Management Department and the Structural Risks Control Department,
- controls the evolution of the liquidity needs and validates the Group's funding programmes.

- **The Balance Sheet and Global Treasury Management Department, which is part of the Group Finance Division:**

- defines, reviews and adapts periodically the liquidity steering framework: metrics, stress tests, etc;
- suggests and calibrates the liquidity limits at the group and business lines levels and for specific entities. It submits its propositions to the Group Finance Committee;
- reviews and validates liquidity limits allocated by the business lines to the entities, in coherence with the limits notified to the business lines;
- coordinates the action plans in case of limit overrun by the entities or the Group;
- supervises the reporting chain and the validation of the calculation of the liquidity positions' process for the Group;
- centralises, consolidates and reports on liquidity risk exposure, and carries out Level 2 controls (independently of the operating divisions supervising the entities);
- validates the liquidity crisis *scenarii*;
- plans the Group's funding programmes;
- proposes the internal liquidity pricing policy.

- **The Treasury Department of the Corporate and Investment Banking Division**, in accord with the orientations defined by the Balance Sheet and Global Treasury Management Department, is responsible for managing short-term liquidity (less than 18 months) in coordination with local treasuries (New York, Tokyo,…).

The operating entities are responsible for managing their own liquidity risk.

To this end, they apply the standards defined at the Group level, develop models, measure their liquidity positions and finance their activities or reinvest surplus liquidity via the treasury departments (subject to regulatory and fiscal constraints).

The entities submit reports on their liquidity risk to the Group via a shared IT system.

5.4. OBJECTIVE OF THE GROUP

Considering the liquidity as a scarce resource, the Group's objective is to finance its activities at the best possible rates under normal conditions and to ensure it can meet its obligations.

The main principles of the Group's liquidity management are as follows:

- a central management of liquidity by transferring the liquidity positions of the entities (liquidity surpluses and requirements) to the Group's treasury departments;
- central management of market resources using the access to the markets of the Group's main treasury departments;
- diversification of sources of funding, both in terms of geographic regions and activity sectors;
- optimised management of resources by limiting the number of issuers within the Group (Societe Generale, SG Acceptance NV, SG North America, Societe Generale SCF….);

- a framework of measurement and monitoring of the liquidity gaps by business lines in a basic scenario and a stress scenario, the refinancing needs within the group, the external refinancing needs of the group in the financial markets and the contribution of each business line to the regulatory ratios (standard ACP ratio, LCR, NSFR);
- in this context, the excess or deficits of liquidity will be transferred across business lines systematically through the central treasury, for all maturities. Business lines have to comply with zero or small liquidity gaps in order to avoid liquidity transformation. This will guaranty a wealthy management across business lines (refinancing according to the assets in the balance sheet). Liquidity gaps will be monitored by currency and across currencies;
- Internal stress tests are used to guarantee the group can carry on its activities with a specific horizon to any stress scenario, whatever the market environment;
- the short term and long term funding plan for the Group in complement to the resources collected with clients is dimensioned in a prudent way not dependent on short term funding and based on diversified products and regions;
- net funding needs of the business lines are supervised and steered in a dynamic way, with compliance to the resources-raising capacity of the Group. This framework is completed by a threshold on gross funding needs growth of each business line, in order restrict the balance sheet growth and to facilitate the convergence towards the future regulatory Basel 3 constraints regarding LCR and NSFR.

The implementation of these indicators in the Group started in the first half of 2011. It is under observation until the end of 2012 in order to allow a progressive adjustment of the internal limits and establish targets by business line over the period 2012-2014.

5.5. MEASUREMENT AND MONITORING OF LIQUIDITY RISK

In 2011 the Group has invested in the implementation of a mutualised and centralised tool for liquidity steering. This tool will allow, from the beginning of 2012, to report metrics on the Group, business line or entity level on the main followed liquidity metrics: LCR, NSFR, static gaps, financing needs, etc.

The Group's liquidity management framework comprises the following processes:

- an assessment of the Group's structural liquidity profile and its development over time;

Risk analysis was conducted in 2011 using reports submitted by the different entities, listing their respective on and off-balance sheet outstanding according to currency of denomination and residual maturity. From 2012 on, reports will be produced by the mutualised and centralised tool which will deliver coherent metrics on Group, business lines or entities levels. The principle retained enables assets and liabilities to be categorised in terms of maturity. Maturities on outstanding positions are determined on the basis of the contractual terms of transactions, models of historic client behaviour patterns (regulated savings accounts, early repayments, etc.), as well as conventional assumptions relating to certain balance sheet items (principally shareholders' equity and sight deposits).

The breakdown of liabilities and contractual commitments by maturity are disclosed in Note 32.

Medium- and long-term issues featuring a clause providing for early repayment options to the issuer are included in the repayment timetables at their first call date for subordinated issues and at their contractual maturity for structured issues (specific monitoring is applied to the amounts repaid for these issues). The objective defined for the business lines is of small liquidity gaps. This objective is monitored by the business lines and the Financial Committee and will be subject to action plans in case of limits overrun.

- a monthly monitoring of the internal financing needs allocated to the business lines and a control of the limits defined for budgetary purposes. This objective is also monitored by the business lines and the Finance Committee and will be subject to action plans in case of limits overrun.
- monitoring of the diversification of funding sources:

Societe Generale maintains a broadly diversified range of funding sources, firstly including a large base of customer deposits that represents a large share of its medium-term resources, and secondly market resources.

For its deposit base, the Group relies on inflows from Retail Banking Networks (France and abroad) and Private Banking structure.

For its medium- and long-term market resources, the Group operates a diversified funding policy relying on various types of debt and forms of issue, currencies and investor pools.

In a context of financial turbulence, the Group has refinanced in 2011 the roll over of its debt maturing during the year as well as the growth of its businesses, thanks not only to an active and diversified funding programme on the capital markets (issues of vanilla and structured private placements, senior and subordinate benchmark issues), but also through a complementary effort of deposits collection.

- The Group monitors the risk of the early repayment of its medium- and long-term debt instruments:
  - the main Group's medium- and long-term issue programmes feature no clauses that could generate an early repayment risk linked to a decline in the Group's credit quality. The proportion of medium- and long-term issues featuring a clause providing for early repayment options to investors is limited;
- an assessment of the Group's funding needs on the basis of budget forecasts in order to plan appropriate funding solutions;
- an analysis of liquidity risk exposure using liquidity crisis scenarii;
- close monitoring of long-term liquidity.

A long-term funding plan aims to keep a medium- and long-term surplus liquidity gap.

The issue policy aims to execute the funding plan in a regular and non-opportunistic way.

- conservative short-term liquidity management.

The Treasury Department of the Corporate and Investment Banking division, which manages by delegation the Group's short-term liquidity, monitors its liquidity gap in stress scenarii taking into account assets eligible for central bank refinancing operations.

A weekly liquidity committee meeting, chaired by the Chief Financial Officer and attended by the Chief Risk Officer, the Head and Treasurer of SG CIB and the Head of the Balance Sheet and Global Treasury Management Department, assesses the Bank's short-term liquidity position and makes management decisions according to the market environment by delegation from the Finance Committee.

- active management of eligible assets.

Under the supervision of the Group Treasurer, the Group works to optimise the management of the pool of assets eligible for the various refinancing mechanisms (central bank refinancing operations, Société de Crédit Foncier, securitisations, etc.) using a centralised application that creates an inventory of saleable assets to allow an optimum allocation and secure management of these asset pools.

The Group eligible assets are formed of:

- a portfolio of sovereign debt of the best ratings managed centrally refinanced on a medium to long term basis and allocated specifically to be managed in case of a liquidity crisis particularly severe,
- securities eligible to Central Banks referenced daily and available to the central treasury,
- the liquidity pool validated by the Central Banks formed of loans deposited as guaranties for collateral near the Central banks,
- securities located in the local entities and eligible near the local Central Banks,

Market securities which may be used as complementary sources of liquidity either by sell in the market or by repo operations.

The regulatory one-month liquidity ratio is calculated on a monthly basis, and concerns Societe Generale SA. In 2011, Societe Generale SA systematically maintained a ratio above the required regulatory minimum.

6. CAPITAL MANAGEMENT AND COMPLIANCE WITH REGULATORY RATIOS

6.1. QUALITATIVE INFORMATION

Description of the approach to capital management

Group policy on the use of shareholders' equity meets the following three priorities: for a given market capitalisation objective, 1) to ensure internal growth, 2) the management and optimisation of the portfolio of the Group and 3) to maintain a clear and consistent policy with respect to its shareholders (principally on matters of dividend pay-outs).

To this end, the Societe Generale Group establishes a capital objective based on a combination of factors specific to the Group (target rating, business mix, risk profile and Group strategy) and external factors (competitors' level of shareholders' equity, market expectations, minimum capitalisation expected by the market authorities). The capital is also sized to cover extreme losses calculated through global stress tests taking into account the whole risk profile of the Group and allowing the measurement of its resilience to macroeconomic crisis scenarios.

Financial planning is used to maintain this objective, which consists in simulating the balance of resources in relation to capital requirements and capital transactions. Capital management is monitored through data collected at least every half-year within the framework of the Group budget and strategic plan.

- **Compliance with ratios**

The solvency ratio (Basel 2 solvency ratio) complies with the calculation methods established by the French Prudential Supervisory Authority. This ratio is based on the Group's consolidated banking activities, thus eliminating the contributions of the insurance entities.

Prudential capital is comprised of the following: Tier 1 capital, upper Tier 2 capital and lower Tier 2 capital are calculated in accordance with Regulation No. 90-02 relating to capital. Supplementary capital (Tier 2) is taken into account only within the limit of 100% of Tier 1 capital. Furthermore, additional Tier 2 capital may not exceed the limit of 50% of Tier 1 capital. Hybrid equity instruments (both innovative and non-innovative) are limited to 35% of the consolidated bank's Tier 1 capital, innovative hybrid equity instruments being subject to stringent conditions and limited to a maximum of 15% of this Tier 1 capital.

The solvency ratio represents the level of capital in reserve on a permanent basis, in order to cover all the risks to which the Societe Generale Group is exposed. The minimum level of capital required is 8% of risks expressed in risk-weighted assets for credit risks and in capital requirements multiplied by 12.5 for market risks and operational risks, calculated using internal models for which Societe Generale obtained authorisation from the French Banking Commission (*Commission bancaire*) in 2007.

Basel 2 introduced new deductions to be made 50% from Tier 1 capital and 50% from Tier 2 capital (equity holdings in financial institutions, negative amount resulting from the difference between provisions and expected losses, securitisation positions, etc.).

In order to better take into account the default and rating migration risk for assets in the trading portfolio (tranched and untranched assets) and in order to reduce the procyclicality of Value at Risk (VaR), the Basel Committee published new proposals in July 2009 (Basel 2.5), The risk of rating migration and default with regard to issuers in trading portfolios lead to two capital charges for specific market risk: IRC (Incremental Risk Charges, applied to untranched assets), CRM (Comprehensive Risk Measurement, specific to correlation trading portfolios). Moreover, the regulator requires an estimated stressed VaR calculation, similar to the VaR, but estimated for a crisis period. The changes concerning specific trading portfolio risk will be applicable from December 31, 2011.

In 2011, the Societe Generale Group complied with all of the prudential ratios applicable to its activities. The Societe Generale Group also applies Directive No. 2005-04 relating to "additional monitoring of financial conglomerates".

The European directive (CRD 4), giving lawful force to the reform Basle 3, should come into effect from January 1, 2013, after its adoption by the European Parliament. The group will be able to be with go of these new requirements, with a ratio Core Tier 1 Basle 3 superior with 9% at the end of 2013.

Moreover, it is considered, within the framework of the implementation of the recommendation of December 8, 2011 of the European Banking Authority (EBA), to require Societe Generale, pursuant to the article L. 511-41-3 of the monetary and financial Code, to hold equity bigger than the minimum amount on the basis of ratio Core Tier One, calculated according to methodology appearing in this recommendation, of 9% from June 30, 2012 at the latest. Societe Generale already complies with this requirement as at December 31, 2011, with a Core tier 1 ratio standing at 9.0%, applying the EBA calculation method.

6.2. QUANTITATIVE DATA

At the end of 2011, the total risk-based capital was EUR 41,428 million.

Prudention capital – Basel 2 (In millions of euros)	December 31, 2011	December 31, 2010
Group shareholders' equity	47,067	46,421
Estimated and forecast dividends	(184)	(1,484)
Non-controlling interests including preferred shares	4,045	4,554
Estimated and forecast dividends related to non-controlling interests	(180)	(242)
Prudential deductions	(10,567)	(10,383)
Tier 1 capital	**40,181**	**38,866**
Basel 2 deductions	(2,717)	(3,503)
Total Tier 1 capital	**37,464**	**35,363**
Tier 2 capital	10,742	12,491
Other deductions	(6,778)	(7,348)
Total risk-based capital	**41,428**	**40,506**

Note 5

CASH, DUE FROM CENTRAL BANKS

(In millions of euros)	December 31, 2011	December 31, 2010
Cash	2,684	2,525
Due from central banks	41,279	11,556
Total	**43,963**	**14,081**

Note 6

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2011				December 31, 2010			
(In millions of euros)	Valuation on the basis of quoted prices in active markets (L1)(2)	Valuation using observable inputs other than quoted prices included in (L2)(2)	Valuation using mainly inputs that are not based on observable market data (L3)(2)	Total	Valuation on the basis of quoted prices in active markets (L1)(2)	Valuation using observable inputs other than quoted prices included in (L2)(2)	Valuation using mainly inputs that are not based on observable market data (L3)(2)	Total
Trading portfolio*								
Bonds and other debt securities*	36,609	8,185	3,486	48,280	57,244	8,555	7,209	73,008
Shares and other equity securities(1)	34,361	2,691	279	37,331	73,577	7,837	24	81,438
Other financial assets	52	61,571	312	61,935	1	73,982	249	74,232
Sub-total trading portfolio*	**71,022**	**72,447**	**4,077**	**147,546**	**130,822**	**90,374**	**7,482**	**228,678**
o/w securities on loan				*13,602*				*12,114*
Financial assets measured using fair value option through P&L*								
Bonds and other debt securities*	6,582	514	25	7,121	7,234	567	22	7,823
Shares and other equity securities(1)	10,899	1,737	120	12,756	13,610	1,973	118	15,701
Other financial assets	-	12,908	330	13,238	-	11,961	240	12,201
Separate assets for employee benefit plans	-	99	-	99				
Sub-total of financial assets measured using fair value option through P&L*	**17,481**	**15,258**	**475**	**33,214**	**20,844**	**14,501**	**380**	**35,725**
o/w securities on loan				-				-
Interest rate instruments	**15**	**146,662**	**912**	**147,589**	**22**	**105,417**	**1,569**	**107,008**
Firm instruments								
Swaps				107,683				78,459
FRA				899				537
Conditional instruments								
Options on organised markets				7				1
OTC options				30,174				19,697
Caps, floors, collars				8,826				8,314
Foreign exchange instruments	**425**	**30,340**	**129**	**30,894**	**201**	**27,116**	**123**	**27,440**
Firm instruments				*24,438*				*21,967*
Conditional instruments				*6,456*				*5,473*
Equity and index instruments	**103**	**23,365**	**1,671**	**25,139**	**416**	**19,697**	**1,249**	**21,362**
Firm instruments				*1,858*				*961*
Conditional instruments				*23,281*				*20,401*
Commodity instruments	**385**	**7,485**	**153**	**8,023**	**318**	**10,815**	**366**	**11,499**
Firm instruments-Futures				*6,351*				*9,298*
Conditional instruments				*1,672*				*2,201*
Credit derivatives*	**-**	**27,271**	**2,409**	**29,680**	**-**	**21,226**	**1,782**	**23,008**
Other forward financial instruments	**216**	**13**	**180**	**409**	**146**	**44**	**250**	**440**
On organised markets				*147*				*130*
OTC				*262*				*310*
Sub-total trading derivatives*	**1,144**	**235,136**	**5,454**	**241,734**	**1,103**	**184,315**	**5,339**	**190,757**
Total financial instruments at fair value through P&L*	**89,647**	**322,841**	**10,006**	**422,494**	**152,769**	**289,190**	**13,201**	**455,160**

* Amounts adjusted with respect to the published financial statements as at December 31, 2010.

(1) Including UCITS.

(2) See note 3 for valuation level definitions.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2011				December 31, 2010			
(In millions of euros)	Valuation on the basis of quoted prices in active markets (L1)[3]	Valuation using observable inputs other than quoted prices included in (L2)[3]	Valuation using mainly inputs that are not based on observable market data (L3)[3]	Total	Valuation on the basis of quoted prices in active markets (L1)[3]	Valuation using observable inputs other than quoted prices included in (L2)[3]	Valuation using mainly inputs that are not based on observable market data (L3)[3]	Total
Trading portfolio								
Securitised debt payables	-	9,079	13,849	22,928	-	11,019	16,341	27,360
Amounts payable on borrowed securities*	4,777	35,130	-	39,907	5,928	48,359	33	54,320
Bonds and other debt instruments sold short	6,271	146	91	6,508	5,448	311	-	5,759
Shares and other equity instruments sold short	2,348	69	1	2,418	2,259	92	-	2,351
Other financial liabilities	-	65,757	768	66,525	-	60,830	480	61,310
Sub-total trading portfolio*[3]	**13,396**	**110,181**	**14,709**	**138,286**	**13,635**	**120,611**	**16,854**	**151,100**
Interest rate instruments	**75**	**140,809**	**2,544**	**143,428**	**7**	**105,186**	**2,076**	**107,269**
Firm instruments								
Swaps				101,887				78,035
FRA				856				548
Conditional instruments								
Options on organised markets				21				23
OTC options				30,390				19,008
Caps, floors, collars				10,274				9,655
Foreign exchange instruments	**283**	**30,155**	**92**	**30,530**	**187**	**27,423**	**134**	**27,744**
Firm instruments				*24,266*				*22,449*
Conditional instruments				*6,264*				*5,295*
Equity and index instruments	**83**	**25,956**	**1,162**	**27,201**	**157**	**24,090**	**1,172**	**25,419**
Firm instruments				*1,924*				*1,402*
Conditional instruments				*25,277*				*24,017*
Commodity instruments	**422**	**8,350**	**262**	**9,034**	**391**	**11,087**	**449**	**11,927**
Firm instruments-Futures				*7,098*				*9,757*
Conditional instruments				*1,936*				*2,170*
Credit derivatives	**-**	**26,878**	**1,308**	**28,186**	**-**	**19,602**	**1,346**	**20,948**
Other forward financial instruments	**157**	**860**	**1**	**1,018**	**99**	**1,781**	**1**	**1,881**
On organised markets				*97*				*101*
OTC				*921*				*1,780*
Sub-total trading derivatives	**1,020**	**233,008**	**5,369**	**239,397**	**841**	**189,169**	**5,178**	**195,188**
Sub-total of financial liabilities measured using fair value option through P&L[3][4]	**307**	**16,669**	**588**	**17,564**	**460**	**11,491**	**724**	**12,675**
Total financial instruments at fair value through P&L*	**14,723**	**359,858**	**20,666**	**395,247**	**14,936**	**321,271**	**22,756**	**358,963**

* Amounts adjusted with respect to the published financial statements as at December 31, 2010.

(3) See note 3 for valuation level definitions.

FINANCIAL LIABILITIES MEASURED USING FAIR VALUE OPTION THROUGH PROFIT OR LOSS

	December 31, 2011			December 31, 2010		
(In millions of euros)	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity
Total financial liabilities measured using fair value option through P&L[4][5]	**17,564**	**17,806**	**(242)**	**12,676**	**13,674**	**(998)**

(4) The change in fair value attributable to the Group's own credit risk generated income of EUR 1,176 million as at December 31, 2011. The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale Group's actual financing terms and conditions on the markets and the residual maturity of the related liabilities.

(5) Mainly indexed EMTNs.

VARIATION IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS WHOSE VALUATION IS NOT BASED ON OBSERVABLE MARKET DATA (LEVEL 3[(6)])

(In millions of euros)	Trading portfolio			Financial assets measured using fair value option through profit or loss			Trading derivatives						
	Bonds and other debt securities *	Shares and other equity securities	Other financial assets	Bonds and other debt securities	Shares and other equity securities	Other financial assets	Interest rate instruments	Foreign exchange instruments	Equity and index instruments	Commodity instruments	Credit derivatives*	Other forward financial instruments	Total financial instruments at fair value through P&L *
Balance at January 1, 2011*	**7,209**	**24**	**249**	**22**	**118**	**240**	**1,569**	**123**	**1,249**	**366**	**1,782**	**250**	**13,201**
Acquisitions	782	358	22	3	20	101	366	10	198	33	175	-	2,068
Disposals/redemptions	(3,141)	(94)	-	-	(19)	(19)	(585)	(5)	(131)	(61)	(315)	-	(4,370)
Transfer to Level 2[(6)]	(93)	-	-	-	-	-	(570)	(9)	(293)	-	(75)	-	(1,040)
Transfer to Level 1[(6)]	(1,274)	-	-	-	-	-	-	-	-	-	-	-	(1,274)
Transfer from Level 2[(6)]	6	-	4	-	-	-	35	-	-	-	114	-	159
Transfer from Level 1[(6)]	4	-	-	-	-	-	-	-	-	-	-	-	4
Gains and losses on changes in fair value during the period[(7)]	(66)	(9)	29	-	1	5	91	5	356	(186)	395	(71)	550
Translation differences	63	-	8	-	-	3	6	5	23	1	69	1	179
Change in scope and others	(4)	-	-	-	-	-	-	-	269	-	264	-	529
Balance at December 31, 2011	**3,486**	**279**	**312**	**25**	**120**	**330**	**912**	**129**	**1,671**	**153**	**2,409**	**180**	**10,006**

* Amounts adjusted with respect to the published financial statements as at December 31, 2010.

(6) See note 3 for valuation level definitions.

(7) Gains and losses of the year are recognised in "Net gains and losses on financial instruments at fair value through profit or loss" in P&L.

VARIATION IN FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS WHOSE VALUATION IS NOT BASED ON OBSERVABLE MARKET DATA (LEVEL 3[8])

	Trading portfolio				Trading derivatives							
(In millions of euros)	Securitised debt payables	Amounts payable on borrowed securities	Shares and other equity instruments sold short	Other financial liabilities	Interest rate instruments	Foreign exchange instruments	Equity and index instruments	Commodity instruments	Credit derivatives	Other forward financial instruments	Financial liabilities measured using fair value option through P&L	Total financial instruments at fair value through P&L
Balance at January 1, 2011	**16,341**	**33**	**-**	**480**	**2,076**	**134**	**1,172**	**449**	**1,346**	**1**	**724**	**22,756**
Issues	3,418	-	-	-	-	-	15	-	-	-	-	3,433
Acquisitions/disposals	(800)	(9)	-	284	(19)	(7)	16	(37)	(128)	-	(48)	(748)
Redemptions	(3,385)	-	-	(3)	(2)	-	(23)	-	-	-	-	(3,413)
Transfer to Level 2[8]	(2,647)	-	-	(9)	(205)	(3)	(291)	-	(121)	-	(5)	(3,281)
Transfer from Level 2[8]	173	-	-	3	122	7	-	-	83	-	-	388
Gains and losses on changes in fair value during the period[9]	(526)	(24)	92	(1)	544	(42)	(13)	(160)	132	-	(89)	(87)
Translation differences	129	-	-	14	28	3	17	1	27	-	6	225
Change in scope and others	1,146	-	-	-	-	-	269	9	(31)	-	-	1,393
Balance at December 31, 2011	**13,849**	**-**	**92**	**768**	**2,544**	**92**	**1,162**	**262**	**1,308**	**1**	**588**	**20,666**

(8) See note 3 for valuation level definitions.

(9) Gains and losses of the year are recognised in “Net gains and losses on financial instruments at fair value through profit or loss” in P&L.

Note 7

HEDGING DERIVATIVES

	December 31, 2011		December 31, 2010	
(In millions of euros)	Assets	Liabilities	Assets	Liabilities
FAIR VALUE HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	11,640	11,881	7,408	8,623
Forward Rate Agreements (FRA)	-	-	-	-
Conditional instruments				
Options on organised markets	-	-	-	-
OTC options	-	-	42	-
Caps, floors, collars	151	-	111	-
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	219	39	203	36
Forward foreign exchange contracts	-	-	-	1
Equity and index instruments				
Equity and stock index options	-	1	5	3
CASH FLOW HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	522	467	318	333
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	19	162	16	209
Forward foreign exchange contracts	29	106	2	50
Other forward financial instruments				
On organised markets	31	248	57	12
Total	**12,611**	**12,904**	**8,162**	**9,267**

Note 8

AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	December 31, 2011				December 31, 2010			
	Valuation on the basis of quoted prices in active markets (L1)[2]	Valuation using observable inputs other than quoted prices included in (L2)[2]	Valuation using mainly inputs that are not based on observable market data (L3)[2]	Total	Valuation on the basis of quoted prices in active markets (L1)[2]	Valuation using observable inputs other than quoted prices included in (L2)[2]	Valuation using mainly inputs that are not based on observable market data (L3)[2]	Total
Current assets								
Bonds and other debt securities *	93,919	19,302	685	**113,906**	78,457	12,807	556	**91,820**
o/w provisions for impairment				*(946)*				*(656)*
Shares and other equity securities[1]	6,608	1,159	330	**8,097**	7,171	589	264	**8,024**
o/w impairment losses				*(1,905)*				*(2,193)*
Sub-total current assets *	**100,527**	**20,461**	**1,015**	**122,003**	**85,628**	**13,396**	**820**	**99,844**
Long-term equity investments	551	707	1,477	**2,735**	1,040	611	2,341	**3,992**
o/w impairment losses				*(628)*				*(726)*
Total available-for-sale financial assets *	**101,078**	**21,168**	**2,492**	**124,738**	**86,668**	**14,007**	**3,161**	**103,836**
o/w securities on loan				-				*114*

* Amounts adjusted with respect to the published financial statements as at December 31, 2010.

(1) Including UCITS.

(2) See note 3 for valuation level definitions.

CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	December 31, 2011	December 31, 2010
Balance at January 1	**103,836**	**90,433**
Acquisitions	108,921	95,492
Disposals/redemptions[3]	(88,050)	(83,030)
Reclassifications and changes in scope	125	327
Gains and losses on changes in fair value recognised directly in equity[4]	(41)	(1,005)
Change in impairment on fixed income securities recognised in P&L	(301)	(225)
O/w: increase	(945)	(260)
write-backs	*472*	*43*
others	*172*	*(8)*
Impairment losses on variable income securities recognised in P&L	(308)	(218)
Change in related receivables	212	249
Translation differences	344	1,813
Balance at December 31	**124,738**	**103,836**

(3) Disposals are valued according to the weighted average cost method.

(4) The difference versus "Revaluation of available-for-sale assets of the period" in note 29 mainly results from the variation in Insurance Companies-Net allowances for deferred profit-sharing.

VARIATION OF AVAILABLE-FOR-SALE ASSETS WHOSE VALUATION METHOD IS NOT BASED ON OBSERVABLE MARKET DATA (LEVEL 3[5])

(In millions of euros)	Bonds and other debt securities	Shares and other equity securities	Long-term equity investments	Total
Balance at January 1, 2011	**556**	**264**	**2,341**	**3,161**
Acquisitions	347	87	701	1,135
Disposals/redemptions	(1,160)	(11)	(1,073)	(2,244)
Transfer to Level 2[5]	(18)	-	-	(18)
Transfer to Level 1[5]	(62)	-	-	(62)
Transfer from Level 2[5]	40	-	-	40
Transfer from Level 1[5]	1,855	-	-	1,855
Gains and losses recognised directly in equity during the period	34	(4)	(3)	27
Changes in impairment on fixed income securities recognised in P&L	(782)	-	-	(782)
O/w: increase	*(782)*	-	-	*(782)*
write-backs	-	-	-	-
Impairment losses on variable income securities recognised in P&L	-	(8)	(14)	(22)
Changes in related receivables	(15)	-	-	(15)
Translation differences	(2)	-	(62)	(64)
Change in scope and others	(108)	2	(413)	(519)
Balance at December 31, 2011	**685**	**330**	**1,477**	**2,492**

(5) See note 3 for valuation level definitions.

Note 9

DUE FROM BANKS

(In millions of euros)	December 31, 2011	December 31, 2010
Deposits and loans		
Demand and overnights		
Current accounts	15,401	15,320
Overnight deposits and loans and others	1,556	4,402
Loans secured by overnight notes	6	4
Term		
Term deposits and loans[1]	19,460	21,635
Subordinated and participating loans	715	570
Loans secured by notes and securities	245	324
Related receivables	173	213
Gross amount	**37,556**	**42,468**
Impairment		
Impairment of individually impaired loans	(124)	(141)
Impairment of groups of homogenous receivables	-	(10)
Revaluation of hedged items	49	74
Net amount	**37,481**	**42,391**
Securities purchased under resale agreements	48,959	27,877
Total	**86,440**	**70,268**
Fair value of amounts due from banks	**87,270**	**70,372**

(1) As at December 31, 2011, the amount of receivables with incurred credit risk was EUR 199 million compared with EUR 327 million as at December 31, 2010.

Note 10

CUSTOMER LOANS

(In millions of euros)	December 31, 2011	December 31, 2010
Customer loans		
Trade notes	11,384	9,156
Other customer loans[1]		
Short-term loans	100,940	106,925
Export loans	11,450	10,642
Equipment loans	63,099	62,815
Housing loans	104,528	99,305
Other loans	57,948	67,723
Sub-total	**337,965**	**347,410**
Overdrafts	16,848	14,901
Related receivables	1,507	1,417
Gross amount	**367,704**	**372,884**
Impairment		
Impairment of individually impaired loans	(14,824)	(13,496)
Impairment of groups of homogenous receivables	(1,287)	(1,227)
Revaluation of hedged items	539	765
Net amount	**352,132**	**358,926**
Loans secured by notes and securities	1,067	59
Securities purchased under resale agreements	14,318	12,913
Total amount of customer loans	**367,517**	**371,898**
Fair value of customer loans	**365,695**	**378,068**

(1) As at December 31, 2011, the amount of receivables with incurred credit risk was EUR 26,038 million compared with EUR 24,868 million as at December 31, 2010.

Note 11

RECLASSIFICATION OF FINANCIAL ASSETS

On October 1, 2008, the Group reclassified non-derivative financial assets out of the *Financial assets at fair value through profit or loss* and the *available-for-sale financial assets* categories. These reclassifications were decided and then performed in accordance with the provisions of the amendments to IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures” adopted by the European Union on October 15, 2008.

The Group identified in its trading and available-for-sale portfolios certain financial assets that were no longer quoted in an active market at October 1, 2008. Having the ability and intent to hold these financial assets for the foreseeable future or until their maturity, the Group then decided to reclassify them at this date into the *Loans and receivables* categories.

Furthermore, due to the exceptional deterioration of the world’s financial markets, the Group decided on October 1, 2008 to reclassify into the a*vailable-for-sale financial assets* category certain financial instruments initially measured at fair value through profit or loss, insofar as these instruments were no longer held for trading purposes.

No financial asset has been reclassified into the *held-to-maturity financial assets* category according to these amendments.

Financial assets that have been reclassified have been recognised in their new category at their fair value on the date of reclassification.

No reclassification was performed in 2011.

The amounts of reclassified financial assets and the related impacts are as follows:

New Category *(In millions of euros)*	Fair value on December 31, 2011[1]	Book value on December 31, 2011[1]	Fair value on December 31, 2010	Book value on December 31, 2010	Book value on the date of reclassification (October 1, 2008)
Available-for-sale financial assets	241	241	567	568	969
Due from banks	4,014	4,602	4,795	4,754	6,345
Customer loans	6,161	7,580	17,415	17,965	21,293
Total	**10,416**	**12,423**	**22,777**	**23,287**	**28,607**

(1) Net reimbursements and disposals that have been received since January 1, 2011: EUR 1,817 million and EUR 9,416 million.

	On December 31, 2011
Contribution of reclassified financial assets over the period	
Recognised in unrealised or deferred gains and losses	(24)
Recognised in net banking income	1,246
Recognised in net cost of risk	(359)

	On December 31, 2011	On December 31, 2010
Changes in fair value		
that would have been recognised in unrealised or deferred gains and losses if the financial assets had not been reclassified[2]	(550)	(51)
that would have been recognised in net banking income if the financial assets had not been reclassified[2]	(752)	1,135

The effective interest rates on December 31, 2011 of reclassified financial assets ranged from 0.84% to 5.9%.

Expected recoverable cash flows on reclassified financial assets are EUR 13,843 million.

(2) Including insurance activity reclassifications whose impact would have been neutralised by deferred profit-sharing for EUR 533 million in unrealised or deferred gains and losses and for EUR 25 million in net banking income.

Note 12

LEASE FINANCING AND SIMILAR AGREEMENTS

(In millions of euros)	December 31, 2011	December 31, 2010
Real estate lease financing agreements	8,295	7,983
Non-real estate lease financing agreements	21,615	21,632
Related receivables	67	70
Gross amount[1]	**29,977**	**29,685**
Impairment of individually impaired loans	(648)	(563)
Impairment of groups of homogenous receivables	(4)	(7)
Revaluation of hedged items	-	-
Net amount	**29,325**	**29,115**
Fair value of receivables on lease financing and similar agreements	**29,731**	**29,333**

(1) As at December 31, 2011, the amount of individually impaired loans with incurred credit risk was EUR 1,672 million compared to EUR 1,540 million as at December 31, 2010.

(In millions of euros)	December 31, 2011	December 31, 2010
Gross investments	**33,593**	**32,991**
less than one year	8,542	8,261
one to five years	17,445	17,306
more than five years	7,606	7,424
Present value of minimum payments receivable	**28,298**	**28,090**
less than one year	7,646	7,412
one to five years	14,460	14,482
more than five years	6,192	6,196
Unearned financial income	**3,616**	**3,306**
Unguaranteed residual values receivable by the lessor	**1,679**	**1,595**

Note 13

HELD-TO-MATURITY FINANCIAL ASSETS

(In millions of euros)	December 31, 2011	December 31, 2010
Bonds and other debt securities	1,492	1,887
Impairment	(39)	(5)
Total held-to-maturity financial assets	**1,453**	**1,882**
Fair value of held-to-maturity financial assets	**1,421**	**1,902**

Note 14

TAX ASSETS AND LIABILITIES

(In millions of euros)	December 31, 2011	December 31, 2010
Current tax assets	648	578
Deferred tax assets	4,582	4,867
o/w on-balance sheet items	*4,056*	*4,632*
o/w on items credited or charged to shareholders' equity for unrealised gains and losses	*526*	*235*
Total	**5,230**	**5,445**

(In millions of euros)	December 31, 2011	December 31, 2010
Current tax liabilities	756	813
Deferred tax liabilities	439	530
o/w on-balance sheet items	*396*	*500*
o/w on items credited or charged to shareholders' equity for unrealised gains and losses	*43*	*30*
Total	**1,195**	**1,343**

As at December 31, 2011, according to the tax system of each entity and realistic projection of their tax income or expense, maximum delay of deferred tax asset recovery is set to 10 years.

Note 15

OTHER ASSETS

(In millions of euros)	December 31, 2011	December 31, 2010
Guarantee deposits paid[(1)]	35,224	26,186
Settlement accounts on securities transactions	2,314	2,073
Prepaid expenses	746	845
Miscellaneous receivables	17,699	14,626
Gross amount	**55,983**	**43,730**
Impairment	(255)	(224)
Net amount	**55,728**	**43,506**

(1) Mainly concerns guarantee deposits paid on financial instruments.

Note 16

NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

(In millions of euros)	December 31, 2011	December 31, 2010
Assets	**429**	**64**
Fixed assets and Goodwill	6	7
Financial assets	85	51
Receivables	178	1
O/w: due from banks	*40*	*1*
customer loans	*138*	-
others	-	-
Other assets	160	5
Liabilities	**287**	**6**
Allowances	-	-
Debts	236	-
O/w: due to banks	*152*	-
customer deposits	-	-
others	*84*	-
Other liabilities	51	6

Note 17

TANGIBLE AND INTANGIBLE FIXED ASSETS

(In millions of euros)	Gross book value at December 31, 2010	Acquisitions	Disposals	Changes in translation, consolidation scope and reclassifications	Gross value at December 31, 2011	Accumulated depreciation and amortisation of assets at December 31, 2010	Allocations to amortisation and depreciation in 2011	Impairment of assets 2011	Write-backs from amortisation and depreciation in 2011	Changes in translation, consolidation scope and reclassifications	Net book value at December 31, 2011	Net book value at December 31, 2010
Intangible assets												
Software, EDP development costs	1,494	118	(9)	(3)	1,600	(1,148)	(154)	3	7	47	355	346
Internally generated assets	1,234	23	(7)	162	1,412	(788)	(195)	(2)	7	6	440	446
Assets under development	289	318	(1)	(213)	393	-	-	-	-	-	393	289
Others	690	6	(2)	77	771	(247)	(38)	(3)	1	7	491	443
Sub-total	**3,707**	**465**	**(19)**	**23**	**4,176**	**(2,183)**	**(387)**	**(2)**	**15**	**60**	**1,679**	**1,524**
Operating tangible assets												
Lands and buildings	4,476	79	(35)	51	4,571	(1,346)	(139)	(3)	13	11	3,107	3,130
Assets under development	856	259	-	(254)	861	-	-	-	-	-	861	856
Lease assets of specialised financing companies	12,188	4,969	(3,822)	97	13,432	(3,895)	(2,168)	20	2,064	(23)	9,430	8,293
Others	5,286	298	(152)	(257)	5,175	(3,726)	(411)	(5)	77	303	1,413	1,560
Sub-total	**22,806**	**5,605**	**(4,009)**	**(363)**	**24,039**	**(8,967)**	**(2,718)**	**12**	**2,154**	**291**	**14,811**	**13,839**
Investment property												
Lands and buildings	560	3	(268)	100	395	(143)	(26)	-	85	(66)	245	417
Assets under development	32	70	-	-	102	-	-	-	-	-	102	32
Sub-total	**592**	**73**	**(268)**	**100**	**497**	**(143)**	**(26)**	**-**	**85**	**(66)**	**347**	**449**
Total tangible and intangible fixed assets	**27,105**	**6,143**	**(4,296)**	**(240)**	**28,712**	**(11,293)**	**(3,131)**	**10**	**2,254**	**285**	**16,837**	**15,812**

OPERATIONAL LEASING

(In millions of euros)	December 31, 2011	December 31, 2010
Breakdown of minimum payments receivable		
due in less than one year	2,421	2,031
due in one to five years	5,238	3,957
due in more than five years	21	22
Total minimum future payments receivable	**7,680**	**6,010**

Note 18

GOODWILL BY BUSINESS UNIT

					Global Investment Management and Services			
(In millions of euros)	French Networks	International Retail Banking	Specialised Financial Services and Insurance	Corporate and Investment Banking	Asset Management	Private Banking	SGSS, Brokers	Group Total
Gross value at December 31, 2010	**805**	**3,552**	**1,382**	**104**	**646**	**355**	**974**	**7,818**
Acquisitions and other increases (see Note 2)	2	30	-	3	-	10	2	47
Disposals and other decreases	(58)	-	(47)	(58)	(4)	-	-	(167)
Translation differences	1	(71)	(44)	1	20	9	4	(80)
Gross value at December 31, 2011	**750**	**3,511**	**1,291**	**50**	**662**	**374**	**980**	**7,618**
Impairment of goodwill at December 31, 2010	**-**	**(344)**	**(43)**	**-**	**-**	**-**	**-**	**(387)**
Impairment losses	-	-	(200)	-	-	-	(65)	(265)
Translation differences and other changes	-	7	-	-	-	-	-	7
Impairment of goodwill at December 31, 2011	**-**	**(337)**	**(243)**	**-**	**-**	**-**	**(65)**	**(645)**
Net goodwill at December 31, 2010	**805**	**3,208**	**1,339**	**104**	**646**	**355**	**974**	**7,431**
Net goodwill at December 31, 2011	**750**	**3,174**	**1,048**	**50**	**662**	**374**	**915**	**6,973**

At the acquisition date, each item of goodwill is allocated to one or more cash-generating units (CGU) expected to derive benefits from the acquisition. Cash-generating units are the most accurate measurement unit used by Management to measure return on investment in a particular activity. The Group divides its activities into 14 cash-generating units, which is consistent with the management of the Group by core business line. In 2011, the SGSS and Brokers cash-generating unit was split into two different CGU.

The Group performs an annual impairment test on December 31, for each cash-generating unit to which goodwill has been allocated. An impairment loss is recognised on the income statement if the carrying amount of a cash-generating unit, including its allocated goodwill, is higher than its recoverable amount. This impairment loss is then allocated first to reduce the carrying amount of goodwill.

The recoverable amount of a cash-generating unit is calculated using the most appropriate method, notably by discounting net cash flows expected from the whole cash-generating unit rather than from individual legal entities.

Cash flows used in this calculation are income available for distribution generated by all the entities included in the cash-generating unit; they are determined on the basis of a business plan which is derived from the prospective three-year budgets approved by Management.

The discount rate used is a cost of capital calculated using a Capital Asset Pricing Model. This method is based on a risk-free interest rate grossed up by a risk premium which is determined according to the underlying activities of the cash-generating unit. For entities located in emerging countries, a sovereign risk premium is also added, representing the difference between the risk free interest rate available in the area of monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term Treasury bonds issued in the implementation country and denominated in the currency of assignment.

Sensitivity tests are carried out to measure in particular the impact on the recoverable value of the variation in certain assumptions such as profitability, long-term growth or discount rate. As at December 31, 2011, none of the sensitivity tests had caused the carrying amount of any unit to exceed its recoverable amount. Thus, a change of 25 basis points in the discount rate would lead to a decrease in the recoverable amount of 3.2%, which would not generate any additional CGU impairment loss.

As at December 31, 2011, the Group identified the following cash-generating units (CGU):

(In millions of euros)		December 31, 2011		
CGU	**Business Unit**	**Goodwill (gross book value)**	**Impairment losses**	**Goodwill (net book value)**
Crédit du Nord	French Networks	511	-	511
Societe Generale Network	French Networks	239	-	239
International Retail Banking – European Union and Pre-European Union	International Retail Banking	1,960	(65)	1,895
Russian Retail Banking	International Retail Banking	1,103	(272)	831
International Other Retail Banking	International Retail Banking	448	-	448
Insurance Financial Services	Specialised Financial Services and Insurance	10	-	10
Individual Financial Services	Specialised Financial Services and Insurance	705	(243)	462
Company Financial Services	Specialised Financial Services and Insurance	399	-	399
Car renting Financial Services	Specialised Financial Services and Insurance	177	-	177
Corporate and Investment Banking	Corporate and Investment Banking	50	-	50
Asset Management	Asset Management	662	-	662
Private Banking	Private Banking	374	-	374
SGSS*	SGSS and Brokers	532	-	532
Brokers*	SGSS and Brokers	448	(65)	383

* The SGSS and Brokers cash-generating unit has been split into two different CGUs named SGSS and Brokers.

Note 19

DUE TO BANKS

(In millions of euros)	December 31, 2011	December 31, 2010
Demand and overnight deposits		
Demand deposits and current accounts	7,793	7,986
Overnight deposits and borrowings and others	7,123	8,784
Sub-total	**14,916**	**16,770**
Term deposits		
Term deposits and borrowings	73,613	44,564
Borrowings secured by notes and securities	143	166
Sub-total	**73,756**	**44,730**
Related payables	235	128
Revaluation of hedged items	148	86
Securities sold under repurchase agreements	22,219	15,597
Total	**111,274**	**77,311**
Fair value of amounts due to banks	**110,270**	**77,018**

Note 20

CUSTOMER DEPOSITS

(In millions of euros)	December 31, 2011	December 31, 2010
Regulated savings accounts		
Demand	48,648	44,311
Term	18,324	17,984
Sub-total	**66,972**	**62,295**
Other demand deposits		
Businesses and sole proprietors	52,317	50,206
Individual customers	43,924	44,610
Financial customers	24,229	38,509
Others[1]	15,591	16,169
Sub-total	**136,061**	**149,494**
Other term deposits		
Businesses and sole proprietors	38,358	45,610
Individual customers	18,804	19,283
Financial customers	20,419	23,501
Others[1]	6,730	9,098
Sub-total	**84,311**	**97,492**
Related payables	1,307	1,014
Revaluation of hedged items	277	102
Total customer deposits	**288,928**	**310,397**
Borrowings secured by notes and securities	188	239
Securities sold to customers under repurchase agreements	51,056	26,811
Total	**340,172**	**337,447**
Fair value of customer deposits	**340,417**	**337,694**

(1) Including deposits linked to governments and central administrations.

Note 21

SECURITISED DEBT PAYABLES

(In millions of euros)	December 31, 2011	December 31, 2010
Term savings certificates	1,853	2,139
Bond borrowings	14,026	9,939
Interbank certificates and negotiable debt instruments	89,846	128,013
Related payables	1,001	748
Sub-total	**106,726**	**140,839**
Revaluation of hedged items	1,857	546
Total	**108,583**	**141,385**
O/w floating-rate securities	39,683	35,351
Fair value of securitised debt payables	**109,899**	**141,672**

Note 22

OTHER LIABILITIES

(In millions of euros)	December 31, 2011	December 31, 2010
Guarantee deposits received[1]	32,000	28,314
Settlement accounts on securities transactions	2,753	2,302
Other securities transactions	27	28
Expenses payable on employee benefits	2,605	2,932
Deferred income	1,716	1,600
Miscellaneous payables	20,424	19,827
Total	**59,525**	**55,003**

(1) Mainly concerns guarantee deposits received on financial instruments.

Note 23

PEL/CEL MORTGAGE SAVING ACCOUNTS

1. OUTSTANDING DEPOSITS IN PEL/CEL ACCOUNTS

(In millions of euros)	December 31, 2011	December 31, 2010
PEL accounts	**13,253**	**12,665**
less than four years old	3,960	3,001
between four and ten years old	4,422	5,193
more than ten years old	4,871	4,471
CEL accounts	**1,951**	**2,054**
Total	**15,204**	**14,719**

2. OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS

(In millions of euros)	December 31, 2011	December 31, 2010
less than four years old	247	320
between four and ten years old	78	85
more than ten years old	28	18
Total	**353**	**423**

3. PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS

(In millions of euros)	December 31, 2010	Allocations	Reversals	December 31, 2011
PEL accounts	**144**	**2**	**(28)**	**118**
less than four years old	15	-	(10)	5
between four and ten years old	46	1	(17)	30
more than ten years old	83	1	(1)	83
CEL accounts	**4**	**-**	**-**	**4**
Total	**148**	**2**	**(28)**	**122**

"Plans d'Epargne-Logement" (PEL or housing savings plans) entail two types of commitment that have the negative effect of generating a PEL/CEL provision for the Group: a commitment to lend at an interest rate that had been established at the inception of the plan and a commitment to remunerate the savings at an interest rate also established at the inception of the plan.

The level of provisions is sensitive to long-term interest rates. Since long-term rates were low during 2011, the provisions for PEL and CEL mortgage saving accounts are linked to the risks attached to the commitment to remunerate the deposits. Provisioning for PEL/CEL savings amounted to 0.80% of total outstandings as at December 31, 2011.

4. METHODS USED TO ESTABLISH THE PARAMETERS FOR VALUING PROVISIONS

The parameters used for estimating the future behavior of customers are derived from historical observations of customer behavior patterns over a long period (more than 10 years). The values of these parameters can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these items for the period in question, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps vs. Euribor yield curve at the valuation date, averaged over a 12-month period.

Note 24

PROVISIONS AND IMPAIRMENTS

1. ASSET IMPAIRMENTS

(In millions of euros)	Assets impairments as at December 31, 2010	Allocations	Write-backs available	Net impairment losses	Reversals used	Currency and scope effects	Assets impairments as at December 31, 2011
Banks	141	31	(22)	9	(9)	(17)	**124**
Customer loans	13,496	5,786	(2,851)	2,935	(1,814)	207	**14,824**
Lease financing and similar agreements	563	395	(224)	171	(80)	(6)	**648**
Groups of homogeneous receivables	1,244	417	(370)	47	-	-	**1,291**
Available-for-sale assets[(1)(2)]	3,575	1,253	(233)	1,020	(915)	(201)	**3,479**
Others[(1)]	427	324	(178)	146	(40)	13	**546**
Total	**19,446**	**8,206**	**(3,878)**	**4,328**	**(2,858)**	**(4)**	**20,912**

(1) Including a EUR 805 million net allocation for identified risks, o/w a EUR 783 million impairment on Greek government bonds (see note 25).

(2) O/w write-down on variable-income securities, excluding insurance activities, of EUR 111 million, which can be broken down as follows:

- EUR 36 million: impairment loss on securities not written down as at December 31, 2010,
- EUR 75 million: additional impairment loss on securities already written down as at December 31, 2010.

2. PROVISIONS

(In millions of euros)	Provisions as at December 31, 2010	Allocations	Write-backs available	Net allocation	Write-backs used	Effect of discounting	Currency and scope effects	Provisions as at December 31, 2011
Provisions for off-balance sheet commitments to banks	-	7	(7)	-	-	-	-	**-**
Provisions for off-balance sheet commitments to customers	226	190	(145)	45	(1)	-	(3)	**267**
Provisions for employee benefits[(3)]	781	538	(204)	334	-	-	(3)	**1,112**
Provisions for tax adjustments	411	256	(56)	200	(228)	-	(32)	**351**
Other provisions[(4)(5)]	608	422	(274)	148	(53)	1	16	**720**
Total	**2,026**	**1,413**	**(686)**	**727**	**(282)**	**1**	**(22)**	**2,450**

(3) O/w allocation for severance payments in the amount of EUR 237 million.

(4) Including a EUR 72 million net allocation for net cost of risk.

(5) The Group's other provisions include EUR 122 million in PEL/CEL provisions as at December 31, 2011 for the French Networks (see note 23).

The consequences, as assessed on December 31, 2011, of those disputes and tax risks that are liable to have or have recently had a significant impact on the financial position of the Group, its activities or results have been taken into account in the Group's financial statements.

Note 25

EXPOSURE TO SOVEREIGN RISK

1. BANKING ACTIVITIES

1.1. SIGNIFICANT EXPOSURE

The table below shows the Societe Generale Group's significant exposure to European sovereign risk by country as at December 31, 2011, in accordance with the methodology defined by the European Banking Authority (EBA) for the European bank capital requirements tests:

(In millions of euros)	Banking book	Trading book	CDS - Net positions(1)	Total net exposure(2)
France	13,605	(87)	27	13,545
Czech Republic	3,009	424	9	3,442
Italy	1,383	894	(1)	2,276
Germany	1,964	(377)	(15)	1,572
Romania	1,288	10	3	1,301
Spain	680	283	14	977
Total	**21,929**	**1,147**	**37**	**23,113**

(1) Net positions comprise the difference between the market value of long positions and short positions.

(2) After allocation for write-down and excluding direct exposure to derivatives.

1.2. COUNTRIES SUBJECT TO A EUROPEAN UNION AND INTERNATIONAL MONETARY FUND RESCUE PLAN

1.2.1. Breakdown of exposure

As at December 31, 2011, sovereign risk exposure linked to countries subject to a joint European Union and International Monetary Fund rescue plan was as follows (presented in accordance with the methodology defined by the EBA):

	Banking book					
(In millions of euros)	Loans and receivables	Available-for-sale	Held-to-maturity	Trading book	CDS - Net positions(1)	Total net exposure(2)(3)
Greece	6	329	11	77	-	423
Ireland	-	300	-	48	4	352
Portugal	-	210	-	210	(8)	412
Total	**6**	**839**	**11**	**335**	**(4)**	**1,187**

(1) Net positions comprise the difference between the market value of long positions of short positions.

(2) After allocation for write-down and excluding direct exposure to derivatives.

(3) In financial year 2011, exposure to sovereign government bonds was reduced, through the redemption of bonds at maturity (EUR 574 million) and one-off disposals (EUR 699 million) for a total of EUR 1,273 million.

Average residual maturity of these banking book government bonds is less than one year for Portugal, one year for Ireland and three years for Greece. 2018 is the longest maturity.

Exposure on geniki

As at December 31, 2011, the Greek subsidiary Geniki's funding requirements from the Group were limited to EUR 168 million. Also at December 31, 2011, outstanding loans on Geniki's balance sheet totalled EUR 2,624 million and customer deposits EUR 1,828 million. In 2011, Geniki recorded an impairment loss of EUR 476 million due to credit risk (excluding impairment of sovereign government bonds), bringing its provisioning rate to 74.5%.

1.2.2. Evaluation of risks

Greece

At the European Summit held on July 21, 2011, the Heads of State and Government of the euro zone adopted a rescue plan for Greece. Under this plan, the Greek government will carry out a bond exchange offer, in which private investors will be able to participate on a voluntary basis (PSI – Private Sector Involvement). The aim of this measure is to reduce and extend the maturity of Greece's debt, thus making it easier for the Greek economy to carry the debt. The various stakeholders subsequently began talks aimed at establishing the terms and conditions of the exchange offer.

In light of Greece's economic and financial developments and the failure to reach a conclusion after the first round of talks, a second Summit of the Heads of State and Government of the euro zone was held on October 26, 2011. At this summit, the decision to organise an exchange offer was confirmed and the goal of reducing Greek debt was enhanced, with the stated target of a 50% haircut on the nominal amount of Greek government bonds.

The second round of talks, initiated on this new basis, was still in progress at the closing date and had yet to alleviate the uncertainties surrounding the precise terms and conditions of the exchange, including the final percentage of the write-down that bondholders will be expected to incur.

Against this backdrop – overshadowed, as at the closing date – by the suspense of waiting for the provisions of the exchange plan to be finalised and the absence of an active market for most Greek government bond maturities, the Group decided to book these securities as at December 31, 2011 according to a model based on a conservative analysis of the Greek government's credit risk. This model, updated with the most recent economic data, places the net discounted value of the existing securities at 65% to 75%. This is coherent with the assumptions of the PSI terms and conditions currently under negotiation, such as interest rate, maturity and nominal haircut. Lastly, although the comparison is limited and not highly representative due to the illiquidity of the market, the market prices observed fall within a similar range to that derived from the model.

Consequently, the Greek government bonds held by the Group under Available-for-sale financial assets were subject to an allocation for write-down based on a discounted price of 75% of their nominal value. This haircut was also applied to the Greek government bonds held by the Group under held-to-maturity financial assets.

The Greek government bonds held by the Group under available-for-sale financial assets totalled EUR 1,016 million[(4)] before write-down and the Greek government bonds held under held-to-maturity financial assets totalled EUR 45 million[(4)] before write-down.

The allocation for write-down recorded under cost of risk amounted to EUR 783 million; after taxes and the incorporation of non-controlling interests, the impact on Group net income came out at EUR -552 million. This loss was recognised under Corporate Centre profit and loss. Note: the allocation for write-down that would have been recorded based on the rare transaction prices observed is EUR 736 million.

(4) Amortised cost before allocation for write-down as at December 31, 2011.

Other countries subject to a joint European Union and international monetary fund aid package (Ireland and Portugal):

At the European Summit held on December 9, 2011, the Heads of State and Government of the euro zone reiterated that the decisions taken on July 21 and October 26 and 27, 2011 concerning the involvement of the private sector in the Greek aid programme were "unique and exceptional". As regards the other two euro zone countries subject to the EU-IMF programme (Ireland and Portugal), private sector involvement in the reduction of public debt was distinctly ruled out.

In reality, the situation of these two countries is different from that of Greece. According to the reviews of the EU-IMF Programme conducted in December by the representatives of the European Commission, the IMF and the European Central Bank (aka the "Troika"), the public debt ratios (as a % of GDP) were estimated at end-2011 at 106% for Ireland and 107% for Portugal, versus 162% for Greece. Moreover, the Troika saw Ireland's and Portugal's public debt ratios peaking at 118% of GDP by 2013.

Market data similarly underscore a strong distinction between the countries: at end-December 2011, yields on 10-year government bonds stood at 8% in Ireland and 14% in Portugal versus 37% in Greece. The ratings issued by the external rating agencies and internally by the Group also reflect these discrepancies.

Consequently, the Group's exposure to Ireland and Portugal is not subject to default and therefore does not warrant an allocation for write-down.

1.2.3. Unrealised losses on available-for-sale financial assets

(In millions of euros)	31.12.2011
Greece[5]	(6)
Ireland	(32)
Portugal	(3)
Total	**(41)**

(5) Due to the write-down of Greek government bonds, the unrealised loss on these securities booked to equity was nil as at December 31, 2011. The residual unrealised loss corresponds to securities backed by an explicit Greek government guarantee.

1.2.4. Fair value of held-to-maturity financial assets

(In millions of euros)	Book value as at 31.12.2011	Fair value as at 31.12.2011
Greece[6]	11	13
Ireland	-	-
Portugal	-	-
Total	**11**	**13**

(6) The book value is net of impairment (see 1.2.2.).

2. INSURANCE ACTIVITIES

The insurers of the Societe Generale Group mainly hold government bonds for the investment purposes of life insurance policies. Net exposure to the bonds equals the insurer's residual exposure after the application of contractual tax and profit-sharing rules, in the event of the issuer's total default.

Exposure to the countries subject to a European Union and International Monetary Fund rescue plan is presented below:

(In millions of euros)	**Gross exposure[7]**	**Net exposure**
Greece	30	1
Ireland	497	27
Portugal	195	13
Total	**722**	**41**

(7) Gross exposure (net book value) to EUR-denominated vehicles.

Note 26

EMPLOYEE BENEFITS

1. DEFINED CONTRIBUTION PLANS

Defined contribution plans limit the Group's liability to the contributions paid to the plan but do not commit the Group to a specific level of future benefits.

The main defined contribution plans provided to employees of the Group are located in France. They include State pension plans and other national pension plans such as ARRCO and AGIRC, as well as pension schemes put in place by some entities of the Group for which the only commitment is to pay annual contributions (PERCO).

Contributions to these schemes amounted to EUR 611 million in 2011 (EUR 614 million in 2010).

2. POST-EMPLOYMENT BENEFIT PLANS (DEFINED BENEFIT PLANS) AND OTHER LONG-TERM BENEFITS

2.1. RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	December 31, 2011				December 31, 2010			
	Post-employment benefits				Post-employment benefits			
(In millions of euros)	Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Net liabilities recorded in the balance sheet	400	56	397	**853**	370	52	296	**718**
Assets recorded in the balance sheet	(121)	-	-	(121)	(132)	-	**-**	**(132)**
Net balance	**279**	**56**	**397**	**732**	**238**	**52**	**296**	**586**
Breakdown of the net balance								
Present value of defined benefit obligations	2,287	-	95	**2,382**	2,241	-	98	**2,339**
Fair value of plan assets	(1,806)	-	(54)	**(1,860)**	(1,814)	-	(54)	**(1,868)**
A – Actuarial deficit (net balance)	481	-	41	**522**	427	-	44	**471**
B – Present value of unfunded obligations	327	62	356	**745**	333	62	252	**647**
Unrecognised items								
Unrecognised past service cost	51	-	-	**51**	48	-	-	**48**
Unrecognised net actuarial (gain)/loss	479	6	-	**485**	484	10	-	**494**
Separate assets	(1)	-	-	**(1)**	(1)	-	-	**(1)**
Plan assets impacted by change in asset celling	-	-	-	**-**	(9)	-	-	**(9)**
C – Total unrecognised items	529	6	-	**535**	522	10	-	**532**
A + B – C Net balance	**279**	**56**	**397**	**732**	**238**	**52**	**296**	**586**

Notes:

1. For pensions and other post-employment plans, actuarial gains and losses, which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortised over the estimated average remaining working life of the employees participating in the plan in accordance with the IAS 19 option (corridor approach).
2. Pension plans include pension benefits as annuities, end-of career payments and cash balance plans. Pension benefit annuities are paid additionally to State pension plans. The Group offers 148 pension plans in 40 countries. 10 pension plans located in France, the UK, Germany, the USA and Switzerland represent 80% of gross liabilities of these pension plans. Other post-employment benefit plans are mainly healthcare plans. These 13 plans are located in 6 countries among which France represents 37% of gross liabilities and North Africa 51%.

   Other long-term employee benefits include deferred variable remuneration, flexible working provisions (French term: compte épargne temps) and long-service awards. 88 benefits are located in 23 countries.
3. The present values of defined benefit obligations have been valued by independent qualified actuaries.
4. In Switzerland, the process of harmonisation of the pension schemes, initiated in 2010, came to an end in 2011.

2.2. EXPENSES RECOGNISED IN THE INCOME STATEMENT

	2011				2010			
	Post-employment benefits				Post-employment benefits			
(In millions of euros)	Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Current service cost including social security contributions	85	3	195	**283**	76	2	127	**205**
Employee contributions	(7)	-	-	**(7)**	(6)	-	-	**(6)**
Interest cost	109	3	5	**117**	119	2	6	**127**
Expected return on plan assets	(97)	-	(3)	**(100)**	(93)	-	(3)	**(96)**
Expected return on separate assets	-	-	-	**-**	-	-	-	**-**
Amortisation of past service cost	7	-	2	**9**	(1)	-	-	**(1)**
Amortisation of losses (gains)	29	3	(3)	**29**	36	-	15	**51**
Settlement, curtailment	1	(4)	(1)	**(4)**	(1)	5	-	**4**
Change in asset ceiling	-	-	-	**-**	1	-	-	**1**
Transfer from unrecognised assets	-	-	-	**-**	-	-	-	**-**
Total charges	**127**	**5**	**195**	**327**	**131**	**9**	**145**	**285**

2.3. CHANGES IN NET LIABILITIES OF POST-EMPLOYMENT BENEFIT PLANS BOOKED IN THE BALANCE SHEET

2.3.1. Changes in the present value of defined benefit obligations

	2011			2010		
	Post-employment benefits			Post-employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**2,574**	**62**	**2,636**	**2,304**	**46**	**2,350**
Current service cost including social security contributions	85	3	**88**	76	2	**78**
Interest cost	109	3	**112**	119	2	**121**
Employee contributions	-	-	**-**	-	-	**-**
Actuarial gain/loss	(44)	(1)	**(45)**	153	9	**162**
Foreign exchange adjustment	35	-	**35**	58	-	**58**
Benefit payments	(135)	(5)	**(140)**	(135)	(2)	**(137)**
Past service cost	10	-	**10**	1	-	**1**
Acquisition of subsidiaries	(9)	5	**(4)**	8	-	**8**
Transfers, reductions and others	(11)	(5)	**(16)**	(10)	5	**(5)**
At December 31	**2,614**	**62**	**2,676**	**2,574**	**62**	**2,636**

2.3.2. Changes in fair value of plan assets and separate assets

(In millions of euros)	2011			2010		
	Post-employment benefits			Post-employment benefits		
	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**1,814**	**-**	**1,814**	**1,593**	**-**	**1,593**
Expected return on plan assets	97	-	97	93	-	93
Expected return on separate assets	-	-	-		-	-
Actuarial gain/loss during the period	(63)	-	(63)	72	-	72
Foreign exchange adjustment	29	-	29	45	-	45
Employee contributions	7	-	7	6	-	6
Employer contributions to plan assets	44	-	44	102	-	102
Benefit payments	(95)	-	(95)	(91)	-	(91)
Acquisition of subsidiaries	(14)	-	(14)	1	-	1
Transfers, liquidations and others	(13)	-	(13)	(7)	-	(7)
At December 31	**1,806**	**-**	**1,806**	**1,814**	**-**	**1,814**

2.4. INFORMATION REGARDING PLAN ASSETS

2.4.1. General information regarding plan assets

(for all benefits and future contributions)

The breakdown of the fair value of plan assets is as follows: 43% bonds, 45% equities, 1% money market instruments and 11% others. Directly held Societe Generale shares are not significant.

For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 121 million.

Employer contributions to be paid to post-employment defined benefit plans for 2012 are estimated at EUR 38 million.

2.4.2. Actual returns on plan assets

The actual returns on plan and separate assets were:

(In millions of euros)	2011				2010			
	Post-employment benefits				Post-employment benefits			
	Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Plan assets	34	-	-	34	165	-	4	169

The assumption on return on assets is presented in section 2.5.

2.5. MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	December 31, 2011	December 31, 2010
Discount rate		
Europe	4.32%	4.27%
Americas	4.92%	5.78%
Asia-Oceania-Africa	3.98%	3.97%
Long-term inflation		
Europe	2.18%	2.08%
Americas	2.00%	2.11%
Asia-Oceania-Africa	1.79%	1.66%
Expected return on plan assets (separate and plan assets)		
Europe	5.26%	5.36%
Americas	6.50%	6.50%
Asia-Oceania-Africa	6.30%	5.99%
Future payroll increase		
Europe	1.03%	1.75%
Americas	2.00%	2.00%
Asia-Oceania-Africa	2.31%	1.95%
Healthcare cost increase rate		
Europe	3.40%	4.08%
Americas	NA	NA
Asia-Oceania-Africa	5.72%	5.52%
Average and remaining lifetime of employees (in years)		
Europe	11.2	10.8
Americas	9.0	9.1
Asia-Oceania-Africa	11.3	11.4

Notes:

1. The assumptions by geographical zone are averages weighted by the present value of the liabilities (DBO) with the exception of the expected returns on plan assets which are averages weighted by the fair value of assets.
2. The yield curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed mid-October for USD, GBP and EUR, and corrected at the end of December when the decrease in discount rates had a significant impact.

   Inflation rates used are the long-term targets of the central banks of the monetary zones above.
3. The range of expected return on plan assets rate is due to actual plan assets allocation. Generally, expected return rates of plan assets are calculated by weighting expected anticipated returns on each category of assets with their respected weights in the asset fair value. For French plan assets, the long-term return rates are 7.6% for equities, 3.45% for bonds and 2.4% for cash. For United Kingdom plan assets, the return rates are 7.5% for equities and 4.25% for bonds.
4. The average and remaining lifetime of employees is calculated taking into account turnover assumptions.

2.6. SENSITIVITIES ANALYSIS OF OBLIGATIONS COMPARED TO MAIN ASSUMPTION RANGES

	2011			2010		
(Percentage of item measured)	**Pension plans**	**Other post-employment plans**	**Other long-term benefit plans**	**Pension plans**	**Other post-employment plans**	**Other long-term benefit plans**
Variation of + 1% in discount rate						
Impact on present value of defined benefit obligations at December 31	-12%	-13%	-8%	-13%	-14%	-8%
Net total plan expenses N + 1	-18%	-41%	-1%	-23%	-44%	-1%
Variation of + 1% in expected return on plan and separate assets						
Impact on plan assets at December 31	1%	NA	1%	1%	NA	1%
Net total plan expenses N + 1	-14%	NA	-4%	-14%	NA	-4%
Variation of + 1% in future salary increases						
Impact on present value of defined benefit obligations at December 31	4%	NA	5%	4%	NA	5%
Net total plan expenses N + 1	17%	NA	8%	18%	NA	7%
Variation of + 1% in healthcare cost increase rate						
Impact on present value of defined benefit obligations at December 31	NA	18%	NA	NA	16%	NA
Net total plan expenses N + 1	NA	63%	NA	NA	72%	NA

Note:
1. The disclosed sensibilities are weighted averages of the variations observed by the present value of liabilities (impact on the Defined Benefit Obligation at December 31, 2011), or by the fair values of assets (impact on the Plan Assets at December 31, 2011) or by the expected expenses N +1 (impact on total net expenses).

2.7. EXPERIENCE ADJUSTMENTS OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(In millions of euros)	**December 31, 2011**	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**	**December 31, 2007**
Defined benefit obligations current value	2,614	2,574	2,304	2,047	2,344
Fair value of plan assets	1,806	1,814	1,593	1,541	2,071
Deficit/(surplus)	**808**	**760**	**711**	**506**	**273**
Adjustments of plan liabilities due to experience (negative: gain)	17	(50)	55	17	49
Adjustments of plan liabilities due to experience (negative: gain), % of DBO	0.7%	-1.9%	2.4%	0.8%	2.1%
Adjustments of plan assets due to experience (negative: gain)	63	(72)	(95)	532	68
Adjustments of plan assets due to experience (negative: gain), % of assets	3.5%	-4.0%	-6.0%	34.5%	3.3%

Note 27

SUBORDINATED DEBT

(In millions of euros)

Currency of issue	Maturity dates 2012	2013	2014	2015	2016	Other	Outstanding at December 31, 2011	Outstanding at December 31, 2010
Subordinated Capital notes								
EUR	683	328	359	926	875	4,265	7,436	8,470
USD	-	-	-	58	773	-	831	1,495
GBP	-	-	-	-	-	718	718	697
Other currencies	-	-	9	-	-	-	9	9
Sub-total	**683**	**328**	**368**	**984**	**1,648**	**4,983**	**8,994**	**10,671**
Dated subordinated debt								
EUR	-					50	50	55
Other currencies	-					180	180	179
Sub-total	**-**	**-**	**-**	**-**	**-**	**230**	**230**	**234**
Related payables	**248**						**248**	**260**
Total excluding revaluation of hedged items	**931**	**328**	**368**	**984**	**1,648**	**5,213**	**9,472**	**11,165**
Revaluation of hedged items							1,069	858
Total							**10,541**	**12,023**

The fair value of subordinated debt securities stood at EUR 9,829 million at December 31, 2011 (EUR 9,981 million at December 31,2010).

Note 28

SOCIETE GENERALE ORDINARY SHARES, TREASURY STOCK, SHARES HELD BY EMPLOYEES AND SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

1. ORDINARY SHARES ISSUED BY SOCIETE GENERALE S.A.

(Number of shares)	December 31, 2011	December 31, 2010
Ordinary shares	776,079,991	746,421,631
Including treasury stock with voting rights(1)	29,092,954	21,306,663
Including shares held by employees	58,566,866	54,025,794

(1) Societe Generale shares held for trading excluded.

As at December 31, 2011, Societe Generale S.A.'s fully paid-up capital amounted to EUR 970,099,989 and was made up of 776,079,991 shares with a nominal value of EUR 1.25.

In the first half of 2011, Societe Generale S.A. carried out a capital increase representing a total of EUR 30 million, with an issue premium of EUR 859 million. This ordinary share issue is due to the exercise by the shareholders of the option to distribute 2010 dividends in Societe Generale shares.

In the second half of 2011, Societe Generale S.A. completed a capital increase reserved for employees amounting to EUR 7 million, with an issue premium of EUR 208 million.

2. SHAREHOLDERS' EQUITY ISSUED

2.1. PERPETUAL SUBORDINATED NOTES

Perpetual subordinated notes (TSDI) issued by the Group and that include some discretionary features governing the payment of interest are classified as equity.

As at December 31, 2011, the amount of perpetual subordinated notes (TSDI) issued by the Group and recognised under Group shareholder's equity *other equity within instruments* totalled to EUR 945 million.

Issuance Date	Amount issued	Amount in millions of euros at historical rate	Remuneration
July 1, 1985	EUR 70 M	70	BAR -0.25% with BAR = Bond Average Rate of the period from June 1 to May 31 before each
November 24, 1986	USD 248 M	182	Average 6-month EuroDollar deposit rates transmitted by reference banks +0.075%
June 30, 1994	JPY 15,000 M	107	5.385% until December 2014 and for next due dates: the more favourable rate between the fixed rate and a variable rate + spread defined as follows: Mid Swap Rate 5 year JPY+1.25% until December 2019 and 5 year JPY Mid Swap+ 2% for the next
December 30, 1996	JPY 10,000 M	71	3.936% until September 2016 and for next: the more favourable rate between the fixed rate and a variable rate + spread defined as follows: Mid Swap Rate 5 year JPY+2.0%
March 27, 2007	GBP 350 M	515	5.75% until March 2012 and for the next 3-month GBP Libor +1.10%

2.2. PREFERRED SHARES ISSUED BY SUBSIDIARIES

Due to the discretionary nature of the decision to pay dividends to shareholders, preferred shares issued by the Group's subsidiaries are classified as equity.

As at December 31, 2011, the amount of preferred shares issued by the Group's subsidiaries and recognised under non-controlling interests totalled to EUR 420 million. During the second half 2011, the preferred shares issued by a subsidiary during the last quarter of 2001 and amounting to USD 425 million were reimbursed.

In addition, the Group repurchased preferred shares issued by a subsidiary during the last quarter of 2003 for a nominal value amounting to EUR 230 million at a price below the issue price. As a result, a EUR 93 million gain was recorded in retained earnings, Group share.

Issuance Date	**Amount**	**Remuneration**
4th quarter of 2003 (step up clause after 10 years)	EUR 420 M	5.419%, from 2013 3-months Euribor +1.95% annually

2.3. DEEPLY SUBORDINATED NOTES

Given the discretionary nature of the decision to pay dividends to shareholders, they have been classified as equity and recognised under *Equity instruments and associated reserves*.

As at December 31, 2011, the amount of deeply subordinated notes issued by the Group and recognised under Group shareholder's equity within other equity instruments totalled to EUR 5,228 million. The amount of deeply subordinated notes issued by the Group decreased due to repurchases during second half 2011.

These repurchases were carried out at a price below the issue price, as a result a EUR 276 million gain net of tax was recorded in *retained earnings, Group share*.

Issuance Date	**Amounts as at December 31, 2010**	**Repurchases in 2011**	**Amounts as at December 31, 2011**	**Amount in millions of euros at historical rate**	**Remuneration**
January 26, 2005	EUR 1,000 M	EUR 268 M	EUR 732 M	732	4.196%, from 2015 3-month Euribor +1.53% annually
April 05, 2007	USD 200 M	USD 137 M	USD 63 M	47	3-month USD Libor +0.75% annually, from 2017 3-month USD Libor +1.75% annually
April 05, 2007	USD 1,100 M	USD 292 M	USD 808 M	604	5.922%, from 2017 3-month USD Libor +1.75% annually
December 19, 2007	EUR 595 M	EUR 131 M	EUR 464 M	464	6.999%, from 2018 3-month Euribor +3.35% annually
May 22, 2008	EUR 1,000 M	EUR 203 M	EUR 797 M	797	7.76%, from 2013 3-month Euribor +3.35% annually
June 12, 2008	GBP 700 M	GBP 194 M	GBP 506 M	642	8.875%, from 2018 3-month GBP Libor +3.4% annually
February 27, 2009	USD 450 M		USD 450 M	356	3-month USD Libor +6.77% annually
September 4, 2009	EUR 945 M	EUR 40 M	EUR 905 M	905	9.375%, from 2019 3-month Euribor +8.901% annually
October 7, 2009	USD 1,000 M		USD 1,000 M	681	8.75%

Changes related to the perpetual subordinated notes and to the deeply subordinated notes including *Retained earnings* are detailed below:

(In millions of euros)	**Deeply subordinated notes**	**Perpetual subordinated notes**	**Total**
Tax savings on the remuneration to be paid to shareholders and booked under reserves	143	13	156
Remuneration paid booked under dividends (2011 Dividends paid line)	446	37	483
Nominals repaid under partial buybacks	1,209		1,209
Net gain related to the repurchase of the deeply subordinated notes at a price below the issue price and booked under reserves	276		276

3. DIVIDENDS PAID

Dividends paid by the Societe Generale Group in 2011 amounted to EUR 2 076 million and are detailed in the following table:

(In millions of euros)	Group Share	Non-controlling interests	Total
Ordinary shares	1,287	255	1,542
o/w paid in equity	*889*	*-*	*889*
o/w paid in cash	*398*	*255*	*653*
Other equity instruments	483	51	534
Total	**1,770**	**306**	**2,076**

Note 29

UNREALISED OR DEFERRED GAINS AND LOSSES

(In millions of euros)

Change in gains and losses recognised directly in equity	December 31, 2011	Period	December 31, 2010
Translation differences[1]	**(317)**	**(14)**	**(303)**
Revaluation differences	-	(14)	-
Recycled to P&L	-	-	-
Revaluation of available-for-sale assets	**(1,223)**	**(722)**	**(501)**
Revaluation differences	-	(1,161)	-
Recycled to P&L	-	439	-
Cash flow hedge derivatives revaluation	**77**	**(52)**	**129**
Revaluation differences	-	(50)	-
Recycled to P&L	-	(2)	-
Net unrealised or deferred capital gains or losses from companies accounted for by the equity method	**9**	**(6)**	**15**
Tax	**480**	**280**	**200**
Total	**(974)**	**(514)**	**(460)**

	December 31, 2011			December 31, 2010		
(In millions of euros)	Gross Value	Tax	Net of tax	Gross Value	Tax	Net of Tax
Translation differences[1]	(317)	-	(317)	(303)	-	(303)
Revaluation of available-for-sale assets	(1,223)	514	(709)	(501)	243	(258)
Revaluation of hedging derivatives	77	(31)	46	129	(39)	90
Net unrealised or deferred capital gains or losses from companies accounted for by the equity method	9	(3)	6	15	(4)	11
Total gains and losses recognised directly in equity	**(1,454)**	**480**	**(974)**	**(660)**	**200**	**(460)**
Group share	**-**	**-**	**(1,015)**	**-**	**-**	**(556)**
Non-controlling interests	**-**	**-**	**41**	**-**	**-**	**96**

(1) The variation in Group translation differences for 2011 amounted to EUR 37 million.

This variation was mainly due to the decrease against the Euro of the Czech Koruna (EUR -51 million), the Brazilian Real (EUR -40 million), and the Croatian Kuna (EUR -25 million) and to the increase against the Euro of the US Dollar (EUR 138 million) and the Pound sterling (EUR 60 million).

The variation in translation differences attributable to non-controlling interests amounted to EUR -51 million.

This was mainly due to the depreciation of the Czech Koruna against the Euro (EUR -28 million).

Breakdown of unrealised gains and losses on available-for-sale assets:

(In millions of euros)	Unrealised gains	Unrealised losses	Unrealised gains and losses
Unrealised gains and losses on equity instruments available-for-sale	607	(43)	564
Unrealised gains and losses on debt instruments available-for-sale	2,487	(4,158)	(1,671)
Unrealised gains and losses on assets reclassified in *Loans and receivables*	-	-	-
Unrealised gains and losses of insurance companies	115	(231)	(116)
o/w equity instruments available-for-sale	*604*	*(246)*	-
o/w debt instruments available-for-sale and assets reclassified in Loans and receivables	*1,877*	*(2,756)*	-
o/w deferred profit-sharing	*(2,366)*	*2,771*	-
Total	**3,209**	**(4,432)**	**(1,223)**

Note 30

COMMITMENTS

1. COMMITMENTS GRANTED AND RECEIVED

COMMITMENTS GRANTED

(In millions of euros)	December 31, 2011	December 31, 2010
Loan commitments		
to banks	8,466	20,852
to customers[1]		
Issuance facilities	-	-
Confirmed credit lines	129,400	149,886
Others	2,177	1,804
Guarantee commitments		
on behalf of banks	4,324	4,971
on behalf of customers[1][2]	56,917	57,307
Securities commitments		
Securities to be delivered	27,555	27,186

COMMITMENTS RECEIVED

(In millions of euros)	December 31, 2011	December 31, 2010
Loan commitments		
from banks	44,609	65,542
Guarantee commitments		
from banks	66,366	64,853
other commitments[3]	113,218	116,935
Securities commitments		
Securities to be received	28,892	26,877

(1) As at December 31, 2011, credit lines and guarantee commitments granted to securisation vehicles and other special purpose vehicles amounted to EUR 10,338 million and EUR 1,012 million respectively.

(2) Including capital and performance guarantees given to the holders of units in mutual funds managed by entities of the Group.

(3) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 37,602 million as at December 31, 2011 versus EUR 52,750 million as at December 31, 2010. The remaining balance mainly corresponds to securities and assets assigned as a guarantee for EUR 1,468 million as at December 31, 2011 versus EUR 1,783 million as at December 31, 2010.

2. FORWARD FINANCIAL INSTRUMENT COMMITMENTS (NOTIONAL AMOUNTS)

(In millions of euros)	December 31, 2011 Trading transactions	December 31, 2011 Hedging transactions	December 31, 2010 Trading transactions	December 31, 2010 Hedging transactions
Interest rate instruments				
Firm transactions				
Swaps	9,892,512	271,728	8,919,944	264,886
Interest rate futures	2,489,776	1,892	1,722,178	1,236
Options	*2,840,878*	*6,358*	*2,773,229*	*7,582*
Foreign exchange instruments				
Firm transactions	*1,810,373*	*8,223*	*1,741,860*	*10,999*
Options	*579,117*	-	*562,377*	-
Equity and index instruments				
Firm transactions	*55,247*	-	*68,633*	-
Options	*674,991*	*5*	*640,945*	*36*
Commodity instruments				
Firm transactions	*150,185*	-	*140,867*	-
Options	*75,845*	-	*70,369*	-
Credit derivatives	**1,447,794**	**-**	**1,405,304**	**-**
Other forward financial instruments	**3,768**	**643**	**3,252**	**942**

SECURITISATION TRANSACTIONS ON BEHALF OF EXTERNAL COUNTERPARTIES

The Societe Generale Group carries out securitisation transactions on behalf of customers and investors and as such provides credit enhancement and liquidity facilities to the securitisation vehicles.

As at December 31, 2011, there are 2 non-consolidated vehicles (Barton and Antalis) structured by the Group on behalf of external counterparties. Total assets held by these vehicles and financed through the issuance of commercial papers amounted to EUR 7,318 million (EUR 9,397 million as at December 31, 2010).

The non-controlling situation of the Group over these vehicles is regularly assessed using the consolidation criteria applicable to special purpose entities (see note 1). As at December 31, 2011, none of these vehicles is consolidated, as the Group does not control them and is not exposed to the majority of the related risks and rewards.

The default risk on the assets held by these vehicles is borne by the transferers of the underlying receivables or by third parties. The Societe Generale Group provides an additional guarantee as a credit enhancement through the issuance of letters of credit in the amount of EUR 1,012 million (EUR 1,073 million as at December 31, 2010). Furthermore, the Group granted these vehicles short-term loan facilities in the amount of EUR 10,338 million at this date (EUR 12,350 million as at December 31, 2010).

Note 31

ASSETS PLEDGED AND RECEIVED AS SECURITY

1. ASSETS PLEDGED AS SECURITY

(In millions of euros)	December 31, 2011	December 31, 2010
Book value of assets pledged as security for liabilities[1]	161,522	96,260
Book value of assets pledged as security for transactions in financial instruments[2]	34,418	25,446
Book value of assets pledged as security for off-balance sheet commitments	555	608
Total	**196,495**	**122,314**

(1) Assets pledged as security for liabilities mainly include loans given as guarantees for liabilities (guarantees notably provided to the central banks).

(2) Assets pledged as security for transactions in financial instruments correspond mainly to surety deposits.

2. ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

(In millions of euros)	December 31, 2011	December 31, 2010
Fair value of reverse repos	**63,638**	**40,882**

Note 32

BREAKDOWN OF ASSETS AND LIABILITIES BY TERM TO MATURITY

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES[1]

(In millions of euros at December 31, 2011)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Due to central banks	971	-	1	-	-	972
Financial liabilities at fair value through profit or loss, except derivatives	107,039	9,048	25,693	24,232	-	166,012
Due to banks	84,909	3,747	18,789	4,061	-	111,506
Customer deposits	289,537	20,583	20,787	8,623	-	339,530
Securitised debt payables	46,874	9,529	30,902	20,118	-	107,423
Subordinated debts	611	776	2,701	5,590	5	9,683
Total Liabilities	**529,941**	**43,683**	**98,873**	**62,624**	**5**	**735,126**
Loans commitment granted	49,526	21,229	41,511	27,830	-	140,096
Guarantee commitments granted	26,749	6,717	12,308	15,863	-	61,637
Total commitments granted	**76,275**	**27,946**	**53,819**	**43,693**	**-**	**201,733**

(1) The displayed amounts are the contractual amounts except provisional interest and except derivatives.

INSURANCE COMPANY UNDERWRITING RESERVES[2]

(In millions of euros at December 31, 2011)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Insurance company underwriting reserves	2,801	5,198	21,469	53,530	-	**82,998**

(2) Breakdown of accounting amounts.

NOTIONAL MATURITIES OF COMMITMENTS IN FINANCIAL DERIVATIVES[3]

	ASSETS				LIABILITIES			
(In millions of euros at December 31, 2011)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Interest rate instruments								
Firm instruments								
Swaps	3,247,367	3,748,508	3,168,365	**10,164,240**	-	-	-	-
Interest rate futures	934,219	252,040	149	**1,186,408**	1,043,840	260,656	764	**1,305,260**
Options	*346,987*	*571,623*	*448,592*	*1,367,202*	*403,588*	*617,671*	*458,775*	*1,480,034*
Forex instruments								
Firm instruments	*1,078,435*	*521,601*	*218,560*	***1,818,596***	-	-	-	**-**
Options	*165,033*	*87,209*	*37,999*	***290,241***	*146,353*	*104,253*	*38,270*	***288,876***
Equity and index instruments								
Firm instruments	*24,650*	*2,407*	*1,818*	***28,875***	*18,282*	*6,726*	*1,364*	***26,372***
Options	*155,479*	*146,892*	*19,857*	***322,228***	*158,402*	*176,207*	*18,159*	***352,768***
Commodity instruments								
Firm instruments	*64,313*	*12,119*	*2,685*	***79,117***	*55,585*	*11,742*	*3,741*	***71,068***
Options	*20,207*	*17,216*	*521*	***37,944***	*18,913*	*16,438*	*2,550*	***37,901***
Credit derivatives	130,257	496,247	95,442	**721,946**	130,807	495,013	100,028	**725,848**
Other forward financial instruments	1,179	577	29	**1,785**	1,070	1,169	387	**2,626**

(3) These items are presented according to the contractual maturity of the financial instruments.

Note 33

FOREIGN EXCHANGE TRANSACTIONS

	December 31, 2011				December 31, 2010			
(In millions of euros)	**Assets**	**Liabilities**	**Currencies bought, not yet received**	**Currencies sold, not yet delivered**	**Assets**	**Liabilities**	**Currencies bought, not yet received**	**Currencies sold, not yet delivered**
EUR	725,336	763,220	8,735	14,807	702,413	705,745	24,725	23,471
USD	274,939	247,333	24,126	30,980	235,002	262,582	24,981	23,735
GBP	28,885	29,418	2,603	7,437	30,573	35,453	3,284	4,404
JPY	27,104	22,524	5,219	5,818	31,734	30,631	6,218	8,526
AUD	7,427	7,015	2,731	3,848	7,093	5,586	2,039	1,759
CZK	26,409	28,214	79	232	25,892	26,071	208	134
RUB	13,804	12,735	1	380	13,720	7,162	48	307
RON	5,684	6,271	86	168	5,625	6,183	381	303
Other currencies	71,784	64,642	8,295	10,240	80,020	52,659	6,808	5,884
Total	**1,181,372**	**1,181,372**	**51,875**	**73,910**	**1,132,072**	**1,132,072**	**68,692**	**68,523**

Note 34

INSURANCE ACTIVITIES

UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In millions of euros)	December 31, 2011	December 31, 2010
Underwriting reserves for unit-linked policies	15,124	16,798
Underwriting reserves for other life insurance policies	67,155	65,268
Underwriting reserves for other non-life insurance policies	719	604
Total	**82,998**	**82,670**
Deferred profit-sharing(1)	(2,235)	(1,068)
Attributable to reinsurers	(395)	(371)
Underwriting reserves of insurance companies (including deferred profit-sharing) net of the share attributable to reinsurers	**80,368**	**81,231**

(1) According to the CNC Recommendation of December 19, 2008, a recoverability test was carried out on the provisions for deferred profit-sharing booked in assets, to verify that the deduction of this amount from future profit-sharing for policyholders is highly probable. The accounting method used to determine the deferred profit-sharing booked in assets is based on the consideration of the fair value of the assets compared to their historical value. The recoverability test based on cash flow forecasts, relying on different economic assumptions of historical collection and repurchases is valid, given that its result does not call for the sale of loss-generating assets.

Secondly, forecasts on cash flows were carried out on the basis of different stress scenarios combining, or not, decreases in revenue and/or increases in redemptions, increases in interest rates, decreases on the equity markets and increases of bonds spreads and defaults.

Thus, in scenarios involving increases in interest rates (immediate and maintained over the forecast period), sharp decreases on the equity markets, global increases in issuer bond defaults, decreases in revenue of up to 50%, and the doubling or tripling of redemption over the period, it has been proved that no realisation of unrealised losses should be necessary to meet liquidity requirements over the forecast period. Finally, an additional 10% deterioration in these assumptions would have no impact on the validity of the recoverability test.

STATEMENT OF CHANGES IN UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In millions of euros)	Underwriting reserves for unit-linked policies	Underwriting reserves for other life insurance policies	Underwriting reserves for other non-life insurance policies
Reserves at January 1, 2011 (except deferred profit-sharing)	**16,798**	**65,268**	**604**
Allocation to insurance reserves	(249)	(145)	150
Revaluation of unit-linked policies	(1,284)	-	-
Charges deducted from unit-linked policies	(102)	-	-
Transfers and arbitrage	(116)	116	-
New customers	-	109	-
Profit-sharing	81	1,825	-
Others	(4)	(18)	(35)
Reserves at December 31, 2011 (except provisions for deferred profit-sharing)	**15,124**	**67,155**	**719**

In accordance with IFRS 4 and Group accounting standards, the Liability Adequacy Test (LAT) was performed as at December 31, 2011. This test assesses whether recognised insurance liabilities are adequate, using current estimates of future cash flows under insurance policies. It is carried out on the basis of stochastic modelling similar to the one used for our asset/liability management. The result of the test as at December 31, 2011 was conclusive.

NET INVESTMENTS OF INSURANCE COMPANIES

(In millions of euros before elimination of intercompany transactions)	December 31, 2011	December 31, 2010
Financial assets at fair value through Profit or Loss	**19,770**	**22,096**
Debt instruments	7,162	7,450
Equity instruments	12,608	14,646
Due from Banks	**12,067**	**8,739**
Available-for-sale financial assets	**58,778**	**58,780**
Debt instruments	50,964	51,410
Equity instruments	7,814	7,370
Investment property	**256**	**392**
Total[2]	**90,871**	**90,007**

(2) Investments in other Group companies that are made in representation of unit-linked policies are kept in the Group's consolidated balance sheet without any significant impact thereon.

TECHNICAL INCOME FROM INSURANCE COMPANIES

(In millions of euros)	December 31, 2011	December 31, 2010
Earned premiums	9,948	13,777
Cost of benefits (including changes in reserves)	(8,939)	(13,959)
Net income from investments	1,513	3,029
Other net technical income (expense)	(1,995)	(2,402)
Contribution to operating income before elimination of intercompany transactions	**527**	**445**
Elimination of intercompany transactions[3]	225	231
Contribution to operating income after elimination of intercompany transactions	**752**	**676**

(3) This essentially concerns the elimination of fees paid by the insurance companies to the distribution networks and the elimination of financial income on investments made in other Group companies.

NET FEE INCOME

(In millions of euros before elimination of intercompany transactions)	December 31, 2011	December 31, 2010
Received Fees		
Acquisition fees	340	305
Management fees	674	652
Others	44	39
Paid Fees		
Acquisition fees	(364)	(322)
Management fees	(333)	(293)
Others	(44)	(42)
Total Fees	**317**	**339**

MANAGEMENT OF INSURANCE RISKS

There are two main types of insurance risk:

- technical risks, mainly pricing risks and risks of discrepancies in total fluctuations in claim experience: in non-life insurance and individual personal protection alike, benefits are exposed to risks of deterioration in claim rate observed compared to claim rate anticipated at the time the price schedule is established. Discrepancies can be linked to multiple complex factors such as changes in the behaviour of the policyholders (lapses), changes in the macroeconomic environment, pandemics, natural disasters, mortality, morbidity, longevity, ...;
- risks linked to the financial markets and ALM: in life insurance, insurers are exposed to the instabilities of the financial markets (changes in interest rates and stock market fluctuations) which can be made worse by the behaviour of policyholders.

Managing these risks is key to the insurance business line's activity. It is carried out by qualified and experienced teams, with major bespoke IT resources. Risks undergo regular monitoring and are reported to the General Management of both the entities concerned and the business lines.

In the area of pricing risks and risks of discrepancies in total loss experience, a number of guidelines are applied:

- heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile from the very beginning. Proper application of these procedures is verified via Quality Audits and multi-annual Internal Audits. These processes have been ISO-certified;
- monitoring of claim/premium ratios on a regular basis, based on statistics developed per year of occurrence. This analysis (expansion of the portfolio, level of provisions for reported claims and for incurred but not reported claims) allows pricing adjustments to be made, where applicable, for the subsequent financial years;
- implementation of a reinsurance plan to protect the Group from major/serial claims.

Management of risks linked to the financial markets is just as much an integral part of the investment strategy as the aim of long-term performance. The optimisation of these two factors is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analysed by the Finance and Risk Department of the insurance business line. Overall asset/liability management policy is validated by the Group's General Management at the ALM Committee meetings held every six months.

Risk management and analysis are based on the following key principles:

– Asset/liability risk management:

- monitoring of long-term cash flows: the term of a liability is matched against the term of an asset, and cash flow peaks are strictly controlled in order to minimise liquidity risks;
- close monitoring of the redemption flows and stress scenarios simulations;
- close monitoring of the equity markets and stress scenarios simulations;
- hedging of exchange rate risks (in the event of rise or drop in the markets) using financial instruments.

– Financial risk management via the establishment of limits:

- counterparty limits (e.g. limits according to the issuer's country of domiciliation, distinction between sovereign issuers and private issuers);
- rating limits by issuer;
- limits per type of asset (e.g. equities, private equity).

All of these strategies are assessed by simulating various scenarios of financial market behaviour and insured party behaviour using stress tests and stochastic modelling.

Note 35

INTEREST INCOME AND EXPENSE

(In millions of euros)	2011	2010
Transactions with banks	**2,375**	**1,592**
Demand deposits and interbank loans	1,642	1,259
Securities purchased under resale agreements and loans secured by notes and securities	733	333
Transactions with customers	**17,827**	**16,448**
Trade notes	699	737
Other customer loans[1]	16,163	14,968
Overdrafts	771	683
Securities purchased under resale agreements and loans secured by notes and securities	194	60
Transactions in financial instruments	**10,639**	**8,685**
Available-for-sale financial assets	3,803	3,059
Held-to-maturity financial assets	72	79
Securities lending	20	27
Hedging derivatives	6,744	5,520
Finance leases	**1,548**	**1,569**
Real estate finance leases	287	251
Non-real estate finance leases	1,261	1,318
Total interest income	**32,389**	**28,294**
Transactions with banks	**(1,728)**	**(1,292)**
Interbank borrowings	(1,331)	(1,148)
Securities sold under resale agreements and borrowings secured by notes and securities	(397)	(144)
Transactions with customers	**(7,718)**	**(6,307)**
Regulated savings accounts	(1,253)	(1,076)
Other customer deposits	(6,029)	(5,070)
Securities sold under resale agreements and borrowings secured by notes and securities	(436)	(161)
Transactions in financial instruments	**(10,735)**	**(8,724)**
Securitised debt payables	(2,591)	(1,708)
Subordinated and convertible debt	(492)	(539)
Securities borrowing	(49)	(54)
Hedging derivatives	(7,603)	(6,423)
Other interest expense	**(1)**	**(1)**
Total interest expense[2]	**(20,182)**	**(16,324)**
Including interest income from impaired financial assets	478	443

(1) BREAKDOWN OF OTHER CUSTOMER LOANS

(In millions of euros)	2011	2010
Short-term loans	6,058	6,011
Export loans	318	257
Equipment loans	2,608	2,431
Housing loans	4,532	4,207
Other customer loans	2,647	2,062
Total	**16,163**	**14,968**

(2) These expenses include the refinancing cost of financial instruments at fair value through P&L, which is classified in net gain or loss (see note 37). Insofar as income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by the activities in financial instruments at fair value through P&L must be assessed as a whole.

Note 36

FEE INCOME AND EXPENSE

(In millions of euros)	2011	2010
Fee income from		
Transactions with banks	162	277
Transactions with customers	2,885	2,821
Securities transactions	583	626
Primary market transactions	175	111
Foreign exchange transactions and financial derivatives	864	875
Loan and guarantee commitments	799	804
Services	4,106	4,202
Others	324	322
Total fee income	**9,898**	**10,038**
Fee expense on		
Transactions with banks	(153)	(316)
Securities transactions	(637)	(487)
Foreign exchange transactions and financial derivatives	(717)	(727)
Loan and guarantee commitments	(154)	(89)
Others	(1,058)	(934)
Total fee expense	**(2,719)**	**(2,553)**

Fee income and expense includes:

(In millions of euros)	2011	2010
Fee income excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	4,158	4,207
Fee income linked to trust or similar activities	1,965	2,434
Fee expense excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	(153)	(89)
Fee expense linked to trust or similar activities	(963)	(822)

Note 37

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH P&L

(In millions of euros)	2011	2010
Net gain/loss on non-derivative financial assets held for trading	(485)	8,743
Net gain/loss on financial assets measured using fair value option	(583)	180
Net gain/loss on non-derivative financial liabilities held for trading	(3,187)	(3,500)
Net gain/loss on financial liabilities measured using fair value option	(492)	(471)
Net gain/loss on derivative instruments	8,310	(2,110)
Net gain/loss on fair value hedging instruments	1,729	761
Revaluation of hedged items attributable to hedged risks	(2,010)	(712)
Ineffective portion of cash flow hedge	-	1
Net gain/loss on foreign exchange transactions	1,152	2,449
Total[(1)(2)]	**4,434**	**5,341**

(1) Insofar as income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through P&L must be assessed as a whole. It should be noted that the income shown here does not include the refinancing cost of these financial instruments, which is shown under interest expense and interest income.

(2) See note 6 for the amount of financial instruments at Level 3 valuation.

The remaining amount to be recorded in the income statement resulting from the difference between the transaction price and the amount which would be established at this date using valuation techniques, minus the amount recorded in the income statement after initial recognition in the accounts, breaks down as follows:

(In millions of euros)	2011	2010
Remaining amount to be recorded in the income statement as at January 1	796	823
Amount generated by new transactions within the period	348	362
Amount recorded in the income statement within the period	(379)	(389)
Amortisation	*(188)*	*(227)*
Switch to observable parameters	*(93)*	*(54)*
Expired or terminated	*(114)*	*(140)*
Translation differences	*16*	*32*
Remaining amount to be recorded in the income statement as at December 31	**765**	**796**

This amount is recorded in the income statement over time or when the valuation techniques switch to observable parameters.

Note 38

NET GAINS AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	2011	2010
Current activities		
Gains on sale[1]	1,036	227
Losses on sale[2]	(846)	(149)
Impairment losses on variable-income securities	(208)	(110)
Deferred profit-sharing on available-for-sale financial assets of insurance subsidiaries	(32)	23
Sub-total	**(50)**	**(9)**
Long-term equity investments		
Gains on sale	158	174
Losses on sale	(10)	(25)
Impairment losses on variable-income securities	(100)	(107)
Sub-total	**48**	**42**
Total	**(2)**	**33**

(1) O/w EUR 731 million for insurance activities as at December 31, 2011.

(2) O/w EUR -496 million for insurance activities as at December 31, 2011.

Note 39

INCOME AND EXPENSES FROM OTHER ACTIVITIES

(In millions of euros)	2011	2010
Income from other activities		
Real estate development	77	57
Real estate leasing	159	81
Equipment leasing	6,187	5,956
Other activities (including income from insurance activity)	17,252	13,568
Sub-total	**23,675**	**19,662**
Expenses from other activities		
Real estate development	(10)	(3)
Real estate leasing	(46)	(37)
Equipment leasing	(4,336)	(4,267)
Other activities (including expenses from insurance activity)	(17,885)	(14,084)
Sub-total	**(22,277)**	**(18,391)**
Net total	**1,398**	**1,271**

Note 40

PERSONNEL EXPENSES

(In millions of euros)	2011	2010
Employee compensation	(7,118)	(6,853)
Social security charges and payroll taxes	(1,164)	(1,287)
Net pension expenses – defined contribution plans	(615)	(616)
Net pension expenses – defined benefit plans	(120)	(125)
Other social security charges and taxes	(352)	(397)
Employee profit-sharing and incentives	(297)	(281)
Total	**(9,666)**	**(9,559)**

Note 41

SHARE-BASED PAYMENT PLANS

1. EXPENSES RECORDED IN THE INCOME STATEMENT

	2011			2010		
(In millions of euros)	Cash settled plans	Equity settled plans	Total plans	Cash settled plans	Equity settled plans	Total plans
Net expenses from stock purchase plans*	-	-	-	-	-	-
Net expenses from stock option and free share plans	278.2	171.8	450.0	304.5	92.3	396.8

* See paragraph 5. Allocation of Societe Generale shares with a discount.

The charge described above relates to equity-settled plans and to cash-settled plans.

2. MAIN CHARACTERISTICS OF SOCIETE GENERALE STOCK-OPTION PLANS AND FREE SHARE PLANS

2.1. EQUITY-SETTLED STOCK OPTION PLANS FOR GROUP EMPLOYEES FOR THE YEAR ENDED DECEMBER 31, 2011 ARE BRIEFLY DESCRIBED BELOW:

2.1.1 Stock options (purchase and subscription)

Issuer	Societe Generale	Societe Generale	Societe Generale	Societe Generale for TCW	Societe Generale	Societe Generale for TCW	Societe Generale	Societe Generale	Societe Generale
Year of allocation	**2004**	**2005**	**2006**	**2006**	**2007**	**2007**	**2008**	**2009**	**2010**
Type of plan	purchase stock option	purchase stock option	purchase stock option	purchase stock option	purchase stock option	purchase stock option	subscription stock option	subscription stock option	subscription stock option
Shareholders agreement	04.23.2002	04.29.2004	04.29.2004	04.29.2004	05.30.2006	05.30.2006	05.30.2006	05.27.2008	05.27.2008
Board of Directors' decision	01.14.2004	01.13.2005	01.18.2006	04.25.2006	01.19.2007	09.18.2007	03.21.2008	03.09.2009	03.09.2010
Number of stock-options granted[1]	4,267,021	4,656,319	1,738,329	154,613	1,418,916	135,729	2,328,128	1 344 552[4]	1,000,000
O/w number of stock-options granted to Executive Committee members	544,608	543,736	525,383	0	598,571	0	293,230	155,289	415,596
Number of beneficiaries in the Executive Committee members	9	9	9	0	11	0	10	7	10
Contractual life of the options granted	7 years	7 years	7 years	7 years	7 years	7 years	7 years	7 years	7 years
Settlement	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares
Vesting period	01.14.04 - 01.14.07	01.13.2005 - 01.13.2008	01.18.2006 - 01.18.2009	04.25.2006 - 04.25.2009	01.19.2007 - 01.19.2010	09.18.2007 - 09.18.2010	03.21.2008 - 03.31.2011	03.09.2009 - 03.31.2012	03.09.2010 - 03.31.2014
Performance conditions	no	no	no	no	no except for the Directors	no	yes[3]	yes[3]	yes[3]
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	maintained	maintained	maintained	maintained	maintained	maintained	maintained	maintained	maintained
Death	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months
Share price at grant date (in euros)[1][5]	60.31	64.63	93.03	107.82	115.6	104.17	63.6	23.18	43.64
Discount	0%	0%	0%	0%	0%	0%	0%	0%	not applicable
Exercise price (in euros)[1]	60.31	64.63	93.03	107.82	115.6	104.17	63.6	23.18	41.2
Options authorized but not allocated	-	-	-	-	-	-	-	-	-
Options exercised as at December 31, 2011	727,877	53,340	2,174	-	-	-	-	411	-
Options forfeited as at December 31, 2011	3,539,144	369,705	149,356	39,728	292,164	31,142	1,260,266	115,187	8,784
Options outstanding as at December 31, 2011	-	4,233,274	1,586,799	114,885	1,126,752	104,587	1,067,862	908,954	991,216
Number of shares reserved as at December 31, 2011	-	[2]	[2]	114,885	[2]	104,587	-	-	-
Share price of shares reserved (in euros)	-	[2]	[2]	109.71	[2]	105.69	-	-	-
Total value of shares reserved (in millions of euros)	-	[2]	[2]	13	[2]	11	-	-	-
First authorized date for selling the shares	01.14.2008	01.13.2009	01.18.2010	04.25.2009	01.19.2011	09.18.2010	03.21.2012	03.31.2013	03.31.2014
Delay for selling after vesting period	1 year	1 year	1 year	-	1 year	-	1 year	1 year	-
Fair value (% of the share price at grant date)	21%	17%	16%	17%	18%	21%	24%	27%	26%[6]
Valuation method used to determine the fair value	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo	Monte-Carlo

(1) In accordance with IAS 33, as a result of the detachment of Societe Generale share preferential subscription right, the historical share data have been adjusted for the coefficients given by Euronext which reflect the portion attributable to the share after detachment following the capital increases which took place in the fourth quarter of 2006, in the first quarter of 2008 and in the fourth quarter of 2009.

(2) 2005, 2006 and 2007 stock option plans have been hedged using call options on Societe Generale shares.

(3) There are performance conditions which are described in the "corporate governance" section. For the options granted in 2008, the performance conditions on EPS 2010 were not reached.

(4) Among which 320,000 options for the Chief Executive Officers who gave them up.

(5) Average share price of 20 days prior to grant date for the 2003 to 2009 plans and closing share price at grant date for the 2010 plan.

(6) If the condition related to the ROE is not reached, the fair value including the condition on the TSR is equal to 7%.

2.1.2. Free shares

Issuer	Societe Generale	Societe Generale		Societe Generale	Societe Generale
Year	**2008**	**2009**		**2010**	**2011**
Type of plan	free shares	free shares		free shares	free shares
Shareholders agreement	05.30.2006	05.27.2008		05.27.2008	05.25.2010
Board of Directors' decision	03.21.2008	01.20.2009		03.09.2010	03.07.2011
Number of free shares granted[7]	3,143,595	3,155,781		4,200,000	2,351,605
Number of beneficiaries	4,247	4,760		5,617	5,969
Number of free shares granted to Executive Committee members	19,657	16,140		20,873	190,009
Number of beneficiaries in the Executive Committee members	11	7		10	14
Settlement	Societe Generale shares	Societe Generale shares		Societe Generale shares	Societe Generale shares
Vesting period	03.21.2008 - 03.31.2010 03.21.2008 - 03.31.2011	01.20.2009 - 03.31.2012[9]	sub-plan n°1: 03.09.2010 - 03.31.2013[9]	sub-plan n°2: 03.09.2010 - 03.31.2012 03.09.2010 - 03.31.2013[11]	03.07.2011 - 03.31.2013[11][12]
Performance conditions	yes[8]	yes[8]	performance condition for certain recipients[8]	performance condition for certain recipients[8]	yes[8]
Resignation from the Group	forfeited	forfeited		forfeited	forfeited
Redundancy	forfeited	forfeited		forfeited	forfeited
Retirement	maintained	maintained		maintained	maintained
Death	maintained for 6 months	maintained for 6 months		maintained for 6 months	maintained for 6 months
Share price at grant date[7]	58.15	23.36		43.64	46.55
Shares delivered as at December 31, 2011	2,606,126	1,764		716	-
Shares forfeited as at December 31, 2011	537,469	208,431		435,789	23,446
Shares outstanding as at December 31, 2011	-	2,945,586		3,763,495	2,328,159
Number of shares reserved as at December 31, 2011	-	2,757,099		3,763,495	2,328,159
Share price of shares reserved (In euros)	-	59.7		47.71	45.67
Total value of shares reserved (In millions of euros)	-	165		180	106
First authorized date for selling the shares	03.31.2012 03.31.2013	03.31.2014	03.31.2015	03.31.2014 03.31.2015	31.03.2015
Delay for selling after vesting period	2 years	2 years		2 years	2 years[12]
Fair value (% of the share price at grant date)	vesting period 2 years: 87% vesting period 3 years: 81%	78%		vesting period 2 years: 86% vesting period 3 years: 82%[10]	86%[13]
Valuation method used to determine the fair value	Arbitrage	Arbitrage		Arbitrage	Arbitrage

(7) In accordance with IAS 33, as a result of the detachment of Societe Generale share preferential subscription right, the historical share data have been adjusted for the coefficients given by Euronext which reflect the portion attributable to the share after detachment following the capital increases which took place in the fourth quarter of 2006, in the first quarter of 2008 and in the fourth quarter of 2009.

(8) There are performance conditions which are described in the "corporate governance" section. For the free shares granted in 2008, the performance conditions on EPS 2010 were not reached.

(9) For non-French tax residents, the vesting period is increased by one year and there is no mandatory holding period.

(10) If the condition related to the ROE is not reached, the fair value including the condition on the TSR is equal to 16%.

(11) In accordance with the provision of the Ministerial Order issued in France on November 3, 2009 and related to the remuneration of employees whose activities may have consequences on the risk exposure of banks and investment companies, the expense related to share-based payments granted to employees in financial markets is recorded in the income statement over the vesting period beginning on January 1, 2009 for the 2010 plan and January 1, 2010 for the 2011 plan.

(12) For non-French tax residents, the vesting period is increased by two years and there is no mandatory holding period.

(13) If the conditions related to the ROE or EPS are not reached, the fair values including the condition on the TSR are respectively equal to 31% and 68%.

2.2. STATISTICS CONCERNING SOCIETE GENERALE STOCK-OPTION PLANS

Main figures concerning Societe Generale stock-option plans, for the year ended December 31, 2011:

	Options outstanding as at January 01, 2011	Options granted in 2011	Options forfeited in 2011	Options exercised in 2011	Options expired in 2011	Outstanding options as at December 31, 2011	Exercisable options as at December 31, 2011
Options granted in 2004	3,366,006	-	-	-	3,366,006	-	-
Options granted in 2005	4,281,126	-	47,852	-	-	4,233,274	4,233,274
Options granted in 2006	1,611,138	-	24,339	-	-	1,586,799	1,586,799
TCW Options granted in 2006	114,885	-	-	-	-	114,885	114,885
Options granted in 2007	1,148,984	-	22,232	-	-	1,126,752	1,126,752
TCW Options granted in 2007	104,587	-	-	-	-	104,587	104,587
Options granted in 2008	2,195,561	-	1,127,699	-	-	1,067,862	1,067,862
Options granted in 2009	914,272	-	5,317	-	-	908,955	-
Options granted in 2010	991,709	-	493	-	-	991,216	-
Weighted average remaining contractual life						21 months	
Weighted average fair value at grant date (In euros)						13.17	
Weighted average share price at exercise date (In euros)				-			
Range of exercise prices(In euros)				-			

Notes

- The main assumptions used to value Societe Generale stock-option plans are as follows:

	2004	2005	2006	2007	2008	2009	2010
Risk-free interest rate	3.8%	3.3%	3.3%	4.2%	4.2%	3.0%	2.9%
Implied share volatility	27%	21%	22%	21%	38%	55%	29%
Forfeited rights rate	0%	0%	0%	0%	0%	0%	0%
Expected dividend (yield) (% of the exercise price)	4.3%	4.3%	4.2%	4.8%	5.0%	3.5%	1.3%
Expected life (after grant date)	5 years	5 years	5 years	5 years	5 years	5 years	5 years

The implied volatility used is that of Societe Generale 5-year share options traded OTC (TOTEM parameters), which was 29% in 2010. This implied volatility reflects the future volatility.

3. OTHER STOCK-OPTION PLANS AND FREE SHARE PLANS – TCW COMPANY

3.1. EQUITY-SETTLED STOCK-OPTION PLANS FOR TCW GROUP EMPLOYEES FOR THE YEAR ENDED DECEMBER 31, 2011 ARE BRIEFLY DESCRIBED BELOW:

3.1.1. Stock-option plans

Issuer	**TCW**	**TCW**	**TCW**
Year of allocation	**2005**	**2006**	**2007**
Type of plan	purchase stock option	purchase stock option	purchase stock option
Shareholders agreement	07.01.2005	09.01.2006	09.30.2007
Board of Directors' decision	07.01.2005	09.01.2006	09.30.2007
Number of stock-options granted	2,753,708	2,385,515	2,468,849
Contractual life of the options granted	7 years	7 years	7 years
Settlement	SG shares	SG shares	SG shares
Vesting period	07.01.2005 - 06.30.2010	09.01.2006 - 08.31.2011	09.30.2007 - 09.29.2012
Performance conditions	no	no	no
Resignation from the Group	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited
Retirement	forfeited	forfeited	forfeited
Death	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting	Partially maintained and accelerated vesting
Share price at grant date (In euros)	41.35	36.95	33.32
Discount	13.48	5.64	5.12
Exercise price (In euros)	27.87	31.31	28.20
Options authorized but not allocated	0	0	0
Options exercised as at December 31, 2011	894,304	339,574	190,911
Options forfeited as at December 31, 2011	1,317,494	1,321,068	1,304,469
Options outstanding as at December 31, 2011	541,910	724,873	973,469
First authorized date for selling the shares	08.01.2007	11.01.2008	11.01.2009
Delay for selling after vesting period	no delay	no delay	no delay
Fair value (% of the share price at grant date)	66%	41%	38%
Valuation method used to determine the fair value	Black & Scholes	Black & Scholes	Black & Scholes

3.1.2. Free share plans

Issuer	**TCW**
Year of plan	**2010**
Type of plan	free shares
Shareholders agreement	04.14.2010
Board of Directors' decision	04.14.2010
Number of free shares granted	6,325,000
Settlement	TCW shares with a guarantee of liquidity in SG shares
Vesting period	grant date - 04.30.2015 (14)
Performance conditions	yes for one part of the shares, conditions related to the EBITDA
Resignation from the Group	forfeited
Redundancy	partially maintained and accelerated vesting
Death	accelerated vesting
Shares delivered as at December 31, 2011	-
Shares forfeited as at December 31, 2011	339,000
Shares outstanding as at December 31, 2011	5,986,000
First authorized date for selling the shares	5 years after the grant date
Delay for selling after vesting period	depending on the vesting period

(14) The shares were granted in May 2010, August 2010, December 2010, February 2011 and July 2011. The vesting periods are split into 4 sections, the first sections end on April 30, 2012 and the last sections end on April 30, 2015.

3.2. STATISTICS CONCERNING TCW STOCK-OPTION PLANS

Main figures concerning TCW stock-option plans, for the year ended December 31, 2011:

	Options outstanding as at January 1, 2011	Options granted in 2011	Options forfeited in 2011	Options exercised in 2011	Options expired in 2011	Options outstanding as at December 31, 2011	Exercisable options as at December 31, 2011
Options granted in 2005	645,558	-	103,648	-	-	541,910	541,910
Options granted in 2006	993,843	-	34,940	-	234,030	724,873	724,873
Options granted in 2007	1,135,945	-	38,547	-	123,929	973,469	437,544
Weighted average remaining contractual life						23 months	
Weighted average fair value at grant date (In euros)						16	
Weighted average share price at exercise date (In euros)				-			
Range of exercise prices (In euros)				-			

Notes

- The main assumptions used to value TCW stock-option plans are as follows:

	Plan 2005	Plan 2006	Plan 2007
Risk-free interest rate	4%	5%	5%
Implied share volatility	31%	28%	22%
Forfeited rights rate	5%	0%	0%
Expected dividend (yield)	0%	0%	0%
Expected life (after grant date)	5 years	5 years	5 years

- The Implied volatility has been estimated using the mean historical volatility of US listed companies over the past 5 years and that belong to the same segment.

The fair value reflects the future performances of the Company.

- Due to the term of this plan, which is settled in Societe Generale shares, no shares have been specifically allocated.

4. MAIN CHARACTERISTICS OF THE FREE SHARE PLAN GRANTED TO ALL EMPLOYEES OF THE GROUP

In order to involve all employees of the Group in the success of the Ambition SG 2015 program, the Board of Directors decided at a meeting on November 2, 2010 to grant 40 Societe Generale shares to each Group employees (nearly 159,000 employees in 79 countries). The grants are subjected to presence and performance conditions. The vesting period and the holding period depend on the location of the entity in which the employee works:

- in France: the vesting period ends on March 29, 2013 for the first section i.e. 16 shares and on March 31, 2014 for the second section i.e. 24 shares. The shares will be made available after a period of 2 years.
- International: the vesting period ends on March 31, 2015 for the first section i.e. 16 shares and on March 31, 2016 for the second section i.e. 24 shares. There is no holding period.

The performance conditions are described in the “Human Resources – Profit Sharing and Global employee share ownership plan” part.

There are no share reserved at December 31, 2011 for the plan because it’s a subscription plan.

The share price at grant date is equal to EUR 42.1. The valuation method used to determine the fair values is the arbitrage model. These fair values (expressed as a % of the share price at grant date) amount to:

- for France: 85% for the first section and 82% for the second section,
- International: 82% for the first section and 79% for the second section.

In countries where the granting free of performance shares is not possible or too complex, Societe Generale share equivalents are granted under the same presence and performance conditions as for the free shares granted.

An assumption on the annual withdrawal rate is applied for the determination of the expense of the plan; it amounts to 3.5% per year on average for employees eligible for the plan in France and to 11% per year on average for employees eligible for the plan outside France.

5. INFORMATION ON OTHER PLANS

The other share-based payment plans granted to Group employees during 2011 are as follows:

Allocation of Societe Generale shares with a discount

As part of the Group employee shareholding policy, Societe Generale offered on April 19, 2011 to employees of the Group to subscribe to a reserved capital increase at a share price of EUR 37.50, with a discount of 20% versus the average of the 20 Societe Generale share prices before this date.

The number of shares subscribed was 5,756,928. There is no expense for this plan. Indeed, the valuation model used, which complies with the recommendation of the National Accounting Board on the accounting treatment of company savings plans, compares the gain employees would have obtained if they had been able to sell the shares immediately and the notional cost that the 5-year holding period represents to the employee. This model gives a unit value of zero: the average of the Societe Generale share prices during the subscription period (from May 11 to May 26) minus the cost of the 5-year holding period is lower than the subscription price.

TCW equity-settled free shares plan 2011

In 2011, Societe Generale Group decided to set up a TCW free shares plan for employees of TCW. The grants are subject to presence conditions and to performance conditions. The vesting period ends on February 29, 2012 for the first section of the plan and on June 30, 2012 for the second section. The first authorized date for selling the shares is 5 years after the date of grant. This plan includes a guarantee of liquidity in SG shares.

TCW cash-settled free shares plan 2010

In 2010, following the purchase of Metropolitan West Asset Management, TCW set up a retention plan for employees of this company including awards of free shares. The grants are subject to presence conditions and the vesting period is five years. This plan includes a guarantee of liquidity in cash.

Boursorama stock-option and free shares plan

The 2011 expense of the 2008 plan was EUR 0.3 million. In 2011, 6,527 free shares and 77,808 options were forfeited and 68,951 free shares were delivered.

Note 42

COST OF RISK

(In millions of euros)	2011	2010
Counterparty risk		
Net allocation to impairment losses	(4,012)	(3,963)
Losses not covered	**(430)**	**(359)**
on bad loans	(379)	(312)
on other risks	(51)	(47)
Amounts recovered	**184**	**198**
on bad loans	167	197
on other risks	17	1
Other risks		
Net allocation to other provisions	(72)	(36)
Total[1]	**(4,330)**	**(4,160)**

(1) O/w EUR -425 million for legacy assets as at December 31, 2011 and EUR -696 million as at December 31, 2010.

Note 43

INCOME TAX

(In millions of euros)	2011	2010
Current taxes	(970)	(1,425)
Deferred taxes	(353)	(117)
Total taxes[(1)]	**(1,323)**	**(1,542)**

(1) Reconciliation of the difference between the Group's standard tax rate and its effective tax rate:

	2011	2010
Income before tax excluding net income from companies accounted for by the equity method and impairment losses on goodwill (in millions of euros)	4,282	5,724
Normal tax rate applicable to French companies (including 3.3% tax contributions)	34.43%	34.43%
Permanent differences	0.11%	-1.78%
Differential on items taxed at reduced rate	-0.27%	-0.14%
Tax rate differential on profits taxed outside France	-4.93%	-5.20%
Impact of non-deductible losses and use of tax losses carried forward	1.56%	-0.37%
Group effective tax rate	**30.90%**	**26.94%**

In France, the standard corporate income tax rate is 33.33%. Additionally, a Contribution Sociale (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). In 2011, an additional contribution of 5% was introduced for companies which generate profit and revenue higher than EUR 250 million.

Since January 1, 2011, 90% of long-term capital gains on equity investments are exempted, resulting in an effective rate of 3.44%.

The standard tax rate applicable to French companies to determine their deferred tax is 34.43%. The reduced rate is 3.44% taking into account the nature of the taxed transactions.

Note 44

EARNINGS PER SHARE

(In millions of euros)	2011	2010
Net income, Group share	2,385	3,917
Net attributable income to deeply subordinated notes	(273)	(311)
Net attributable income to undated deeply subordinated notes shareholders	(25)	(25)
Net gain related to the redemption of the deeply subordinated notes at a price below the issuance value	276	-
Net attributable income to ordinary shareholders	**2,363**	**3,581**
Weighted average number of ordinary shares outstanding(1)	739,383,366	721,724,753
Earnings per ordinary share (In EUR)	**3.20**	**4.96**

(In millions of euros)	2011	2010
Net income, Group share	2,385	3,917
Net attributable income to deeply subordinated notes	(273)	(311)
Net attributable income to undated deeply subordinated notes shareholders	(25)	(25)
Net gain related to the redemption of the deeply subordinated notes at a price below the issuance value	276	-
Net attributable income to ordinary shareholders	**2,363**	**3,581**
Weighted average number of ordinary shares outstanding(1)	739,383,366	721,724,753
Average number of ordinary shares used in the dilution calculation(2)	2,723,995	3,436,912
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	742,107,361	725,161,665
Diluted earnings per ordinary share (In EUR)	**3.18**	**4.94**

The dividend paid in 2011 in respect of the 2010 financial year amounted to EUR 1.75 per share.

(1) Excluding treasury shares.

(2) The number of shares used in the dilution calculation is computed using the "share buy-back" method and takes into account free shares and stock-options plans. Stock-option plans' dilutive effect depends on the average stock-market price of the Societe Generale share which was EUR 33.52 for 2011. In this context, as at December 31, 2011, the 2009 stock-option plan without performance conditions had a dilutive effect. The number of shares used in the dilution calculation also includes free shares without performance conditions of the 2009 and 2010 plans. The characteristics of the stock-option and free shares plans can be found in note 41.

Note 45

TRANSACTIONS WITH RELATED PARTIES

1. DEFINITION

In accordance with the definitions provided under IAS 24, the Group's related parties include the following: Board of Directors members, the Chairman and Chief Executive Officers and the three Vice-Chief Executives Officers, their respective spouses and any children residing in the family home, and the following subsidiaries which are either controlled exclusively or jointly by the Group, i.e. companies over which Societe Generale exercises significant influence.

1.1. REMUNERATION OF THE GROUP'S MANAGERS

This includes amounts effectively paid by the Group to Directors and Chief Executive Officers as remuneration (including employer contributions), and other benefits under IAS 24 – paragraph 16 – as indicated below.

(In millions of euros)	December 31, 2011	December 31, 2010
Short-term benefits	8.2	6.3
Post-employment benefits	0.3	0.3
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	0.5	0.3
Total	**9.0**	**6.9**

The Registration Document contains a detailed description of the remuneration and benefits of the Group's senior managers.

1.2. RELATED PARTY TRANSACTIONS

The transactions with Board of Directors members, Chief Executive Officers and members of their families included in this note comprise loans and guarantees outstanding as at December 31, 2011, for a total amount of EUR 23.6 million. All other transactions with these individuals were insignificant.

1.3. TOTAL AMOUNTS PROVISIONED OR BOOKED BY THE SOCIETE GENERALE GROUP FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS

The total amount provisioned or booked by the Societe Generale Group at December 31, 2011 under IAS 19 for the payment of pensions and other benefits to Societe Generale's Chief Executive Officers (Mr. Cabannes, Mr. Sammarcelli, Mr. Sanchez Incera and the two staff-elected Directors) was EUR 5.9 million.

2. PRINCIPAL SUBSIDIARIES AND AFFILIATES(1)

OUTSTANDING ASSETS WITH RELATED PARTIES

(In millions of euros)	December 31, 2011	December 31, 2010
Financial assets at fair value through profit or loss	59	22
Other assets	1,263	1,813
Total outstanding assets	**1,322**	**1,835**

OUTSTANDING LIABILITIES WITH RELATED PARTIES

(In millions of euros)	December 31, 2011	December 31, 2010
Liabilities at fair value through profit or loss	90	76
Customer deposits	1,302	33
Other liabilities	1,165	2,405
Total outstanding liabilities	**2,557**	**2,514**

NET BANKING INCOME FROM RELATED PARTIES

(In millions of euros)	2011	2010
Interest and similar income	(3)	(10)
Fees	182	206
Net income from financial transactions	29	(3)
Net income from other activities	(1)	7
Net banking income	**207**	**200**

COMMITMENTS TO RELATED PARTIES

(In millions of euros)	December 31, 2011	December 31, 2010
Loan commitments granted	-	-
Guarantee commitments granted	7	46
Forward financial instrument commitments	7,032	6,245

(1) Entities consolidated using the proportionate method and equity method.

Note 46

COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

	Country	Method *	Group ownership interest		Group voting interest	
			December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
FRANCE						
BANKS						
. BANQUE DE POLYNESIE[1]	France	FULL	72.10	72.10	72.10	72.10
. BANQUE FRANCAISE COMMERCIALE OCEAN INDIEN	France	FULL	50.00	50.00	50.00	50.00
. CREDIT A L'INDUSTRIE FRANÇAISE (CALIF)[1]	France	FULL	100.00	100.00	100.00	100.00
. CREDIT DU NORD[1]	France	FULL	100.00	100.00	100.00	100.00
. GENEBANQUE	France	FULL	100.00	100.00	100.00	100.00
. SG CALEDONIENNE DE BANQUE[1]	France	FULL	90.10	90.10	90.10	90.10
. SG PRIVATE BANKING MONACO	France	FULL	100.00	100.00	100.00	100.00
. SG DE BANQUE AUX ANTILLES	France	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
. SOCIETE GENERALE SECURITIES SERVICES FRANCE	France	FULL	100.00	98.25	100.00	98.25
. INTER EUROPE CONSEIL	France	FULL	100.00	100.00	100.00	100.00
. INTERGA	France	FULL	100.00	100.00	100.00	100.00
. LYXOR ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
. LYXOR INTERNATIONAL ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
. ORBEO[6]	France	PROP	-	50.00	-	50.00
. SG ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
. SG EUROPEAN MORTGAGE INVESTMENTS	France	FULL	100.00	100.00	100.00	100.00
. SGAM AI CREDIT PLUS[5]	France	FULL	-	100.00	-	100.00
. SGAM AI CREDIT PLUS OPPORTUNITES[5]	France	FULL	-	100.00	-	100.00
. SOCIETE GENERALE RETIREMENT SERVICES	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SCF	France	FULL	100.00	100.00	100.00	100.00
. FCT RED & BLACK CONSUMER 2008-1	France	FULL	100.00	100.00	100.00	100.00
. AMUNDI GROUP[1]	France	EQUITY	24.93	24.93	25.00	25.00
SPECIALIST FINANCING						
. AIR BAIL	France	FULL	100.00	100.00	100.00	100.00
. TEMSYS[1]	France	FULL	100.00	100.00	100.00	100.00
. ALD INTERNATIONAL SA[1]	France	FULL	100.00	100.00	100.00	100.00
. BULL FINANCE	France	FULL	51.35	51.35	51.35	51.35
. COMPAGNIE FINANCIERE DE BOURBON[3]	France	FULL	99.99	-	100.00	-
. COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS[1]	France	FULL	99.88	99.88	99.88	99.88
. DISPONIS	France	FULL	99.94	99.94	100.00	100.00
. EVALPARTS	France	FULL	100.00	100.00	100.00	100.00
. FENWICK LEASE	France	FULL	100.00	100.00	100.00	100.00
. FONTANOR[7]	France	FULL	-	100.00	-	100.00
. FRANFINANCE	France	FULL	99.99	99.99	99.99	99.99
. FRANFINANCE LOCATION	France	FULL	99.99	99.99	100.00	100.00
. GENECAL	France	FULL	100.00	100.00	100.00	100.00
. GENECOMI	France	FULL	99.94	100.00	99.94	100.00
. ORPAVIMOB	France	FULL	100.00	100.00	100.00	100.00
. RUSFINANCE SAS[1]	France	FULL	100.00	100.00	100.00	100.00
. SAGEMCOM LEASE	France	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE SA	France	FULL	100.00	100.00	100.00	100.00
. SG SERVICES	France	FULL	100.00	100.00	100.00	100.00
. SOFRAFI[8]	France	FULL	-	100.00	-	100.00
. SOGEFIMUR[1]	France	FULL	100.00	100.00	100.00	100.00

	Country	Method *	Group ownership interest		Group voting interest	
			December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
. SOGEFINANCEMENT	France	FULL	100.00	100.00	100.00	100.00
. SG POUR LE FINANCEMENT DES INVESTISSEMENTS ECONOMISANT L'ENERGIE	France	FULL	100.00	100.00	100.00	100.00
. SOGELEASE FRANCE	France	FULL	100.00	100.00	100.00	100.00
. SOLOCVI	France	FULL	100.00	100.00	100.00	100.00
. FCT RED & BLACK – GUARANTEED HOME LOANS	France	FULL	100.00	100.00	100.00	100.00
. FCT RED & BLACK FRENCH SMALL BUSINESS 2010-1	France	FULL	100.00	100.00	100.00	100.00
. LA BANQUE POSTALE FINANCEMENT	France	EQUITY	35.00	35.00	35.00	35.00
. SOCIETE GENERALE SFH	France	FULL	100.00	100.00	100.00	100.00
. PHILIPS MEDICAL CAPITAL FRANCE(2)	France	FULL	60.00	-	60.00	-
PORTFOLIO MANAGEMENT						
. FCT R&B BDDF PPI(2)(10)	France	FULL	-	-	-	-
. FCC ALBATROS	France	FULL	100.00	100.00	51.00	51.00
. FINAREG	France	FULL	100.00	100.00	100.00	100.00
. GENE ACT 1	France	FULL	100.00	100.00	100.00	100.00
. GENEFINANCE	France	FULL	100.00	100.00	100.00	100.00
. GENEVAL(1)	France	FULL	100.00	100.00	100.00	100.00
. GENINFO	France	FULL	100.00	100.00	100.00	100.00
. LIBECAP	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE ALSACIENNE ET LORRAINE DE VALEURS, D'ENTREPRISES ET DE PARTICIPATIONS	France	FULL	51.42	51.42	51.42	51.42
. LA FONCIERE DE LA DEFENSE	France	FULL	99.99	99.99	100.00	100.00
. SG CAPITAL DEVELOPPEMENT	France	FULL	100.00	100.00	100.00	100.00
. SG CONSUMER FINANCE(1)	France	FULL	100.00	100.00	100.00	100.00
. SG FINANCIAL SERVICES HOLDING	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SECURITIES SERVICES HOLDING(1)	France	FULL	100.00	100.00	100.00	100.00
. SOGEFIM HOLDING	France	FULL	100.00	100.00	100.00	100.00
. SOGENAL PARTICIPATIONS	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE DE PARTICIPATIONS	France	FULL	100.00	100.00	100.00	100.00
. SOGEPARTICIPATIONS(1)	France	FULL	100.00	100.00	100.00	100.00
. SOGEPLUS	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE CAPITAL PARTENAIRES	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE DE LA RUE EDOUARD VII	France	FULL	99.91	99.91	99.91	99.91
. VOURIC	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE PARTICIPATIONS INDUSTRIELLES	France	FULL	100.00	100.00	100.00	100.00
BROKERS						
. BOURSORAMA SA(1)	France	FULL	57.39	57.78	57.39	57.78
. SOCIETE GENERALE ENERGIE	France	FULL	100.00	100.00	100.00	100.00
. SG EURO CT	France	FULL	100.00	100.00	100.00	100.00
. SG OPTION EUROPE	France	FULL	100.00	100.00	100.00	100.00
. SG SECURITIES (PARIS) SAS	France	FULL	100.00	100.00	100.00	100.00
. NEWEDGE GROUP(1)	France	PROP	50.00	50.00	50.00	50.00
REAL ESTATE AND REAL ESTATE FINANCING						
. GALYBET	France	FULL	100.00	100.00	100.00	100.00
. GENEFIM(1)	France	FULL	100.00	100.00	100.00	100.00
. GENEFIMMO(1)	France	FULL	100.00	100.00	100.00	100.00
. ORIENT PROPERTIES(4)	France	FULL	-	100.00	-	100.00
. SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER	France	FULL	100.00	100.00	100.00	100.00
. SOGEPROM(1)	France	FULL	100.00	100.00	100.00	100.00
. SOPHIA-BAIL	France	FULL	51.00	51.00	51.00	51.00

	Country	Method *	Group ownership interest		Group voting interest	
			December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
SERVICES						
. COMPAGNIE GENERALE D'AFFACTURAGE	France	FULL	100.00	100.00	100.00	100.00
. PARIS REGLEMENT LIVRAISON	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE DE CONTRÔLE ET DE GESTION FINANCIERE- SOCOGEFI	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SECURITIES SERVICES NET ASSET VALUE[(3)]	France	FULL	100.00	-	100.00	-
GROUP REAL ESTATE MANAGEMENT COMPANIES						
. COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)[(1)]	France	FULL	100.00	100.00	100.00	100.00
. ELEAPARTS	France	FULL	100.00	100.00	100.00	100.00
. GENEGIS I	France	FULL	100.00	100.00	100.00	100.00
. GENEGIS II	France	FULL	100.00	100.00	100.00	100.00
. GENEVALMY	France	FULL	100.00	100.00	100.00	100.00
. SOGEMARCHE	France	FULL	100.00	100.00	100.00	100.00
. SOGECAMPUS	France	FULL	100.00	100.00	100.00	100.00
. SC ALICANTE 2000	France	FULL	100.00	100.00	100.00	100.00
. SC CHASSAGNE 2000	France	FULL	100.00	100.00	100.00	100.00
. OPERA 72	France	FULL	99.99	99.99	100.00	100.00
. SI DU 29 BOULEVARD HAUSSMANN	France	FULL	100.00	100.00	100.00	100.00
. SOGE PERIVAL I	France	FULL	100.00	100.00	100.00	100.00
. SOGE PERIVAL II	France	FULL	100.00	100.00	100.00	100.00
. SOGE PERIVAL III	France	FULL	100.00	100.00	100.00	100.00
. SOGE PERIVAL IV	France	FULL	100.00	100.00	100.00	100.00
. SOGEFONTENAY	France	FULL	100.00	100.00	100.00	100.00
. SOGINFO – SOCIETE DE GESTION ET D'INVESTISSEMENTS FONCIERS[(1)]	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	France	FULL	99.99	99.99	100.00	100.00
. VALMINVEST	France	FULL	100.00	100.00	100.00	100.00
INSURANCE						
. SG DE COURTAGE ET DE REASSURANCE (GENECAR)	France	FULL	100.00	100.00	100.00	100.00
. ORADEA VIE	France	FULL	100.00	100.00	100.00	100.00
. SOGECAP[(1)]	France	FULL	100.00	100.00	100.00	100.00
. SOGESSUR	France	FULL	100.00	100.00	100.00	100.00
EUROPE						
BANKS						
. OHRIDSKA BANKA[(2)]	Macedonia	FULL	70.02	-	70.02	-
. DELTACREDIT[(1)(3)]	Russia	FULL	82.40	-	100.00	-
. BRD – GROUPE SOCIETE GENERALE[(1)]	Romania	FULL	60.17	59.37	60.17	59.37
. BANKA SOCIETE GENERALE ALBANIA SH.A.[(1)]	Albania	FULL	87.47	85.82	87.47	85.82
. BANK REPUBLIC[(1)]	Georgia	FULL	84.04	81.18	84.04	81.18
. GENIKI[(1)]	Greece	FULL	99.05	88.44	99.05	88.44
. KOMERCNI BANKA A.S[(1)]	Czech Republic	FULL	60.73	60.44	60.73	60.44
. SOCIETE GENERALE BANK NEDERLAND N.V.	Netherlands	FULL	100.00	100.00	100.00	100.00
. SG EXPRESS BANK[(1)]	Bulgaria	FULL	99.72	99.69	99.72	99.69
. SG HAMBROS LIMITED (HOLDING)[(1)]	Great Britain	FULL	100.00	100.00	100.00	100.00
. SG PRIVATE BANKING SUISSE SA[(1)]	Switzerland	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE BANKA SRBIJA	Serbia	FULL	100.00	100.00	100.00	100.00
. BSGV[(9)]	Russia	FULL	-	100.00	-	100.00
. SOCIETE GENERALE BANK AND TRUST LUXEMBOURG[(1)]	Luxembourg	FULL	100.00	100.00	100.00	100.00
. SKB BANKA[(1)]	Slovenia	FULL	99.72	99.72	99.72	99.72
. SG PRIVATE BANKING BELGIQUE	Belgium	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SPLITSKA BANKA	Croatia	FULL	100.00	100.00	100.00	100.00
. SGSS SPA	Italy	FULL	100.00	100.00	100.00	100.00

	Country	Method *	Group ownership interest		Group voting interest	
			December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
. ROSBANK[1]	Russia	FULL	82.40	74.89	82.40	74.89
. MOBIASBANCA GROUPE SOCIETE GENERALE	Moldova	FULL	79.93	79.77	87.90	87.90
. PODGORICKA BANKA SG GROUP	Montenegro	FULL	90.56	90.56	90.56	90.56
FINANCIAL COMPANIES						
. EURO VL IRLANDE[3]	Ireland	FULL	100.00	-	100.00	-
. SOLENTIS INVESTMENT SOLUTIONS PCC[2]	Jersey	FULL	100.00	-	100.00	-
. SOCIETE GENERALE HEDGING LIMITED[2][10]	Ireland	FULL	-	-	-	-
. SG LETTRES DE GAGE[2]	Luxembourg	FULL	100.00	-	100.00	-
. BRD FINANCE IFN S.A.	Romania	FULL	80.48	80.09	100.00	100.00
. BRIGANTIA INVESTMENTS B.V.[1]	Great Britain	FULL	100.00	100.00	80.00	80.00
. CLARIS 4[10]	Jersey	FULL	-	-	-	-
. CO-INVEST LBO MASTER FUND LIMITED PARTNERSHIP INCORPORATED[4]	Great Britain	FULL	-	100.00	-	51.00
. SOCIETE GENERALE SECURITIES SERVICES LUXEMBOURG	Luxembourg	FULL	100.00	99.21	100.00	100.00
. HALYSA S.A.	Luxembourg	FULL	100.00	100.00	100.00	100.00
. IRIS II[10]	Ireland	FULL	-	-	-	-
. IVEFI SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
. LIGHTNING ASSET FINANCE LIMITED	Ireland	FULL	100.00	100.00	100.00	100.00
. LYXOR MASTER FUND	Great Britain	FULL	100.00	100.00	100.00	100.00
. PARSIFAL LTD[4][10]	Great Britain	FULL	-	-	-	-
. SGA SOCIETE GENERALE ACCEPTANCE N.V. (“SGA”)	Curacao	FULL	100.00	100.00	100.00	100.00
. LYXOR ASSET MANAGEMENT (IRELAND) LIMITED	Ireland	FULL	100.00	100.00	100.00	100.00
. SG D’ARBITRAGE ET DE PARTICIPATION SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
. SGBF S.A.	Belgium	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE CONSUMER FINANCE HOLDING HELLAS S.A.[1]	Greece	FULL	100.00	100.00	100.00	100.00
. SG EFFEKTEN	Germany	FULL	100.00	100.00	100.00	100.00
. SG FINANCE IRELAND LTD[4]	Ireland	FULL	-	100.00	-	100.00
. SOCIETE GENERALE IMMOBEL[1]	Belgium	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED[1]	Great Britain	FULL	100.00	100.00	100.00	100.00
. SOCIETE EUROPEENNE DE FINANCEMENT ET D’INVESTISSEMENT	Luxembourg	FULL	100.00	100.00	100.00	100.00
. VERI SG FONDS	Germany	FULL	100.00	100.00	100.00	100.00
. CODEIS SECURITIES S.A.	Luxembourg	FULL	100.00	100.00	100.00	100.00
. LLC PROSTOFINANCE	Ukraine	FULL	100.00	100.00	100.00	100.00
. MILO FOREIGN DEBT FUND[5]	Netherlands	FULL	-	100.00	-	100.00
. MILO FDF INVESTORS CV[5]	Netherlands	FULL	-	100.00	-	100.00
. THE TURQUOISE FUND	Luxembourg	FULL	100.00	100.00	100.00	100.00
. THE TURQUOISE II FUND	Luxembourg	FULL	100.00	100.00	100.00	100.00
. PILLAR CAPITAL LIMITED PARTNERSHIP	Great Britain	FULL	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
. ALD AUTOMOTIVE SRL[2]	Romania	FULL	92.03	-	100.00	-
. SG EQUIPEMENT FINANCE IBERIA SA[2]	Spain	FULL	100.00	-	100.00	-
. LIMITED LIABILITY COMPANY RUSFINANCE[1][3]	Russia	FULL	82.40	-	100.00	-
. LIMITED LIABILITY COMPANY RUSFINANCE BANK[3]	Russia	FULL	82.40	-	100.00	-
. SG EQUIPEMENT FINANCE ITALY SPA[2]	Italy	FULL	100.00	-	100.00	-
. AXUS SA/NV	Belgium	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE A/S[1]	Denmark	FULL	100.00	100.00	100.00	100.00
. AXUS FINLAND OY[1]	Finland	FULL	100.00	100.00	100.00	100.00
. AXUS ITALIANA SRL	Italy	FULL	100.00	100.00	100.00	100.00
. AXUS NEDERLAND BV	Netherlands	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE AS[1]	Norway	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE AB[1]	Sweden	FULL	100.00	100.00	100.00	100.00

	Country	Method *	Group ownership interest		Group voting interest	
			December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
. ALD AUTOLEASING D GMBH[1]	Germany	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE GROUP PLC[1]	Great Britain	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE SRO	Czech Republic	FULL	100.00	100.00	100.00	100.00
. ALD INTERNATIONAL SAS & CO. KG[1]	Germany	FULL	100.00	100.00	100.00	100.00
. ALD LEASE FINANZ GMBH[1]	Germany	FULL	100.00	100.00	100.00	100.00
. SG ALD AUTOMOTIVE PORTUGAL SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENZ SA	Portugal	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE SA[1]	Spain	FULL	100.00	100.00	100.00	100.00
. AXUS LUXEMBOURG SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
. DC MORTGAGE FINANCE NETHERLAND BV	Netherlands	FULL	100.00	100.00	100.00	100.00
. EIFFEL LIMITED PARTNERSHIP	Great Britain	FULL	100.00	100.00	100.00	100.00
. ESSOX SRO	Czech Republic	FULL	80.00	79.85	100.00	100.00
. EURO BANK SPOLKA AKCYJNA	Poland	FULL	99.52	99.52	99.52	99.52
. FIDITALIA SPA[1]	Italy	FULL	100.00	100.00	100.00	100.00
. FRAER LEASING SPA	Italy	FULL	73.85	73.43	73.85	73.43
. SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.	Czech Republic	FULL	80.33	100.00	100.00	100.00
. SG LEASING SPA	Italy	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT LEASING POLSKA SP ZOO	Poland	FULL	100.00	100.00	100.00	100.00
. GEFA GESELLSCHAFT FUR ABSATZFINANZIERUNG MBH[1]	Germany	FULL	100.00	100.00	100.00	100.00
. GEFA LEASING GMBH	Germany	FULL	100.00	100.00	100.00	100.00
. HANSEATIC BANK GMBH & CO KG	Germany	FULL	75.00	75.00	75.00	75.00
. MONTALIS INVESTMENT BV	Netherlands	FULL	100.00	100.00	100.00	100.00
. SGBT FINANCE IRELAND LIMITED	Ireland	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE BENELUX BV	Netherlands	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE INTERNATIONAL GMBH[1]	Germany	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE SCHWEIZ AG	Switzerland	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE SA & CO KG	Germany	FULL	100.00	100.00	100.00	100.00
. SG FACTORING SPA	Italy	FULL	100.00	100.00	100.00	100.00
. SG FINANS AS[1]	Norway	FULL	100.00	100.00	100.00	100.00
. SG HOLDING DE VALORES Y PARTICIPATIONES	Spain	FULL	100.00	100.00	100.00	100.00
. SG LEASING XII[1]	Great Britain	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE ITALIA HOLDING SPA	Italy	FULL	100.00	100.00	100.00	100.00
. SOGELEASE B.V.[1]	Netherlands	FULL	100.00	100.00	100.00	100.00
. PEMA GMBH[1]	Germany	FULL	100.00	100.00	100.00	100.00
. MILFORD	Belgium	FULL	100.00	100.00	100.00	100.00
. NEW ESPORTA HOLDING LIMITED[1]	Great Britain	FULL	99.78	90.18	99.78	90.18
. SGSS DEUTSCHLAND KAPITALANLAGEGESELLSCHAFT MBH	Germany	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE LIMITED[1]	Great Britain	FULL	100.00	100.00	100.00	100.00
BROKERS						
. SG ENERGIE UK LIMITED	Great Britain	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SECURITIES SERVICES UK LTD	Great Britain	FULL	100.00	100.00	100.00	100.00
INSURANCE						
. GENERAS	Luxembourg	FULL	100.00	100.00	100.00	100.00
. INORA LIFE LTD	Ireland	FULL	100.00	100.00	100.00	100.00
. KOMERCNI POJISTOVNA A.S	Czech Republic	FULL	80.76	80.62	100.00	100.00
. SOGELIFE	Luxembourg	FULL	100.00	100.00	100.00	100.00
. SOGECAP LIFE INSURANCE	Russia	FULL	96.66	100.00	100.00	100.00
. SOCIETE GENERALE RE SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
. CATALYST RE INTERNATIONAL LTD	Bermuda	FULL	100.00	100.00	100.00	100.00

	Country	Method *	Group ownership interest		Group voting interest	
			December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
AFRICA AND THE MIDDLE-EAST						
BANKS						
. SOCIETE GENERALE TCHADIENNE DE BANQUE[2]	Tchad	FULL	55.19	-	66.16	-
. BANKY FAMPANDROSOANA VAROTRA SG	Madagascar	FULL	70.00	70.00	70.00	70.00
. SG DE BANQUES AU BURKINA	Burkina Faso	FULL	51.27	51.19	52.61	52.53
. SG DE BANQUE EN GUINEE EQUATORIALE	Equatorial Guinea	FULL	52.44	52.44	57.24	57.24
. NATIONAL SOCIETE GENERALE BANK	Egypt	FULL	77.17	77.17	77.17	77.17
. SOCIETE GENERALE ALGERIE	Algeria	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE DE BANQUE AU CAMEROUN	Cameroon	FULL	58.08	58.08	58.08	58.08
. SG DE BANQUES EN COTE D'IVOIRE[1]	Ivory Coast	FULL	73.25	73.25	73.25	73.25
. SG DE BANQUES EN GUINEE	Guinea	FULL	57.94	57.94	57.94	57.94
. SG DE BANQUE AU LIBAN[1]	Lebanon	EQUITY	19.00	19.00	19.00	19.00
. SG DE BANQUES AU SENEGAL	Senegal	FULL	64.45	64.45	64.87	64.87
. SG MAROCAINE DE BANQUES[1]	Morocco	FULL	56.91	56.91	56.91	56.91
. SG-SSB LIMITED	Ghana	FULL	52.24	52.24	52.24	52.24
. UNION INTERNATIONALE DE BANQUES	Tunisia	FULL	57.20	57.20	52.34	52.34
SPECIALIST FINANCING						
. ALD AUTOMOTIVE SA MAROC	Morocco	FULL	43.54	43.54	50.00	50.00
. SOCIETE D' EQUIPEMENT DOMESTIQUE ET MENAGER "EQDOM"	Morocco	FULL	46.31	46.31	54.92	54.92
. SOGELEASE EGYPT	Egypt	FULL	70.87	70.87	80.00	80.00
. SOCIETE GENERALE DE LEASING AU MAROC	Morocco	FULL	56.91	74.15	100.00	100.00
INSURANCE						
. LA MAROCAINE VIE	Morocco	FULL	88.86	88.86	99.98	99.98
THE AMERICAS						
BANKS						
. BANCO SG BRAZIL SA[1]	Brazil	FULL	100.00	100.00	100.00	100.00
. BANCO PECUNIA S.A.[1]	Brazil	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE (CANADA)[1]	Canada	FULL	100.00	100.00	100.00	100.00
. BANCO CACIQUE S.A.[1]	Brazil	FULL	100.00	100.00	100.00	100.00
. SG AMERICAS SECURITIES HOLDINGS, LLC[1]	United States	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
. SGFP MEXICO S. DE R.L. DE C.V.[2]	Mexico	FULL	100.00	-	100.00	-
. SGE HOLDINGS INC.[1][2]	Canada	FULL	100.00	-	100.00	-
. SG AMERICAS, INC.[1]	United States	FULL	100.00	100.00	100.00	100.00
. SG WARRANTS NV	United States	FULL	100.00	100.00	100.00	100.00
. TCW GROUP INC[1]	United States	FULL	97.88	100.00	97.88	100.00
. THE TURQUOISE FUND LTD	Cayman Islands	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE ENERGY CORP.	United States	FULL	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
. MAKATEA JV INC.	United States	FULL	100.00	100.00	66.67	66.67
. REXUS L.L.C.[5]	United States	FULL	-	100.00	-	70.83
. SG CONSTELLATION CANADA LTD.	Canada	FULL	100.00	100.00	100.00	100.00
. SG FINANCE LLC	United States	FULL	100.00	100.00	100.00	100.00
. SG PREFERRED CAPITAL III, L.L.C.[1]	United States	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE USA CORP.	United States	FULL	100.00	100.00	100.00	100.00
PORTFOLIO MANAGEMENT						
. SOCIETE GENERALE COMMODITIES PRODUCTS, LLC[5]	United States	FULL	-	100.00	-	100.00
. LYXOR ASSET MANAGEMENT HOLDING CORP.[1]	United States	FULL	100.00	100.00	100.00	100.00
ASIA AND OCEANIA						
BANKS						
. SG PRIVATE BANKING (JAPAN) LTD	Japan	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SECURITIES (NORTH PACIFIC) LTD	Japan	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE (CHINA) LIMITED	China	FULL	100.00	100.00	100.00	100.00

	Country	Method *	Group ownership interest		Group voting interest	
			December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
FINANCIAL COMPANIES						
. FORTUNE SG FUND MANAGEMENT CO., LTD.	China	PROP	49.00	49.00	49.00	49.00
. SG ASIA (HONG-KONG) LTD	Hong Kong	FULL	100.00	100.00	100.00	100.00
. TH INVESTMENTS (HONG KONG) 1 LIMITED[1][2]	Hong Kong	FULL	100.00	-	100.00	-
. TH INVESTMENTS (HONG-KONG) 3 LIMITED[1][2]	Hong Kong	FULL	100.00	-	100.00	-
BROKERS						
. SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD (HONG-KONG)[1]	Hong Kong	FULL	100.00	100.00	100.00	100.00
SERVICES						
. SOCIETE GENERALE GLOBAL SOLUTION CENTRE PRIVATE LIMITED[2]	India	FULL	100.00	-	100.00	-
SPECIALIST FINANCING						
. SG LEASING AND RENTING CO LTD[2]	China	FULL	100.00	-	100.00	-

* FULL: full consolidation – PROP: proportionate consolidation – EQUITY: equity method.
(1) Companies carrying out sub-consolidation.
(2) Consolidated for the first time in 2011.
(3) Companies now consolidated directly.
(4) Entities deconsolidated during 2011.
(5) Entities wound up in 2011.
(6) Entities sold in 2011.
(7) Dissolution by transfer of assets with Societe Generale S.A.
(8) Dissolution by transfer of assets with Franfinance.
(9) Merger with Rosbank.
(10) Special purpose vehicles substantially controlled by the Group.

Note 47

SEGMENT INFORMATION

SEGMENT INFORMATION BY BUSINESS LINES

	French Networks		International Retail Banking		Specialised Financial Services and Insurance	
(In millions of euros)	2011	2010	2011	2010	2011	2010
Net banking income	8,165	7,791	5,017	4,930	3,443	3,539
Operating Expenses[1]	(5,248)	(5,058)	(2,988)	(2,769)	(1,846)	(1,841)
Gross operating income	**2,917**	**2,733**	**2,029**	**2,161**	**1,597**	**1,698**
Cost of risk	(745)	(864)	(1,284)	(1,340)	(829)	(1,174)
Operating income	**2,172**	**1,869**	**745**	**821**	**768**	**524**
Net income from companies accounted for by the equity method	10	8	13	11	(33)	(12)
Net income/expense from other assets	1	6	-	1	(5)	(5)
Impairment of goodwill	-	-	-	1	(200)	-
Earnings before tax	**2,183**	**1,883**	**758**	**834**	**530**	**507**
Income tax	(739)	(637)	(161)	(156)	(219)	(148)
Net income before non-controlling interests	**1,444**	**1,246**	**597**	**678**	**311**	**359**
Non-controlling interests	16	13	272	186	14	16
Net income, Group share	**1,428**	**1,233**	**325**	**492**	**297**	**343**

	Global Investment Management and Services					
	Asset Management		Private Banking		SGSS, Brokers	
(In millions of euros)	2011	2010	2011	2010	2011	2010
Net banking income	344	477	762	699	1,063	1,094
Operating Expenses(1)	(342)	(457)	(619)	(551)	(1,006)	(994)
Gross operating income	**2**	**20**	**143**	**148**	**57**	**100**
Cost of risk	-	(3)	(1)	(4)	(12)	-
Operating income	**2**	**17**	**142**	**144**	**45**	**100**
Net income from companies accounted for by the equity method	98	100	-	-	-	-
Net income/expense from other assets	-	(1)	2	-	(8)	-
Impairment of goodwill	-	-	-	-	(65)	-
Earnings before tax	**100**	**116**	**144**	**144**	**(28)**	**100**
Income tax	(1)	(5)	(29)	(33)	(13)	(33)
Net income before non-controlling interests	**99**	**111**	**115**	**111**	**(41)**	**67**
Non-controlling interests	-	-	-	-	2	-
Net income, Group share	**99**	**111**	**115**	**111**	**(43)**	**67**

	Corporate and Investment Banking(2)		Corporate Centre(3)		Societe Generale Group	
(In millions of euros)	2011	2010	2011	2010	2011	2010
Net banking income(2)	5,980	7,836	862	52	25,636	26,418
Operating Expenses(1)	(4,748)	(4,706)	(239)	(169)	(17,036)	(16,545)
Gross operating income	**1,232**	**3,130**	**623**	**(117)**	**8,600**	**9,873**
Cost of risk	(563)	(768)	(896)	(7)	(4,330)	(4,160)
Operating income	**669**	**2,362**	**(273)**	**(124)**	**4,270**	**5,713**
Net income from companies accounted for by the equity method	-	9	6	3	94	119
Net income/expense from other assets	76	(6)	(54)	16	12	11
Impairment of goodwill	-	-	-	-	(265)	1
Earnings before tax	**745**	**2,365**	**(321)**	**(105)**	**4,111**	**5,844**
Income tax	(97)	(625)	(64)	95	(1,323)	(1,542)
Net income before non-controlling interests	**648**	**1,740**	**(385)**	**(10)**	**2,788**	**4,302**
Non-controlling interests	13	10	86	160	403	385
Net income, Group share	**635**	**1,730**	**(471)**	**(170)**	**2,385**	**3,917**

(1) Including depreciation and amortisation.

(2) Breakdown of net banking income by business for "Corporate and Investment Banking":

(In millions of euros)	2011	2010
Global Markets	4,141	5,021
Financing and Advisory	2,315	2,744
Legacy Assets	(476)	71
Total net banking income	**5,980**	**7,836**

(3) Income and expense not directly related to the business lines' activity are recorded under the Corporate Centre's profit and loss. Thus the debt revaluation differences linked to own credit risk (EUR 1,176 million at December 31, 2011), the revaluation differences of the credit derivative instruments hedging the loans and receivables portfolios (EUR 66 million at December 31, 2011) and the impact of the sovereign securities, mainly Greek, are allocated to the Corporate Centre.

(In millions of euros)	French Network		International Retail Banking		Specialised Financial Services and Insurance	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Segment assets	197,688	191,428	97,604	92,875	136,692	136,449
Segment liabilities(4)	158,583	150,997	76,905	73,081	90,405	89,910

(In millions of euros)	Global Investment Management and Services					
	Asset Management		Private Banking		SGSS, Brokers	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Segment assets	2,846	2,941	21,110	20,678	48,704	50,003
Segment liabilities(4)	546	650	22,217	24,755	62,613	65,940

(In millions of euros)	Corporate and Investment Banking		Corporate Centre(5)		Societe Generale Group	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Segment assets	614,652	609,795	62,076	27,903	1,181,372	1,132,072
Segment liabilities(4)	658,468	611,663	60,523	64,101	1,130,260	1,081,097

(4) Segment liabilities correspond to debts (i.e. total liabilities except equity).

(5) Assets and liabilities not directly related to the business lines' activities are recorded on the Corporate Centre's balance sheet. Thus the debt revaluation differences linked to own credit risk and the revaluation differences of the credit derivative instruments hedging the loans and receivables portfolios are allocated to the Corporate Centre.

SEGMENT INFORMATION BY GEOGRAPHICAL REGION

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME

(In millions of euros)	France		Europe		Americas	
	2011	2010	2011	2010	2011	2010
Net interest and similar income	6,215	6,345	4,492	4,029	741	726
Net fee income	4,400	4,506	1,714	1,764	487	692
Net income/expense from financial transactions	1,811	1,873	1,428	2,058	593	823
Other net operating income	394	354	994	956	(1)	(35)
Net banking income	**12,820**	**13,078**	**8,628**	**8,807**	**1,820**	**2,206**

(In millions of euros)	Asia		Africa		Oceania		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Net interest and similar income	179	159	981	909	19	120	12,627	12,288
Net fee income	186	137	392	368	-	18	7,179	7,485
Net income/expense from financial transactions	569	577	40	82	(9)	(39)	4,432	5,374
Other net operating income	(9)	3	21	(5)	(1)	(2)	1,398	1,271
Net banking income	**925**	**876**	**1,434**	**1,354**	**9**	**97**	**25,636**	**26,418**

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS

	France		Europe		Americas	
(In millions of euros)	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Segment assets	931,417	813,508	140,021	159,882	70,231	117,275
Segment liabilities(6)	886,865	770,503	134,648	153,416	72,065	118,411

	Asia		Africa		Oceania		Total	
(In millions of euros)	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Segment assets	15,052	18,000	24,647	23,222	4	185	1,181,372	1,132,072
Segment liabilities(6)	14,344	17,463	22,318	21,161	20	143	1,130,260	1,081,097

(6) Segment liabilities correspond to debts (i.e. total liabilities except equity).

Note 48

FEES TO STATUTORY AUDITORS

Fees to Statutory Auditors recorded in the income statement are:

(In millions of euros)	2011	2010
Fees related to statutory audit, certification, examination of parent company and consolidated accounts	31	30
Fees related to audit services and related assignments	6	3
Total	**37**	**33**

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information in the group's management report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Societe Generale - Year ended December 31, 2011

Statutory Auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying consolidated financial statements of Société Générale;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques and other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of assessments

The accounting estimates used in the preparation of the consolidated financial statements as at December 31, 2011 were made in a context of uncertainty, arising as a result of the sovereign debt crisis of some eurozone countries (most notably in Greece). This crisis is accompanied by an economic and also a liquidity crisis resulting in a lack of visibility concerning economic prospects. In that context and in accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- For the purpose of preparing the consolidated financial statements, your company records depreciations to cover the credit risks inherent to its activities and performs significant accounting estimates, as described in note 1 to the consolidated financial statements, related in particular to the assessment of the goodwills, the assessment of the differed tax assets, as well as of the pension plans and other post-employment benefits. We have reviewed and tested, the processes implemented by management, the underlying assumptions and the valuation parameters, and we have assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies disclosed in note 1 to the consolidated financial statements.

- In the more specific context of volatility on financial markets and of the sovereign debt crisis of some countries:
  - Your company provides in note 3 to the consolidated financial statements its indirect exposures to the US residential real estate market and in note 25 its exposures to some eurozone countries, as well as the processes implemented and the procedures used for measuring or assessing them. We have reviewed the control procedures implemented to measure such exposures, to assess the credit risk and related depreciations, as well as the appropriateness of the related disclosures included in the aforementioned notes.
  - As detailed in note 1 to the consolidated financial statements, your company uses internal models to measure financial instruments that are not listed on active markets. Our procedures consisted in reviewing the control procedures for the models used, assessing the underlying data and assumptions as well as their observability, and verifying that the risks generally expected from the markets were taken into account in the valuations.
- As mentioned in notes 3 and 6 to the consolidated financial statements, your company assessed the impact of changes in its own credit risk with respect to the valuation of certain financial liabilities measured at fair value through profit and loss. We have verified the appropriateness of the data used for this purpose.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, March 2, 2012

The Statutory Auditors

French original signed by

ERNST & YOUNG Audit

Represented by
Philippe Peuch-Lestrade

DELOITTE & ASSOCIES

Represented by
Jean-Marc Mickeler

PARENT COMPANY FINANCIAL STATEMENTS

Societe Generale management report

SUMMARY BALANCE SHEET OF SOCIETE GENERALE

ASSETS

(In billions of euros at December 31)	December 31, 2011	December 31, 2010	Change
Interbank and money market assets	142	115	27
Customer loans	272	282	(10)
Securities	344	375	(31)
of which securities purchased under resale agreements	112	95	17
Other assets	236	199	37
of which option premiums	117	108	9
Tangible and intangible fixed assets	2	2	0
Total assets	**994**	**972**	**22**

LIABILITIES AND SHAREHOLDERS' EQUITY

(In billions of euros at December 31)	December 31, 2011	December 31, 2010	Change
Interbank and money liabilities[(1)]	240	214	26
Customer deposits	320	380	(60)
Bonds and subordinated debt[(2)]	24	25	(0)
Securities	156	126	30
of which securities sold under repurchase agreements	*110*	*71*	*39*
Other liabilities and provisions	225	200	25
of which option premiums	*120*	*112*	*9*
Equity	29	28	1
Total liabilities and shareholders' equity	**994**	**972**	**22**

(1) Including negotiable debt instruments.

(2) Including undated subordinated capital notes.

Societe Generale's balance sheet total increased slightly year-on-year to EUR 994 billion.

This improvement was the combined result of two effects: namely, the economic and financial environment, which was heavily impacted by the euro zone crisis, and Societe Generale's focus on stepping up its transformation to adjust to the new capital and liquidity requirements.

Central bank deposits rose sharply (+23%) over the course of the year, predominantly in Europe and the United States.

The decrease in customer loans can be attributed both to buoyant housing and equipment loan origination and a gradual dropoff in activity on the corporate and financial customers market. The result was a decline in outstanding loans and outflows of non-collateralised institutional investor deposits (-19%).

The securities portfolio diminished due to Corporate and Investment Banking's efforts to downsize its balance sheet and lower its exposure to market risks, coupled with adverse market conditions (stock market slump, low volumes). Trading portfolio positions were reduced by EUR 32 billion in equities and other variable-income securities, and to a lesser extent in fixed income bonds, while the Group expanded its investment portfolio by EUR 25 billion.

As for the other financial accounts, which are volatile by nature on both the assets and liability sides, the increase was driven by derivative pricing and the rise in guarantees given and received for market transactions.

Societe Generale boasts a diversified range of funding sources and channels:

- stable resources consisting of equity and subordinated debt (EUR 53 billion);
- customer deposits, which make up a significant share (32%) of total balance sheet resources;
- capital raised on the market through a proactive diversification policy making use of various types of debt (secured and unsecured bonds, etc.), issuance vehicles (EMTNs, Certificats of Deposit), currencies and investor pools (EUR 103 billion);
- resources in the form of interbank transactions (EUR 136 billion) and securities sold under repurchase agreements (EUR 110 billion).

By diversifying its sources of funding, Societe Generale was able to finance the rollover of its debt maturing in 2011 and fund the requirements of its commercial operations. Societe Generale intends to maintain this policy in order to further the well-balanced development of its balance sheet.

SUMMARY INCOME STATEMENT OF SOCIETE GENERALE

(In millions of euros at December 31)	2011						2010		
		11/10		11/10		11/10			
	France	(%)	International	(%)	Societe Generale	(%)	France	International	Societe Generale
Net banking income	**9,468**	**13**	**2,315**	**(24)**	**11,783**	**3**	**8,393**	**3,029**	**11,422**
Operating expenses	(6,704)	7	(1,584)	(6)	(8,288)	4	(6,247)	(1,688)	(7,935)
Gross operating income	**2,764**	**29**	**731**	**(45)**	**3,495**	**0**	**2,146**	**1,341**	**3,487**
Cost of risk	(723)	132	(42)	(80)	(765)	45	(312)	(215)	(527)
Operating income	**2,041**	**11**	**689**	**(39)**	**2,730**	**(8)**	**(1,834)**	**1,126**	**2,960**
Net income from long-term investments	(1,651)	64	(265)	N/A	(1,916)	145	(1,005)	224	(781)
Operating income before tax	**390**	**(53)**	**424**	**(69)**	**814**	**(63)**	**829**	**1,350**	**2,179**
Income tax	418	N/A	(213)	22	205	N/A	(642)	(175)	(817)
Net income	**808**	**N/A**	**211**	**(82)**	**1,019**	**(25)**	**186**	**1,175**	**1,362**

In 2011, Societe Generale generated gross operating income of EUR 3.5 billion, largely in line with that of 2010.

- Net banking income picked up slightly from EUR 11.4 billion in 2010 to EUR 11.8 billion in 2011.
  - Despite the euro zone crisis which undermined the confidence of companies and retail investors alike in 2011, Retail Banking in France demonstrated solid sales momentum. Outstanding loans increased over the year due to Societe Generale's determination to actively play its part in financing the economy. Business with corporate customers also expanded on the back of measures to improve customer satisfaction, and particularly efforts to expedite the optimise loan approval process. Furthermore, property loans were up 5.4% year-on-year, drawing primarily on momentum in the first half,
  - Corporate and Investment Bank posted a decline in income due to the substantial impacts of the European sovereign debt crisis in the second half. As a result, activity in the primary market was particularly sluggish while secondary market activity was weakened by the high degree of uncertainty and volatility on the debt markets. Meanwhile, despite maintaining a strong level of activity until the third quarter, equity market trading slowed towards the end of the year as volumes declined on the market.
- Management fees totalled EUR 8.3 billion in 2011. Management fees include provisions for restructuring, mainly in Corporate and Investment Banking (EUR 195 million) and the systematic tax expense levied by the French and UK governments, amounting to EUR 84 million for full-year 2011. Restated for these items, management fees were stable overall (+0.9% based on current data) compared to 2010.
- Excluding the impact of the EUR 233 million provision for Greek sovereign debt, incorporating an average haircut of 75%, cost of risk was stable versus 2010.
- Societe Generale's operating income amounted to EUR 2.7 billion, down on 2010.
- The sharp deterioration in losses on fixed assets can be primarily attributed to the recognition of impairments losses on equity investments, including EUR 887 million for Geniki and EUR 469 million for Geneval.
- Net income after tax came out at EUR 1.0 billion in 2011, down 25% on 2010, as a result of the exceptional provisions booked on equity investments in 2011 linked to the challenging economic environment.

TRADE ACCOUNTS PAYABLE PAYMENT SCHEDULE

	December 31, 2011					December 31, 2010				
	Payables not yet due					Payables not yet due				
(In millions of euros)	1 to 30 days	31 to 60 days	More than 60 days	Payables due	Total	1 to 30 days	31 to 60 days	More than 60 days	Payables due	Total
Supplier payables	46.9	20.9	0.6	72.9	141.3	60.5	13.4	2.0	75.3	151.2

The maturity dates correspond to payment conditions determined 60 days from date of invoice.

The processing of Societe Generale France's supplier invoices is largely centralised. The department responsible for this processing books and settles invoices transmitted for payment by all of Societe Generale France's corporate and business divisions. The branches of the French network, however, have dedicated teams to process and settle their own invoices.

In accordance with the Group's internal control procedures, invoices are only paid after they have been validated by the departments that signed for the services. The average time for the payment of invoices after validation is from three to seven days.

FIVE-YEAR FINANCIAL SUMMARY OF SOCIETE GENERALE

	2011	2010	2009	2008	2007
Financial position at year-end					
Capital stock (in millions of euros)(1)	970	933	925	726	583
Number of outstanding shares(2)	776,079,991	746,421,631	739,806,265	580,727,244	466,582,593
Results of operations (in millions of euros)					
Gross banking and other income(3)	31,197	26,714	29,577 **	36,238	43,940
Earnings before tax, depreciation, amortisation, provisions, employee profit sharing and general reserve for banking risks	4,980	4,057	5,693	(836)	(2,248)
Employee profit sharing	31	15	22	45	29
Income tax	(205)	817	(554)	(1,956)	(1,932)
Net income	1,019	1,362	922	(2,964)	(961)
Total dividends paid	-(4)	1,306	185	697	420 *
Earnings per share (in euros)					
Earnings after tax but before depreciation, amortisation and provisions	6.64	4.32	8.41	1.85	(0.74)
Net income	1.31	1.82	1.25	(5.10)	(2.06)
Dividend paid per share	-(4)	1.75	0.25	1.20	0.90
Personnel					
Number of employees	47,540	46,316	46,181	45,698	44,768
Total payroll (in millions of euros)	3,298	3,340	3,109	2,813	2,647
Employee benefits (Social Security and other) (in millions of euros)	1,349	1,443	1,394	1,212	1,343

* The dividend proposed as regards the financial year 2007 was deducted from the special reserves of long-term capital gains.

** Amount adjusted in regard to financial statements published on December 31st, 2009.

(1) In 2011, Societe Generale operated several capital increases for EUR 37.1 million with EUR 1067.5 million issuing premiums:
- EUR 29.9 million for the payment of dividends with EUR 858.8 million issuing premiums;
- EUR 7.2 million for the capital increase reserved for the employees with EUR 208.7 million issuing premiums.

(2) At December 31, 2010, Societe Generale's common stock comprised 776,079,991 shares with a nominal value of EUR 1.25 per share.

(3) Gross banking and other income is made up of interest income, dividend income, fee income, income from financial transactions and other operating income.

(4) Subject to approval at the General Meeting.

Financial statements

PARENT COMPANY BALANCE SHEET

ASSETS

(In millions of euros)		December 31, 2011	December 31, 2010
Cash, due from central banks and post office accounts		32,077	4,825
Due from banks	(note 2)	176,322	164,178
Customer loans	(note 3)	316,528	322,765
Lease financing and similar agreements		80	184
Treasury notes and similar securities	(note 4)	42,503	47,147
Bonds and other debt securities	(note 4)	125,582	133,966
Shares and other equity securities	(note 4)	27,266	59,756
Affiliates and other long term securities	(note 5)	543	2,500
Investments in subsidiaries	(note 6)	35,146	35,836
Tangible and intangible fixed assets	(note 7)	1,627	1,510
Treasury stock	(note 8)	675	686
Accruals, other accounts receivable and other assets	(note 9)	236,006	198,897
Total		**994,355**	**972,250**

OFF-BALANCE SHEET ITEMS

(In millions of euros)		December 31, 2011	December 31, 2010
Loan commitments granted	(note 18)	125,011	167,147
Guarantee commitments granted	(note 18)	221,252	236,397
Commitments made on securities		17,377	16,841
Foreign exchange transactions	(note 31)	835,457	971,235
Forward financial instrument commitments	(note 19)	19,902,028	17,769,008

(The accompanying notes are an integral part of the Parent Company financial statements.)

LIABILITIES AND SHAREHOLDERS' EQUITY

(In millions of euros)		December 31, 2011	December 31, 2010
Due to central banks and post office accounts		389	2,769
Due to banks	(note 10)	189,903	132,483
Customer deposits	(note 11)	376,623	412,809
Liabilities in the form of securities issued	(note 12)	109,245	121,093
Accruals, other accounts payable and other liabilities	(note 13)	224,604	216,927
Provisions	(note 14)	46,598	37,280
Long-term subordinated debt and notes	(note 16)	18,066	20,799
SHAREHOLDERS' EQUITY			
Common stock	(note 17)	970	933
Additional paid-in capital	(note 17)	19,772	18,704
Retained earnings	(note 17)	7,166	7,091
Net income	(note 17)	1,019	1,362
Sub-total		**28,927**	**28,090**
Total		**994,355**	**972,250**

OFF-BALANCE SHEET ITEMS

(In millions of euros)		December 31, 2011	December 31, 2010
Loan commitments received	(note 18)	43,039	62,569
Guarantee commitments received	(note 18)	53,664	55,608
Commitments received on securities		18,002	16,923
Foreign exchange transactions	(note 31)	834,193	970,938

(The accompanying notes are an integral part of the Parent Company financial statements.)

INCOME STATEMENT

(In millions of euros)		2011	2010
Interest and similar income		*23,514*	*19,495*
Interest and similar expenses		*(19,287)*	*(14,582)*
Net interest income	(note 20)	4,227	4,913
Net income from lease financing and similar agreements		7	16
Dividend income	(note 21)	3,254	2,141
Commissions (income)		3,980	3,996
Commissions (expenses)		*(1,281)*	*(1,170)*
Net fee income	(note 22)	2,699	2,826
Net income from the trading portfolio	(note 23)	2,092	1,521
Net income from short-term investment securities	(note 23)	(488)	(59)
Income from other activities		*6,934*	*195*
Exenses from other activities		*(6,942)*	*(131)*
Net gains or losses on other activities		(8)	64
Net banking income		**11,783**	**11,422**
Personnel expenses	(note 24)	(4,845)	(4,866)
Other operating expenses		(3,114)	(2,751)
Depreciation and amortisation		(329)	(318)
Total operating expenses		**(8,288)**	**(7,935)**
Gross operating income		**3,495**	**3,487**
Cost of risk	(note 27)	(765)	(527)
Operating income		**2,730**	**2,960**
Net income from long-term investments	(note 28)	(1,916)	(781)
Operating income before tax		**814**	**2,179**
Exceptional items		-	-
Income tax	(note 29)	205	(817)
Net allocation to regulatory provisions		-	-
Net income		**1,019**	**1,362**

Information about fees paid to Statutory Auditors are disclosed in the notes to the consolidated financial statements of Societe Generale Group for the year 2011; consequently, this information is not provided in the notes to the parent company financial statements of Societe Generale.

(The accompanying notes are an integral part of the Parent Company financial statements.)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Note 1

SIGNIFICANT ACCOUNTING PRINCIPLES

The parent company financial statements for Societe Generale were drawn up in accordance with the provisions of regulation 91-01 of the French Banking Regulation Committee (CRB) applicable to credit establishments, and with the accounting principles generally accepted in the French banking industry. As the financial statements of foreign branches were prepared using accounting principles generally accepted in their respective countries, they were subsequently adjusted to comply with the accounting principles applicable in France. The presentation of the financial statements complies with regulation 2000-03 of the French Accounting Regulation Committee (CRC) on parent company financial statements for enterprises governed by the French Banking and Financial Regulation Committee (CRBF), amended by CRC regulation 2005-04 dated November 3, 2005.

ACCOUNT COMPARABILITY

As of January 1, 2011, Societe Generale applied the regulation 2011-04 of the French Accounting Standard Authority (ANC) dated November 10, 2011 relative to the accounting treatment of the bonus of sharing of earnings (prime de partage des profits) planned to the article 1 of the 2011-894 law dated July 28, 2011. The application of this regulation is not a change in accounting policies.

ACCOUNTING POLICIES AND VALUATION METHODS

In accordance with the accounting principles applicable to French banks, the majority of transactions are recorded using valuation methods that take into account the purpose for which they were made.

In financial intermediation transactions, assets and liabilities are generally carried at historical cost and depreciations are booked where counterparty risk arises. Revenues and expenses arising from these transactions are recorded over the life of the transaction in accordance with the time period concept. Transactions on forward financial instruments carried out for hedging purposes or to manage the bank's overall interest rate risk are accounted for using the same principles.

Trading transactions are generally marked to market at year-end, except for loans, borrowings and short-term investment securities which are recorded at nominal value (see below). When instruments are traded on illiquid markets, the market value used is reduced for reasons of prudence. Moreover, a reserve is booked to cover valuations established on the basis of in-house models (Reserve Policy*)*, which is determined according to the complexity of the model used and the life of the financial instrument.

TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

The on- and off-balance sheet items of branches reporting in foreign currencies are translated at the official exchange rate prevailing at year-end. Income statement items of these branches are translated at the average month-end exchange rates. Gains and losses arising from the translation of reserves, retained earnings and net income are included in shareholders' equity under *Translation differences.* Gains and losses from transactions used to hedge translations of net income in foreign currencies of branches are also included in shareholders' equity under the same heading.

Gains and losses arising from the translation of the capital contribution of foreign branches are included under *Other accounts payable* or *Other accounts receivable.*

In accordance with CNC Recommendation 98-01, translation differences relating to branches in the euro zone are retained in shareholders' equity and are only booked to the income statement when these entities are sold.

AMOUNTS DUE FROM BANKS, CUSTOMER LOANS, GUARANTEES AND ENDORSEMENTS

Amounts due from banks and customer loans are classified according to their initial duration and type: demand deposits (current accounts and overnight transactions) and term deposits in the case of banks, and commercial loans, overdrafts and other loans to customers. They also include securities purchased from banks and customers under resale agreements, and loans secured by notes and securities.

Only amounts due and customer loans which meet the following criteria are offset on the balance sheet: those with the same counterparty, maturity, currency and accounting entity, and those for which an agreement exists with the counterparty allowing the company to combine the accounts and exercise the right of offset.

Interest accrued on these receivables is recorded as *Related receivables* and booked to the income statement.

Fees received and incremental transaction costs related to the granting of a loan are comparable to interests and spread over the effective life of the loan.

Guarantees and endorsements booked off-balance sheet represent transactions which have not yet given rise to cash movements, such as irrevocable commitments for the undrawn portion of facilities made available to banks and customers or guarantees given on their behalf.

Under CRC regulation 2002-03, if a commitment carries an incurred credit risk which makes it probable that Societe Generale will not recover all or part of the amounts due under the counterparty's commitment in accordance with the original terms of the contract, despite the existence of a guarantee, the corresponding outstanding loan is classified as a doubtful loan. Moreover, any loan will be classified as doubtful if one or more repayments are more than three months overdue (six months for mortgage loans and nine months for loans to local authorities), or, regardless of whether any payments have been missed, if it can be assumed that there is an identified risk, or if legal proceedings have been started.

If a loan to a given borrower is classified as doubtful, all outstanding loans or commitments to that borrower are reclassified as doubtful, regardless of whether or not they are backed by a guarantee.

Depreciations for unrealised losses and for doubtful loans are booked in the amount of the probable loss. As of January 1, 2005, depreciations for unrealised losses are equal to the difference between the carrying amount of the asset and the present value of estimated future recoverable cash flows, taking into account any guarantees, discounted at the financial assets' original effective interest rate. Furthermore, this depreciation may not be less than the full amount of the accrued interest on the doubtful loan. Depreciations, write-backs of depreciations, losses on bad debts and recovery of impaired debts are booked under *Cost of risk,* along with write-backs of depreciations linked to the passage of time.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, a depreciation is recognised without waiting for the risk to individually affect one or more receivables. The amount of depreciation is notably determined on the basis of historical data on default rates and incurred losses on assets with credit risk characteristics that are similar to those in the portfolio, adjusted to reflect any relevant current economic conditions and, where necessary, the opinion of an expert. Changes in depreciations calculated as such are recognised under *Cost of risk.*

Doubtful loans can be reclassified as performing loans when the credit risk has been definitively eliminated and regular repayments have resumed according to the original terms of the contract. Similarly, doubtful loans which have been restructured can be reclassified as performing loans. When a loan is restructured, a discount is applied to any differences between the cash flows expected to be received under the initial terms of the contract and the present value of the future flows of capital and interest expected to be received under the new terms, discounted at the original effective interest rate.

The amount deducted is booked under *Cost of risk.* If the restructured loan is subsequently reclassified as a performing loan, it is reincorporated into net interest income over the remaining term of the loan.

When a borrower's solvency is such that after the loan has been classified as doubtful for a reasonable period, it is not foreseeable that it will be reclassified as a performing loan, the loan is identified as a non-performing loan. A loan is classified as non-performing once the bank asks for an early termination, when the contract is terminated and in any case one year after it was classified as doubtful, except where the original terms of the contract have been respected or where the loan is covered by guarantees which ensure its recovery. Loans which have been restructured and for which the borrower has not respected the new conditions are also classified as non-performing.

SECURITIES PORTFOLIO

Securities are classified according to:

- their type: public notes (Treasury notes and similar securities), bonds and other debt securities (negotiable debt instruments, interbank securities), shares and other equity securities;
- the purpose for which they were acquired: trading, short-term and long-term investment, shares intended for portfolio activity, investments in non-consolidated subsidiaries and affiliates, and other long-term equity investments.

Purchases and sales of securities are recorded in the balance sheet at the date of settlement-delivery.

According to CRB amended regulation n° 90-01 relative to the accounting treatment of securities transactions and modified by CRC regulation 2008-17, the classification and valuation rules applied are the followings:

• Trading securities

Trading securities are securities acquired or incurred principally for the purpose of selling or repurchasing them in the near-term, or held for the purpose of market-making activities. These securities are traded in active markets, and the available market price reflects frequent buying and selling under normal conditions of competition. Trading securities also include securities linked to a sale commitment in the context of an arbitrage operation done on an organised or assimilated market and securities purchased or sold in the specialised management of a trading portfolio containing forward financial instruments, securities or other financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Trading securities are recognised in the balance sheet at cost, excluding acquisition expenses.

They are marked to market at the end of the financial period.

Net unrealised gains or losses, together with net gains or losses on disposals, are recognised in the income statement under *Net income from financial transactions*. Coupon payments received on fixed-income securities in the trading portfolio are recorded in the income statement under *Net interest income from bonds and other debt securities*.

Trading securities that are no more held for the purpose of selling them in the near-term, or no more held for the purpose of market-making activities, or held in the specialised management of a trading portfolio for which there is no more evidence of a recent pattern of short-term profit-taking, may be reclassified into the *Short-term investment securities* category or into the *Long-term investment securities* category if:

- exceptional market situations generate a change of holding strategy; or
- if after their acquisition debt securities become no longer negotiable in an active market and Societe Generale has the intention and the ability to hold them for the foreseeable future or until maturity.

Securities which are then reclassified are booked in their new category at their fair market value on the date of reclassification.

Short-term investment securities

Short-term investment securities are all those that are not classified as trading securities, long-term investment securities, or investments in consolidated subsidiaries and affiliates.

Shares and other equity securities

Equity securities are carried on the balance sheet at cost excluding acquisition expenses, or at contribution value. At year-end, cost is compared to realisable value. For listed securities, realisable value is defined as the most recent market price. Unrealised capital gains are not recognised in the accounts but a depreciation of portfolio securities is booked to cover unrealised capital losses, without the said depreciation being offset against any unrealised capital gains. Income from these securities is recorded in *Dividend income*.

Bonds and other debt securities

These securities are carried at cost excluding acquisition expenses and, in the case of bonds, excluding interest accrued and not yet due at the date of purchase. The positive or negative difference between cost and redemption value is amortised to income over the life of the relevant securities and using the actuarial method. Accrued interest on bonds and other short-term investment securities is recorded as *Related receivables* and under *Net interest income from bonds and other debt securities* in the income statement.

At year-end, cost is compared to realisable value or, in the case of listed securities, to their most recent market price. Unrealised capital gains are not recognised in the accounts but a depreciation of portfolio securities is booked to cover unrealised capital losses, after consideration of any gains made on any related hedging transactions.

Allocations to and reversals of depreciations for losses on short-term investment securities together with gains and losses on sales of these securities are recorded under *Net income from financial transactions* in the income statement.

Short-term investment securities may be reclassified into the *Long-term investment securities* category provided that :

- exceptional market situations generate a change of holding strategy; or
- if after their acquisition debt securities become no longer negotiable in an active market and Societe Generale has the intention and the ability to hold them for the foreseeable future or until maturity.

Long-term investment securities

Long-term investment securities are acquired debt securities or reclassified short-term investment securities which Societe Generale intends to hold until maturity, where it has the financial capacity to do so and is not subject to any legal or other form of constraint that might undermine its ability to do so. Long-term investment securities also include trading and short-term investment securities which have been reclassified by Societe Generale following the particular conditions described here before (facing exceptional market situations or when debt securities are no longer negotiable in an active market).

These instruments may be designated as hedged items in hedging transactions using forward financial instruments used to hedge the interest rate risk on identifiable items or groups of similar items.

Long-term investments are booked according to the same principles as short-term investment securities, except that no depreciation is made for unrealised losses, unless there is a strong probability that the securities will be sold in the short term, or unless there is a risk that the issuer will be unable to redeem them.

Allocations to and reversals of depreciations for losses on long-term investment securities, together with gains and losses on sales of these securities, are recorded in the income statement under *Net income from long-term investments.*

• Investments in consolidated subsidiaries and affiliates, and other long-term equity investments

This category of securities covers shares held in consolidated subsidiaries and affiliates, when it is deemed useful to Societe Generale's business to hold the said shares in the long term. This notably covers investments that meet the following criteria:

- shares in companies that share Directors or senior managers with Societe Generale and where influence can be exercised over the company in which the shares are held;
- shares in companies that belong to the same group controlled by individuals or legal entities, where the said persons or entities exercise control over the group and ensure that decisions are taken in unison;
- shares representing more than 10% of the voting rights in the capital issued by a bank or a company whose business is directly linked to that of Societe Generale.

This category also includes *Other long-term equity investments.* These are equity investments made by Societe Generale with the aim of developing special professional relations with a company over the long term but without exercising any influence on its management due to the low proportion of attached voting rights.

Investments in consolidated subsidiaries and affiliates, and other long-term equity investments are recorded at their purchase price net of acquisition costs. Dividend income earned on these securities is booked in the income statement under *Dividend income.*

At year-end, investments in consolidated subsidiaries and affiliates are valued at their value in use, namely the price the company would accept to pay to obtain the said securities if it had to acquire them in view of its investment objective. This value is estimated on the basis of various criteria, such as shareholders' equity, profitability, and the average share price over the last three months. Unrealised capital gains are not recognised in the accounts but a depreciation on portfolio securities is booked to cover unrealised capital losses. Allocations to and reversals of depreciations as well as any capital gains or losses realised on the disposal of these securities, including any profit or loss generated when tendering these securities to public share exchange offers, are booked under *Net income from long-term investments*.

TANGIBLE AND INTANGIBLE FIXED ASSETS

Premises, equipment and other fixed assets are carried at their purchase price on the assets side of the balance sheet. Borrowing expenses incurred to fund a lengthy construction period for fixed assets are included in the acquisition cost, along with other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets.

Software developed internally is recorded on the asset side of the balance sheet in the amount of the direct cost of development, which includes external expenditure on hardware and services and personnel expenses which can be attributed directly to its production and preparation for use.

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount.

Where one or several components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life, through the income statement under *Depreciation and amortisation*. Societe Generale has applied this approach to its operating property, breaking down its assets into the following minimum components with their corresponding depreciation periods:

Infrastructure	Major structures	50 years
	Doors and windows, roofing	20 years
	Façades	30 years
Technical installations	Elevators	10-30 years
	Electrical installations	
	Electricity generators	
	Air conditioning, extractors	
	Technical wiring	
	Security and surveillance installations	
	Plumbing	
	Fire safety equipment	
Fixtures and fittings	Finishings, surroundings	10 years

Depreciation periods for fixed assets other than buildings depend on their useful life, usually estimated in the following ranges:

Plant and equipment	5 years
Transport	4 years
Furniture	10-20 years
Office equipment	5-10 years
IT equipment	3-5 years
Software, developed or acquired	3-5 years
Concessions, patents, licenses, etc.	5-20 years

AMOUNTS DUE TO BANKS, CUSTOMER DEPOSITS

Amounts due to banks and customer deposits are classified according to their initial duration and type: demand (demand deposits and current accounts) and time deposits and borrowings in the case of banks, and regulated savings accounts and other deposits in the case of customers. They also include securities sold to banks and customers under repurchase agreements.

Interest accrued on these deposits is recorded as *Related payables* and as an expense in the income statement.

SECURITISED DEBT PAYABLES

These liabilities are classified by type of security: loan notes, interbank market certificates, negotiable debt instruments, bonds and other debt securities, but exclude subordinated notes which are classified under *Subordinated debt.*

Interest accrued is recorded as *Related payables* and as an expense in the income statement. Bond issuance and redemption premiums are amortised using the straight-line or actuarial method over the life of the related borrowings. The resulting expense is recorded in the income statement under *Net income from bonds and other debt securities.*

Bond issuance costs accrued over the period are booked as expenses for the period, under *Net income from bonds and other debt securities* in the income statement.

SUBORDINATED DEBT

This item includes all dated or undated borrowings, whether or not in the form of securitised debt, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid.

Interest accrued and payable in respect of long-term subordinated debt, if any, is booked as *Related payables* and as an expense in the income statement.

PROVISIONS

Provisions include:

- provisions for country risks considered as a reserve, which are made up on a lump-sum basis based on estimates by Societe Generale of its risks on the related countries and on debtors located in these countries at the balance sheet date, using criteria such as estimates of the country's economic, financial and socio-political situation, or the discount rate on the secondary market;
- provisions for commitments;
- provisions for contingencies and disputes.

A description of contingencies and disputes is provided in the Risk Management report.

Provisions for contingencies and disputes are defined as liabilities with no precisely defined amount or due date. They are only booked if the company has an obligation to a third party that will probably or necessarily lead to a transfer of funds to the third party, without compensation for at least an equivalent amount being expected from this third party.

Net allocations to provisions are classified by type of risk in the corresponding accounts in the income statement.

CRB regulation 99-06 defines the funds necessary for the deposit guarantee fund. These resources comprise certificates of association acquired by each entity, together with annual subscription fees. CRB regulation 99-08 sets the total amount of these subscription fees which were payable over the period 1999 through 2002 in order to endow the fund. Half of the said fees were paid in the form of guarantee deposits. Certificates of association and guarantee deposits are booked on the balance sheet under *Other sundry* *debtors.* A provision was booked at the end of 1999 under *Exceptional items* for all subscription fees to be paid by Societe Generale over the 2000-2002 period for the initial endowment of the guarantee fund. Subsequent fees were booked under *Other operating expenses*.

In case of share purchase options and free shares plans granted to employees, a provision has to be recorded for the loss that the entity will support when it will deliver treasury shares to the employees.

This provision is booked under *Personnel expenses* for an amount equal to the difference:

- between the quoted price of the treasury shares on the balance sheet closing date and the exercise price (zero in case of free shares) if the entity has not already purchased its treasury shares in order to give them to the employees;
- between the acquisition price of treasury shares held and the exercise price (zero in case of free shares) if the entity has already purchased its treasury shares in order to give them to the employees.

If vesting conditions like service or performance conditions have to be satisfied for the employees to become entitled to receive shares, the allowance expense on provision shall be accounted for the services as they are rendered by the employees during the vesting period.

In case of share subscription plans, no expense shall be recorded concerning treasury shares that have to be issued.

COMMITMENTS UNDER CONTRATS EPARGNE-LOGEMENT (MORTGAGE SAVINGS AGREEMENTS)

Comptes d'épargne-logement (CEL or mortgage savings accounts) and *plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of July 10, 1965 and combine an initial deposits phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. Under the current regulation, this last phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are booked at amortised cost.

These instruments create two types of commitments for Societe Generale: the obligation to remunerate customer savings for an indeterminate future period at an interest rate established at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also established at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the company, a provision is booked on the liabilities side of the balance sheet. Any changes in these provisions are booked as *net banking income* under *Net interest income.* These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) which constitute a single generation.

During the deposits phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observed past behaviour of customers.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of the amount of balance sheet loans at the date of calculation and the historical observed past behaviour of customers.

A provision is booked if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products (with a similar estimated life and date of inception).

TREASURY SHARES

In accordance with Recommendation No. 2000-05 of the French National Accounting Standards Board relating to the recognition in the accounts of treasury shares held by companies governed by the French Banking and Financial Regulation Committee, Societe Generale shares acquired for allocation to employees are booked as *Short-term investment securities – Treasury shares* on the assets side of the balance sheet.

Societe Generale shares held with a view to underpinning the share price or as part of arbitrage transactions on the CAC 40 index are booked under *Trading securities.*

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

Gains and losses arising from ordinary activities in foreign currencies are booked to the income statement. In accordance with CRB regulation 89-01, outright forward foreign exchange transactions and those used to hedge other forward foreign exchange transactions are valued on the basis of the forward foreign exchange rate of the relevant currency for the remaining maturity. Spot and other forward foreign exchange positions are revalued on a monthly basis using official month-end spot rates. Unrealised gains and losses are recognised in the income statement. Premiums and discounts resulting from hedged forward foreign exchange transactions, as defined by article 9 of the above-mentioned regulation, are amortised to income on a straight-line basis over the remaining term to maturity of these transactions.

FORWARD FINANCIAL INSTRUMENTS

Forward financial instruments relating to interest rates, foreign exchange or equities are used for trading and hedging purposes and are accounted for in compliance with CRB amended regulations 88-02 and 90-15 and directive 94-04 of the French Banking Commission (*Commission bancaire*). Nominal commitments on forward financial instruments are recorded as a separate off-balance sheet item. This amount represents the volume of outstanding transactions and does not represent the potential gain or loss associated with the market or counterparty risk on these transactions. Credit derivatives purchased to hedge credit risks on financial assets which are not valued at market value are classified and treated as guarantee commitments received.

The accounting treatment of income or expenses on these forward financial instruments depends on the purpose for which the transaction was concluded, as follows:

• Hedging transactions

Income and expenses on forward financial instruments used as a hedge and assigned from the beginning to an identifiable item or group of similar items, are recognised in the income statement in the same manner as revenues and expenses on the hedged item. Income and expenses on interest rate instruments are booked as net interest income in the same interest income or expense account as the items hedged. Income and expenses on other instruments such as equity instruments, stock market indexes or currencies are booked as *Net income from financial transactions,* under *Net income from forward financial instruments.*

Income and expenses on forward financial instruments used to hedge or manage an overall interest rate risk are recognised in the income statement over the life of the instrument under *Net income from financial transactions,* in the caption *Net income from forward financial instruments.*

• Trading transactions

Trading transactions include instruments traded on organised or similar markets and other instruments, such as credit derivatives and composite option products, which are included in the trading portfolio although they are traded over-the-counter on less liquid markets, together with debt securities with a forward financial instrument component for which this classification in the accounts most appropriately reflects the results and associated risks. These transactions are measured at their market value at the balance sheet date. If there is no liquid market for the instruments, this value is generally determined on the basis of in-house models. Where necessary, these valuations are adjusted for reasons of prudence by applying a discount (Reserve Policy). This discount is determined on the basis of the instruments concerned and the associated risks, and takes into account:

- a prudential valuation of all the instruments, regardless of the liquidity of the corresponding market;
- a reserve calculated according to the size of the position and intended to cover the risk that Societe Generale will be unable to liquidate the investment in one go due to the size of the holding;
- an adjustment for the reduced liquidity of instruments and modeling risks in the case of complex products as well as transactions on less liquid markets (less liquid since they have been developed recently or are more specialised).

Furthermore, for over-the-counter transactions on forward interest rate instruments, the market value takes into account counterparty risks and the discounted value of future management costs.

The corresponding gains or losses are directly booked as income for the period, regardless of whether they are realised or unrealised. They are recognised in the income statement as *Net income from financial transactions.*

Gains or losses corresponding to contracts concluded within the scope of cash management activities managed by the trading room, in order to benefit from any interest rate fluctuations, are recorded when liquidated or over the life of the contract, depending on the type of instrument. Unrealised losses are provisioned at year-end and the corresponding amount is booked under *Net income from financial transactions.*

NET FEES FOR SERVICES

Societe Generale recognises fee income and expense for services provided and received in different ways depending on the type of service.

Fees for continuous services, such as some payment services, custody fees, or web-service subscriptions are booked as income over the lifetime of the service. Fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties following payment incidents are booked to income when the service is provided under *Fee services.*

In syndication deals, the effective interest rate for the share of the issue retained on the Societe Generale's balance sheet is comparable to that applying to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees is recorded in the income statement at the end of the syndication period. Arrangement fees are booked to income when the placement is legally complete. These fees are recognised in the income statement under *Fee income from Primary market transactions.*

PERSONNEL EXPENSES

The *Personnel expenses* account includes all expenses related to personnel, notably the cost of the legal employee profit-sharing and incentive plans for the year, as well as the cost of internal restructuring operations.

EMPLOYEE BENEFITS

Societe Generale in France, and its branches in foreign countries, may award their employees:

- post-employment benefits, such as pension plans or retirement bonuses;
- long-term benefits such as deferred variable remuneration, long service awards or the *Compte Epargne Temps* (CET) flexible working provisions;
- termination benefits.

• Post-employment benefits

Pension plans may be defined contribution or defined benefit plans.

Defined contribution plans limit Societe Generale's liability to the subscriptions paid into the plan but do not commit the company to a specific level of future benefits. Contributions paid are booked as an expense for the year in question.

Defined benefit plans commit Societe Generale, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the medium- or long-term risk.

Provisions are booked on the liabilities side of the balance sheet under *Provisions*, to cover the whole of these retirement obligations. This is assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

When these plans are financed from external funds classed as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) or differences between actuarial assumptions and real performance (return on plan assets) are booked as actuarial gains or losses. They are amortised in the income statement according to the "corridor" method: i.e. over the expected average remaining working lives of the employees participating in the plan, as soon as they exceed the greater of:

- 10% of the present value of the defined benefit obligation;
- 10% of the fair value of the assets at the end of the previous financial year.

Where a new or amended plan comes into force the cost of past services is spread over the remaining period until vesting.

An annual charge is booked under *Personnel expenses* for defined benefit plans, consisting of:

- the additional entitlements vested by each employee (current service cost);
- the financial expense resulting from the discount rate;
- the expected return on plan assets (gross return);
- the amortisation of actuarial gains and losses and past service cost;
- the settlement or curtailment of plans.

- **Long-term benefits**

These are benefits paid to employees more than 12 months after the end of the period in which they provided the related services. Long-term benefits are measured in the same way as post-employment benefits, except for the treatment of actuarial gains and losses and past service costs, which are booked immediately to income.

COST OF RISK

The *Cost of risk* account includes allocations, net of reversals, to provisions and to depreciations for credit risk, the amount of the loan considered uncollectible and the amount of recoveries loans written off.

NET INCOME FROM LONG-TERM INVESTMENTS

This item covers capital gains or losses realised on disposals, as well as the net allocation to depreciations for investments in consolidated subsidiaries and affiliates, long-term investment securities and offices and other premises. Income from real-estate holdings excluding offices is booked under *net banking income.*

INCOME TAX

- **Current taxes**

In the 1989 financial year, Societe Generale opted to apply a tax consolidation regime. At December 31, 2011, 344 subsidiaries had signed a tax consolidation agreement with the company, under which they are required to book in their accounts the tax expense they would have paid if they had not been consolidated with Societe Generale for tax purposes.

In France, the normal corporate income tax rate is 33.33%. Since January 1, 2007, long-term capital gains on equity investments are exempted but taxed a share of expenses of 3.44%. Additionally, *a Contribution sociale* (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (based on corporate income tax after a deduction from basic taxable income of EUR 0.76 million). Dividends from companies in which Societe Generale's interest is at least 5% are tax exempt.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under *Income tax* in the consolidated income statement.

- **Deferred tax**

Societe Generale has opted to apply the option allowing it to book deferred taxes in its parent company accounts.

Deferred taxes are booked when there is a timing difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. The impact of changes to tax rates is booked in the income statement under *Deferred taxes.* Net deferred tax assets are not recorded unless it is probable that the subsidiary that owns the assets is likely to be able to apply them within a set timeframe.

In 2011 and after, the normal tax rate applicable to French companies to determine their deferred tax is 34.43%, and the reduced rate is 3.44% taking into account the nature of the taxed transactions.

Deferred taxes are determined separately for each taxable entity and are not discounted to present value when the corresponding effect is not significant or when a precise timetable has not been drawn up.

EXCEPTIONAL ITEMS

This caption includes income earned and expenses incurred by Societe Generale that are considered to be exceptional in view of either the amount or the manner in which they were generated. In most cases, the said income or expenses are the result of events that fall outside Societe Generale's activity.

Note 2

DUE FROM BANKS

(In millions of euros)	December 31, 2011	December 31, 2010
Deposits and loans		
Demand		
Current accounts	9,707	9,621
Overnight deposits and loans	610	1,799
Loans secured by notes-overnight	-	-
Term		
Term deposits and loans	91,882	92,778
Subordinated and participating loans	5,540	4,972
Loans secured by notes and securities	239	313
Related receivables	433	407
Gross amount	**108,411**	**109,890**
Depreciations	(130)	(104)
Net amount	**108,281**	**109,786**
Securities purchased under resale agreements	68,041	54,392
Total(1)(2)	**176,322**	**164,178**

(1) At December 31, 2011 doubtful loans amounted to EUR 245 million (of which EUR 27 million were non-performing loans) against EUR 328 million (of which EUR 100 million were non-performing loans) at December 31, 2010.

(2) Including amounts receivable from subsidiaries : EUR 83,637 million at December 31, 2011 (EUR 95,564 million at December 31, 2010).

Note 3

CUSTOMER LOANS

(In millions of euros)	December 31, 2011	December 31, 2010
Discount of trade notes[1]	2,021	1,969
Other loans:		
Short-term loans	56,095	61,822
Export loans	10,686	9,204
Equipment loans	46,294	45,144
Mortgage loans	66,723	65,491
Other loans	68,112	75,602
Sub-total[2][3]	**247,910**	**257,263**
Overdrafts	23,439	24,549
Related receivables	1,256	1,227
Gross amount	**274,626**	**285,008**
Depreciations	(3,202)	(3,271)
Net amount	**271,424**	**281,737**
Loans secured by notes and securities	1,274	344
Securities purchased under resale agreements	43,830	40,684
Total[4]	**316,528**	**322,765**

(1) Including pledged loan : EUR 128,962 million of which amounts eligible for refinancing with Bank of France : EUR 16,527 million at December 31, 2011 (EUR 15,968 million at December 31, 2010).

(2) Of which participating loans : EUR 1,292 million at December 31, 2011 (EUR 1,542 million at December 31, 2010).

(3) At December 31,2011 doubtful loans amounted to EUR 6,673 million (of which EUR 2,873 million were non-performing loans) against EUR 6,817 million (of which EUR 3,026 million were non-performing loans) at December 31,2010.

(4) Of which amounts receivable from subsidiaries : EUR 67,601 million at December 31, 2011 (EUR 84,821 million at December 31, 2010).

Note 4

TREASURY NOTES, BONDS AND OTHER DEBT SECURITIES, SHARES AND OTHER EQUITY SECURITIES

	December 31, 2011				December 31, 2010			
(In millions of euros)	**Treasury notes and similar securities**	**Shares and other equity securities**	**Bonds and other debt securities**	**Total**	**Treasury notes and similar securities**	**Shares and other equity securities**	**Bonds and other debt securities**	**Total**
Trading securities	20,128	26,957	71,485	118,570	35,462	58,886	94,166	188,514
Short-term investment securities[1] :								
Gross book value	22,149	217	54,079	76,445	11,473	826	39,286	51,585
Depreciations[2]	(208)	(19)	(571)	(798)	(133)	(12)	(263)	(408)
Net book value	21,941	198	53,508	75,647	11,340	814	39,023	51,177
Long-term investment securities:								
Gross book value	231	-	293	524	217	-	620	837
Depreciations	-	-	-	-	-	-	-	-
Net book value	231	-	293	524	217	-	620	837
Related receivables	203	111	296	610	128	56	157	341
Total	**42,503**	**27,266**	**125,582**	**195,351**	**47,147**	**59,756**	**133,966**	**240,869**

(1) Of which Bank of France elligible securities in refinancement : EUR 49,055 million.

(2) Of which EUR 126 million depreciation of Greek government bonds.

ADDITIONAL INFORMATION ON SECURITIES

(In millions of euros)	**December 31, 2011**	**December 31, 2010**
Estimated market value of short-term investment securities :		
Unrealised capital gains *	2,013	605
Estimated value of long-term investment securites :	19	17
Premiums and discounts relating to short-term and long-term investment securities	(9)	(31)
Investments in mutual funds:		
– French mutual funds	3,054	7,339
– Foreign mutual funds	4,311	8,504
Of which mutual funds which reinvest all their income	12	12
Listed securities **	114,459	123,828
Subordinated securities	382	377
Securities lent	7,327	10,863

* Not including unrealised gains or losses on forward financial instruments, if any, used to hedge short-term investment securities.

** The listed trading securities amounted to EUR 42,075 million at December 31, 2011 against EUR 78,918 million at December 31, 2010.

PORTFOLIOS TRANSFERS

In application of the amendment to IAS 39 published in October 2008, Societe Generale Group proceeded to the following transfers during 4th quarter 2008:

		Net book value in transfer date Portfolio of destination				
	Net book value of provisions at December 31, 2007	**Financial assets available for sale**	**Loans and accounts receivables**	**Total**	**Net book value at December 31, 2011**	**Fair value at December 31, 2011**
Portfolio origin						
Transaction portfolio						
Debts securitues and other debts instruments	24,078	28	21,066	21,094	112	112

The amount that would have been recognised in net banking income without the transfer would be EUR 2 million in 2011.

The fall is mainly explained by the contribution of redeployed securities to the company IEC, amounted to EUR 17,762 million at November 5, 2010 and the disposal in 2011 of EUR 248 million.

Note 5

AFFILIATES AND OTHER LONG TERM SECURITIES

(In millions of euros)	**December 31, 2011**	**December 31, 2010**
Banks	391	402
Others[(1)]	191	2,136
Gross book value	**582**	**2,538**
Depreciations	(39)	(38)
Net book value	**543**	**2,500**

(1) The main changes for 2011 concern:
- the disposal of Ballane: EUR –1,188 million;
- the disposal of Silver Peak: EUR –415 million;
- the disposal of Hornby Lane: EUR –277 million.

Note 6

INVESTMENTS IN SUBSIDIARIES

(In millions of euros)	December 31, 2011	December 31, 2010
Banks	**28,270**	**27,374**
Listed	7,836	6,396
Unlisted	20,434	20,978
Others	**12,994**	**12,161**
Listed	-	-
Unlisted	12,994	12,161
Gross book value(1)	**41,264**	**39,535**
Depreciation(2)	(6,118)	(3,699)
Net book value	**35,146**	**35,836**

(1) The main changes for 2011 concern:
- The capital increase of Geniki: EUR +575 million;
- The shares acquisition and the confusion of capital of SG Vostok/Rosbank: EUR +500 million;
- The capital increase of Banco SG Brazil: EUR +151 million;
- The capital increase of SG Banka Srbija: EUR +105 million.

(2) The main changes in the provision are as follows:
- the depreciation of Geniki: EUR +887 million;
- the depreciation of Geneval: EUR +469 million;
- the depreciation of Societe Generale Holding de Participations EUR +246 million;
- the depreciation of SG Americas Inc: EUR +228 million.

All transactions with the related parties were concluded under normal market conditions.

Note 7

TANGIBLE AND INTANGIBLE FIXED ASSETS

(In millions of euros)	Gross book value December 31, 2010	Acquisitions	Disposals	Scope variation and other movements	Gross book value December 31, 2011	Accumulated depreciation and amortisation Dec. 31, 2011	Net book value December 31, 2011
OPERATING ASSETS							
Intangible assets							
Start-up costs	-	-	-	-	-	-	-
Software, EDP development costs	1,055	69	(7)	101	1,218	(902)	316
Other	449	193	-	(111)	531	(18)	513
Sub-total	**1,504**	**262**	**(7)**	**(10)**	**1,749**	**(920)**	**829**
Tangible assets							
Land and buildings	456	50	(3)	10	513	(143)	370
Other	2,034	154	(46)	(20)	2,122	(1,698)	424
Sub-total	**2,490**	**204**	**(49)**	**(10)**	**2,635**	**(1,841)**	**794**
NON-OPERATING ASSETS							
Tangible assets							
Land and buildings	6	1	-	-	7	(4)	3
Other	8	-	(1)	-	7	(6)	1
Sub-total	**14**	**1**	**(1)**	**-**	**14**	**(10)**	**4**
Total	**4,008**	**467**	**(57)**	**(20)**	**4,398**	**(2,771)**	**1,627**

Note 8

TREASURY STOCK

	December 31, 2011			December 31, 2010		
(In millions of euros)	Quantity	Book value (2)	Market value	Quantity	Book value (2)	Market value
Trading securities(1)	1,269,639	22	22	-	-	-
Short-term investment securities	20,105,938	653	356	8,912,006	549	365
Long-term equity investments	-	-	-	3,407,641	137	137
Total	**21,375,577**	**675**	**378**	**12,319,647**	**686**	**502**

Nominal value : EUR 1.25.

Market value per share : EUR 17.205 at december 31, 2011.

(1) The Group set up on August 22, 2011 a liquidity contract which was endowed with EUR 170 million for carrying out transactions on the Societe Generale share.

(2) The accounting value is assessed according to the new notice of the CNC N 2008-17 approved on november 6, 2008 concerning stock-options and bonus issues of shares.

Note 9

ACCRUALS, OTHER ACCOUNTS RECEIVABLE AND OTHER ASSETS

(In millions of euros)	December 31, 2011	December 31, 2010
Other assets		
Miscellaneous receivables[(1)]	40,150	29,254
Premiums on options purchased	116,639	108,000
Settlement accounts on securities transactions	770	1,190
Other	132	125
Sub-total	**157,691**	**138,569**
Accruals and similar		
Prepaid expenses	387	474
Deferred taxes	4,987	5,109
Accrued income	2,074	1,780
Other[(2)]	70,893	52,987
Sub-total	**78,341**	**60,350**
Gross amount	**236,032**	**198,919**
Depreciations	(26)	(22)
Net amount	**236,006**	**198,897**

(1) Mainly concerns guarantee deposits paid on financial instruments.
(2) including derivative instruments valuation for EUR 68,376 million (EUR 50,053 million at December 31,2010).

Deferred taxes		
Losses of lease finance partnerships	(69)	(77)
Gain on sales of assets to companies included in the tax consolidation	(169)	(180)
Other (principally relating to other reserves)	5,225	5,366
Total	**4,987**	**5,109**

Note 10

DUE TO BANKS

(In millions of euros)	December 31, 2011	December 31, 2010
Demand deposits		
Demand deposits and current accounts	10,966	18,845
Borrowings secured by notes—overnight	-	-
Sub-total	**10,966**	**18,845**
Term deposits		
Term deposits and borrowings	124,839	74,940
Borrowings secured by notes and securities	2	-
Sub-total	**124,841**	**74,940**
Related payables	373	186
Total deposits	**136,180**	**93,971**
Securities sold under repurchase agreements	53,723	38,512
Total[(1)]	**189,903**	**132,483**

(1) Including amounts due to subsidiaries : EUR 44,834 million at December 31, 2011 (EUR 41,272 million at December 31, 2010).

Note 11

CUSTOMER DEPOSITS

(In millions of euros)	December 31, 2011	December 31, 2010
Regulated savings accounts		
Demand	32,206	29,980
Term	12,639	12,317
Sub-total	**44,845**	**42,297**
Other demand deposits		
Businesses and sole proprietors	23,642	26,117
Individual customers	21,507	21,780
Financial customers	14,848	25,445
Others	9,915	10,600
Sub-total	**69,912**	**83,942**
Other term deposits		
Businesses and sole proprietors	23,488	27,532
Individual customers	434	820
Financial customers	175,309	215,771
Others	4,282	8,317
Sub-total	**203,513**	**252,440**
Related payables	1,522	1,400
Total customer deposits	**319,792**	**380,079**
Borrowings secured by notes and securities	96	88
Securities sold to customers under repurchase agreements	56,735	32,642
Total[1]	**376,623**	**412,809**

(1) Including deposits of subsidiaries : EUR 159,617 million at December 31, 2011 (EUR 208,553 million at December 31, 2010).

Note 12

SECURITISED DEBT PAYABLES

(In millions of euros)	December 31, 2011	December 31, 2010
Term savings certificates	2	3
Bond borrowings	63	147
Related payables	34	15
Sub-total	**99**	**165**
Interbank certificates and negotiable debt instruments	107,413	119,198
Related payables	1,733	1,730
Total	**109,245**	**121,093**

Note 13

ACCRUALS, OTHER ACCOUNTS PAYABLE AND OTHER LIABILITIES

(In millions of euros)	December 31, 2011	December 31, 2010
Transactions on securities		
Amounts payable for securities borrowed	17,254	11,095
Other amounts due for securities	28,364	43,353
Sub-total	**45,618**	**54,448**
Other liabilities		
Miscellaneous payables(1)	32,086	24,135
Premiums on options sold	120,366	111,729
Settlement accounts on securities transactions	1,305	1,026
Other securities transactions	-	7
Related payables	526	353
Sub-total	**154,283**	**137,250**
Accruals and similar		
Accrued expenses	4,016	3,779
Deferred taxes	2	17
Deferred income	2,486	1,538
Other(2)	18,199	19,895
Sub-total	**24,703**	**25,229**
Total	**224,604**	**216,927**

(1) Mainly concerns guarantee deposits paid on financial instruments.

(2) Including derivative instruments valuation for EUR 14,234 million (EUR 17,621 million at December,31 2010).

Note 14

PROVISIONS AND DEPRECIATIONS

(In millions of euros)	December 31, 2011	December 31, 2010
Assets depreciations:		
Banks	130	104
Customer loans	3,202	3,271
Lease financing agreements	1	1
Other	26	22
Sub-total(1)	**3,359**	**3,398**
Provisions:		
Prudential general country risk reserve(2)	842	842
Commitments made to banks	21	23
Commitments made to customers	122	120
Sectoral provisions and other	793	756
Provisions for other risks and commitments	44,820	35,539
Sub-total	**46,598**	**37,280**
Total provisions and depreciations (excluding securities)(4)	**49,957**	**40,678**
Provisions on securities(3)	6,955	4,145
Total provisions and depreciations	**56,912**	**44,823**

(1) Of which depreciation for non-performing loans: EUR 2,072 million.

(2) Societe Generale has maintained the country risk reserve in its parent company accounts. This provision is calculated using those methods defined by the French authorities.

(3) Except Treasury stock.

(4) The change provisions and depreciations breaks down as follows:

(In millions of euros)	Amount at December 31, 2010	Net allowances: Net cost of risk	Net allowances: Other income statement	Used provisions	Change in scope and exchange rates	Amount at December 31, 2011
Prudential country risk reserve	842	-	-	-	-	842
Assets' depreciations	3,398	405	(22)	(519)	97	3,359
Provisions[5]	36,438	93	8,372	(235)	1,088	45,756
Total	**40,678**	**498**	**8,350**	**(754)**	**1,185**	**49,957**

(5) Analysis of provisions:

(In millions of euros)	Amount at December 31, 2010	Net allowances: Net cost of risk	Net allowances: Other income statement	Used provisions	Change in scope and exchange rates	Amount at December 31, 2011
Provisions for off-balance sheet commitments to banks	23	-	-	(1)	-	22
Provisions for off-balance sheet commitments to customers	120	(2)	-	(1)	5	122
Sectoral provisions and other	754	30	-	-	7	791
Provisions for employee benefits[6]	1,390	-	199	-	(11)	1,578
Provisions for restructuring costs and litigations expenses	23	-	28	-	-	51
Provisions for tax adjustments	225	-	122	(207)	1	141
Provisions for forward financial instruments	33,885	-	8,033	-	828	42,746
Other provisions	18	65	(10)	(26)	258	305
Total	**36,438**	**93**	**8,372**	**(235)**	**1,088**	**45,756**

(6) Of which allocation for severance payments in the amount of EUR 195 million.

Note 15

MORTGAGE SAVINGS AGREEMENTS (PEL/CEL)

1. OUTSTANDING DEPOSITS IN MORTAGE SAVINGS AGREEMENTS (PEL/CEL)

(In millions of euros)	December 31, 2011	December 31, 2010
Mortgage savings plans (PEL)		
• less than 4 years old	3,273	2,661
• between 4 and 10 years old	3,779	4,471
• more than 10 years old	4,420	3,890
Sub-total	**11,472**	**11,022**
Mortgage savings accounts (CEL)	1,627	1,745
Total	**13,099**	**12,767**

2. OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO MORTAGE SAVINGS AGREEMENTS (PEL/CEL)

(In millions of euros)	December 31, 2011	December 31, 2010
• less than 4 years old	215	280
• between 4 and 10 years old	68	74
• more than 10 years old	25	15
Total	**308**	**369**

3. PROVISIONS FOR COMMITMENTS LINKED TO MORTAGE SAVINGS AGREEMENTS (PEL/CEL)

(In millions of euros)	December 31, 2010	Allocations	Reversals	December 31, 2011
Mortgage savings plans (PEL)				
• less than 4 years old	15	-	10	5
• between 4 and 10 years old	40	-	14	26
• more than 10 years old	72	-	-	72
Sub-total	**127**	**-**	**24**	**103**
Mortgage savings accounts (CEL)	3	-	-	3
Total	**130**	**-**	**24**	**106**

The “Plans d'Epargne-Logement” (PEL or housing savings plans) entail two types of commitment that have the negative effect of generating a PEL/CEL provision for the Group: a commitment to lend at an interest rate that had been fixed on the inception of the plan and a commitment to remunerate the savings at an interest rate also fixed at inception of the plan.

The level of provisions is sensitive to the long-term interest rates. Since the long-term rates were low during 2011, the provisions for PEL and CEL mortgage saving accounts are linked to the risks attached to the commitment to remunerate the deposits. Provisioning for PEL/CEL savings amounted to 0.80% of total outstandings as at December 31, 2011.

4. METHODS USED TO ESTABLISH THE PARAMETERS FOR VALUING PROVISIONS

The parameters used for estimating the future behavior of customers are derived from historical observations of customer behavior patterns over long period (more than 10 years). The values of these parameters can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable datas and constitute a best estimate, at the date of valuation, of the future value of these elements for the period concerned, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps vs. Euribor yield curve on valuation date, averaged over a 12-month period.

Note 16

SUBORDINATED DEBT

(In millions of euros) **Issuance date**	**Currency**	**Amount issued**	**Maturity date**	**December 31, 2011**	**December 31, 2010**
Undated subordinated capital notes					
July 1, 1985	EUR	348	Undated	70	70
November 24, 1986	USD	500	Undated	191	185
June 30, 1994	JPY	15,000	Undated	150	138
December 30, 1996	JPY	10,000	Undated	100	92
November 10, 2003	EUR	215	Undated	215	215
November 10, 2003	EUR	45	Undated	45	45
January 26, 2005	EUR	732	Undated	732	1,000
March 27, 2007	GBP	350	Undated	419	407
April 5, 2007	USD	808	Undated	624	823
April 5, 2007	USD	63	Undated	48	150
December 19, 2007	EUR	469	Undated	469	600
May 22, 2008	EUR	797	Undated	797	1,000
June 16, 2008	GBP	506	Undated	605	813
July 7, 2008	EUR	100	Undated	100	100
February 27, 2009	USD	450	Undated	348	337
September 4, 2009	EUR	1,000	Undated	1,000	1,000
October 7, 2009	USD	1,000	Undated	773	748
Sub-total[1]				**6,686**	**7,723**
Subordinated long-term debt and notes					
June 29, 1999	EUR	30	June 30, 2014	30	30
July 19, 1999	EUR	120	July 19, 2011	-	117
October 21, 1999	EUR	120	October 21, 2011	-	114
April 13, 2000	EUR	120	April 13, 2012	114	114
April 27, 2000	EUR	500	April 27, 2015	500	500
June 23, 2000	EUR	125	April 27, 2015	125	125
July 10, 2000	EUR	100	July 10, 2012	96	96
July 21, 2000	EUR	78	July 31, 2030	32	35
November 3, 2000	EUR	100	November 5, 2012	96	96
April 25, 2001	EUR	120	April 25, 2013	115	115
April 24, 2001	EUR	40	April 24, 2011	-	40
June 29, 2001	EUR	120	June 29, 2013	114	114
October 10, 2001	EUR	120	October 10, 2013	113	113
November 27, 2001	USD	90	November 27, 2021	70	67
November 27, 2001	USD	335	November 27, 2021	259	252
December 21, 2001	EUR	300	December 21, 2016	300	300
February 13, 2002	EUR	600	February 13, 2012	600	600
July 3, 2002	EUR	180	July 3, 2014	175	175
October 16, 2002	EUR	170	October 16, 2014	164	164
January 30, 2003	GBP	450	January 30, 2018	538	524
April 28, 2003	EUR	100	April 28, 2015	94	94
June 2, 2003	EUR	110	December 21, 2016	110	110
October 13, 2003	EUR	120	October 13, 2015	113	113
November 10, 2003	EUR	390	November 10, 2023	390	390
December 29, 2003	GBP	150	January 30, 2018	179	174
February 4, 2004	EUR	120	February 4, 2016	114	114
March 12, 2004	EUR	300	March 12, 2019	300	300
March 15, 2004	EUR	700	March 15, 2016	-	700
May 6, 2004	EUR	118	May 6, 2016	113	113
October 29, 2004	EUR	100	October 29, 2016	94	94

(In millions of euros) Issuance date	Currency	Amount issued	Maturity date	December 31, 2011	December 31, 2010
February 3, 2005	EUR	120	February 3, 2017	112	112
May 13, 2005	EUR	100	May 13, 2017	90	90
August 16, 2005	EUR	226	August 18, 2025	226	226
September 30, 2005	USD	75	September 30, 2015	58	56
April 4, 2006	EUR	50	April 4, 2016	-	50
April 20, 2006	USD	1,000	April 20, 2016	773	748
May 15, 2006	EUR	135	May 15, 2018	125	125
August 16, 2006	USD	400	August 16, 2016	-	299
October 20, 2006	USD	523	October 20, 2016	-	391
October 26, 2006	EUR	120	October 26, 2018	111	111
February 9, 2007	EUR	124	February 11, 2019	116	116
June 7, 2007	EUR	1,000	June 7, 2017	1,000	1,000
July 16, 2007	EUR	135	July 16, 2019	130	130
October 30, 2007	EUR	134	October 30, 2019	129	129
February 14, 2008	EUR	225	February 14, 2018	225	225
March 26, 2008	EUR	550	March 26, 2018	550	550
April 7, 2008	EUR	250	April 6, 2023	250	250
April 15, 2008	EUR	321	April 15, 2023	321	321
April 28, 2008	EUR	50	April 6, 2023	50	50
May 14, 2008	EUR	150	April 6, 2023	150	150
May 14, 2008	EUR	50	April 6, 2023	50	50
May 14, 2008	EUR	90	April 6, 2023	90	90
May 30, 2008	EUR	79	April 15, 2023	79	79
June 10, 2008	EUR	300	June 12, 2023	300	300
June 30, 2008	EUR	40	June 30, 2023	40	40
August 20, 2008	EUR	1,000	June 30, 2023	1,000	1,000
Sub-total[(1)]				**10,923**	**12,581**
Related payables				**457**	**495**
Total[(2)]				**18,066**	**20,799**

(1) The Board of Directors may decide to defer payouts on undated subordinated notes (TSDI) in full or in part in case the Ordinary General Meeting called to approve the parent company financial statements has decided not to pay any dividends.

Societe Generale has issued EUR 348 million in undated subordinated notes with warrants for the acquisition of preferential investment certificates attached, all of which are eligible for dividends on income earned from July 1, 1985. These certificates shall only be redeemed in the event of the liquidation of the company and once all unsubordinated debt has been reimbursed in full.

The other securities and borrowings have an early redemption clause as of their tenth year which may only be exercised by Societe Generale.

In 2011, Societe Generale has carried out the partial repurchase of undated subordinated notes issued in 2005, 2007 and 2008. These repurchases were made at a price lower than the issue price, it results a EUR 276 million profit net of tax.

(2) The bank's global subordinated debt expense, net of tax and of the repurchase impact, amounted to EUR 1,043 million in 2011 (compared with EUR 1,131 million in 2010).

Note 17

CHANGES IN SHAREHOLDERS' EQUITY

(In millions of euros)	Capital Stock	Additional paid-in-capital	Reserves, unappropriated retained earnings	Shareholders' equity
At December 31, 2009	**925**	**18,474**	**7,269**	**26,668**
Increase in capital stock[(1)(3)]	8	230	(76)	162
Net income for the period	-	-	1,362	1,362
Dividends paid[(2)]	-	-	(102)	(102)
Other movements		-	-	-
At December 31, 2010	**933**	**18,704**	**8,453**	**28,090**
Increase in capital stock[(4)(6)]	37	1,068	(889)	216
Net income for the period	-	-	1,019	1,019
Dividends paid[(5)]	-	-	(398)	(398)
Other movements		-	-	-
At December 31, 2011	**970**	**19,772**	**8,185**	**28,927**

(1) At December 31, 2010, Societe Generale's fully paid-up capital amounted to EUR 933,027,038.75 and was made up of 746,421,631 shares with a nominal value of EUR 1.25.

Societe Generale proceeded in 2010 to the following increases of capital, representing a total of EUR 8.3 million, with a issuing premium of EUR 230.1 million:

- EUR 2.9 million due to the dividends distribution, with EUR 76.8 million issuing premium;
- EUR 5.4 million for the capital increase reserved for the employees, with EUR 153.3 million issuing premium.

(2) After elimination of treasury stock dividend: EUR 3 million.

(3) At December 31, 2010, the amount of the reserve of Societe Generale is EUR 3,649,640,316.03 with EUR 92,475,783.14 for legal rerserve, EUR 2,097,253,512.08 long term capital gain reserve and EUR 1,459,911,020.81 for other reserve.

(4) At December 31, 2011, Societe Generale's fully paid-up capital amounted to EUR 970,099,988.75 and was made up of 776,079,991 shares with a nominal value of EUR 1.25.

Societe Generale proceeded in 2011 to the following increases of capital, representing a total of EUR 37.1 million, with a issuing premium of EUR 1,067.5 million:

- EUR 29.9 million due to the dividends distribution, with EUR 858.8 million issuing premium;
- EUR 7.2 million for the capital increase reserved for the employees, with EUR 208.7 million issuing premium.

(5) After elimination of treasury stock dividend : EUR 19.3 million.

(6) At December 31, 2011, the amount of the reserve of Societe Generale is EUR 3,650,467,236.78 with EUR 93,302,703.89 for legal rerserve, EUR 2,097,253,512.08 long term capital gain reserve and EUR 1,459,911,020.81 for other reserve.

Note 18

COMMITMENTS

(In millions of euros)	December 31, 2011	December 31, 2010
Commitments granted[(1)]		
Loan commitments		
– To banks	13,516	30,746
– To customers	111,495	136,401
Total	**125,011**	**167,147**
Guarantee commitments		
– On behalf of banks	157,682	172,376
– On behalf of customers	63,570	64,021
Total	**221,252**	**236,397**
Commitments received[(2)]		
Loan commitments received from banks	43,039	62,569
Guarantee commitments received from banks	53,664	55,608
Total	**96,703**	**118,177**

(1) Of which commitments granted to subsidiaries : EUR 59,527 million at December 31, 2011 (EUR 63,295 million at December 31, 2010).

(2) Of which commitments received from subsidiaries : EUR 3,054 million at December 31, 2011 (EUR 2,805 million at December 31, 2010).

Note 19

FORWARD FINANCIAL INSTRUMENTS COMMITMENTS

(In millions of euros)	Fair Value Trading transactions	Hedging transactions	Total at December 31, 2011	Total at December 31, 2010
Firm transactions				
Transactions on organised markets				
– Interest rate futures	690,193	-	690,193	566,497
– Foreign exchange futures	74,286	-	74,286	75,129
– Other forward contracts	1,613,960	313	1,614,273	1,602,775
OTC agreements				
– Interest rate swaps	10,191,905	105,353	10,297,258	9,276,514
– Currency financing swaps	863,805	2,675	866,480	708,620
– Forward Rate Agreements (FRA)	1,785,538	-	1,785,538	1,125,619
– Other	22,880	205	23,085	21,754
Optional transactions				
– Interest rate options	2,896,787	-	2,896,787	2,831,692
– Foreign exchange options	312,793	-	312,793	340,591
– Options on stock exchange indexes and equities	1,156,081	5,571	1,161,652	1,048,470
– Other options	179,683	-	179,683	171,347
Total	**19,787,911**	**114,117**	**19,902,028**	**17,769,008**

FAIR-VALUE OF THE TRANSACTIONS QUALIFIED AS HEDGING

(In millions of euros)	December 31, 2011
Firm transactions	
Transactions on organised markets	
– Interest rate futures	-
– Foreign exchange futures	-
– Other forward contracts	7
OTC agreements	
– Interest rate swaps	(2,603)
– Currency financing swaps	(468)
– Forward Rate Agreements (FRA)	-
– Other	-
Optional transactions	
– Interest rate options	-
– Foreign exchange options	-
– Options on stock exchange indexes and equities	23
– Other options	-
Total	**(3,041)**

Note 20

INTEREST AND RELATED INCOME AND EXPENSES

(In millions of euros)	2011	2010
Interest and related income:		
Interest income from transactions with banks:		
Transactions with central banks, post office accounts and banks	2,945	2,516
Net premiums and discounts	5	-
Securities sold under repurchase agreements and borrowings secured by notes and securities	3,172	1,533
Sub-total	**6,122**	**4,049**
Interest income from transactions with customers:		
Trade notes	98	91
Other customer loans:		
– Short-term loans	1,642	1,372
– Export loans	249	213
– Equipment loans	1,534	1,414
– Mortgage loans	2,659	2,563
– Other loans	5,230	4,186
Sub-total	**11,314**	**9,748**
Overdrafts	316	261
Net premiums and discounts	-	-
Securities sold under repurchase agreements and borrowings secured by notes and securities	1,551	1,020
Sub-total	**13,279**	**11,120**
Bonds and other debt securities	***3,244***	***3,853***
Other interest and related income	***869***	***473***
Sub-total	**23,514**	**19,495**
Interest and related expenses:		
Interest expense from transactions with banks:		
Transactions with central banks, post office accounts and banks	(1,770)	(1,591)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(2,315)	(1,750)
Sub-total	**(4,085)**	**(3,341)**
Interest expense from transactions with customers:		
Special savings accounts	(841)	(724)
Other deposits	(5,852)	(4,543)
Securities sold under repurchase agreements and borrowings secured by notes and securities	(2,554)	(1,856)
Sub-total	**(9,247)**	**(7,123)**
Bonds and other debt securities	***(4,697)***	***(3,438)***
Other interest and related expenses	***(1,258)***	***(680)***
Sub-total	**(19,287)**	**(14,582)**
Net total	**4,227**	**4,913**

Note 21

DIVIDEND INCOME

(In millions of euros)	2011	2010
Dividends from shares and other equity securities	5	2
Dividends from investments in non-consolidated subsidiaries and affiliates and other long-term securities	3,249	2,139
Total[1]	**3,254**	**2,141**

(1) Dividends received from investments in the trading portfolio have been classified under *Net income from financial transactions*.

Note 22

NET FEE INCOME

(In millions of euros)	2011	2010
Fee income from:		
Transactions with banks	122	78
Transactions with customers	1,048	1,100
Securities transactions	361	484
Primary market transactions	95	52
Foreign exchange transactions and forward financial instruments	38	59
Loan and guarantee commitments	681	684
Services and other	1,635	1,539
Sub-total	**3,980**	**3,996**
Fee expense on:		
Transactions with banks	(79)	(81)
Transactions with customers	-	-
Securities transactions	(459)	(356)
Foreign exchange transactions and forward financial instruments	(347)	(355)
Loan and guarantee commitments	(277)	(277)
Other	(119)	(101)
Sub-total	**(1,281)**	**(1,170)**
Net total	**2,699**	**2,826**

Note 23

NET INCOME FROM FINANCIAL TRANSACTIONS

(In millions of euros)	2011	2010
Net income from the trading portfolio:		
Net income from operations on trading securities	(12,086)	8,124
Net income from forward financial instruments	13,257	(8,845)
Net income from foreign exchange transactions	921	2,242
Sub-total	**2,092**	**1,521**
Net income from short-term investment securities:		
Gains on sale	84	70
Losses on sale	(89)	(87)
Allocation to depreciations	(1,128)	(329)
Reversal of depreciations	645	287
Sub-total	**(488)**	**(59)**
Net total	**1,604**	**1,462**

Note 24

PERSONNEL EXPENSES

(In millions of euros)	2011	2010
Employee compensation	3,327	3,186
Social security benefits and payroll taxes	1,341	1,516
Employer contribution, profit sharing and incentives[1]	177	164
Total	**4,845**	**4,866**
Average staff	**47,540**	**46,316**
In France	41,828	40,725
Outside France	5,712	5,591

(1) Analysis of personnel expenses for the last five years:

(In millions of euros)	2011	2010	2009	2008	2007
Societe Generale					
Profit sharing	31	15	22	18	56
Incentives	75	85	106	79	75
Employer contribution	67	61	67	71	79
Sub-total	**173**	**161**	**195**	**168**	**210**
Subsidiaries	**4**	**3**	**3**	**4**	**4**
TOTAL	**177**	**164**	**198**	**172**	**214**

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICERS

Total attendance fees paid in 2011 to the company's Directors amounted to EUR 1.25 million.

The remuneration paid in 2011 to Chief Executive Officers amounted to EUR 4.86 million (including EUR 1.56 million for variable pay in respect of the 2010 financial year, and EUR 0.30 million of additional remuneration awarded to the Chairman when he had to terminate his employment contract due to his appointment).

Note 25

EMPLOYEE BENEFITS

1. DEFINED CONTRIBUTION PLANS

Defined contribution plans limit Societe Generale's liability to the contributions paid to the plan but do not commit the company to a specific level of future benefits.

Main defined contribution plans provided to employees of Societe Generale are located in France. They include State pension plans and other national retirement plans such as ARRCO and AGIRC, as well as pension schemes put in place by some branches of Societe Generale for which the only commitment is to pay annual contributions (PERCO).

Contributions to those schemes amount to EUR 395 million in 2011 (EUR 394 million in 2010).

2. POST-EMPLOYMENT BENEFIT PLANS (DEFINED BENEFIT PLANS) AND OTHER LONG-TERM BENEFITS

2.1. RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

		December 31, 2011				December 31, 2010			
		Post employment benefits				Post employment benefits			
(In millions of euros)		Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Reminder of net liabilities recorded in the balance sheet		146	-	1,225	**1,371**	120	1	1,247	**1,368**
Reminder of assets recorded in the balance sheet		(109)	-	-	**(109)**	(123)	-	-	**(123)**
Net balance		**37**	**-**	**1,225**	**1,262**	**(3)**	**1**	**1,247**	**1,245**
Breakdown of the net balance									
Present value of defined benefit obligations		1,767	-	94	**1,861**	1,743	-	96	**1,839**
Fair value of plan assets		(1,423)	-	(53)	**(1,476)**	(1,429)	-	(54)	**(1,483)**
Actuarial deficit (net balance)	A	344	-	41	**385**	314	-	42	**356**
Present value of unfunded obligations	B	83	-	1,184	**1,267**	87	1	1,204	**1,292**
Unrecognised items									
Unrecognised Past Service Cost		34	-	-	**34**	40	-	-	**40**
Unrecognised Net Actuarial (Gain)/Loss		356	-	-	**356**	369	-	-	**369**
Separate assets		-	-	-	**-**	-	-	-	**-**
Plan assets impacted by change in Asset Celling		-	-	-	**-**	(5)	-	-	**(5)**
Total unrecognised items	C	390	-	-	**390**	404	-	-	**404**
Net balance (Deficit in the plan) A + B - C		**37**	**-**	**1,225**	**1,262**	**(3)**	**1**	**1,247**	**1,245**

Notes:

1. For pensions and other post-employment plans, actuarial gains and losses, which exceed 10% of the greater of the defined benefit obligations or funding assets, are amortised on the estimated average remaining working life of the employees participating in the plan in accordance with option of IAS 19 (corridor approach).
2. Pension plans include pension benefit as annuities and end of career payments. Pension benefit annuities are paid additionally to pensions state plans. Societe Generale grants 28 pension plans located in 18 countries. 5 pension plans located in France, the UK and the USA represent 90% of gross liabilities of these pension plans. Other long-term employee benefits include deferred variable remuneration, flexible working provisions (French acronym: compte épargne temps) and long-service awards. Roughly ten benefits are located in 10 countries.
3. The present values of defined benefit obligations have been valued by independent qualified actuaries.

2.2. EXPENSES RECOGNISED IN THE INCOME STATEMENT

	2011				2010			
	Post employment benefits		Other long-term benefits	Total	Post employment benefits		Other long-term benefits	Total
(In millions of euros)	Pension plans	Others			Pension plans	Others		
Current Service Cost including Social Charges	39	-	447	**486**	36	-	637	**673**
Employee contributions	(1)	-	-	**(1)**	(1)	-	-	**(1)**
Interest Cost	81	-	3	**84**	90	-	4	**94**
Expected Return on Plan Assets	(78)	-	(2)	**(80)**	(76)	-	(3)	**(79)**
Expected Return on Separate Assets	-	-	-	**-**	-	-	-	**-**
Amortisation of Past Service Cost	6	-	-	**6**	5	-	-	**5**
Amortisation of Losses (Gains)	23	-	-	**23**	32	-	9	**41**
Settlement, Curtailment	-	-	-	**-**	2	-	-	**2**
Change in asset ceiling	-	-	-	**-**	-	-	-	**-**
Transfer from non recognised assets	-	-	-	**-**	-	-	-	**-**
Total Charges	**70**	**-**	**448**	**518**	**88**	**-**	**647**	**735**

2.3. MOVEMENTS IN NET LIABILITIES OF POST-EMPLOYMENT BENEFIT PLANS BOOKED IN THE BALANCE SHEET

2.3.1. Movements in the present value of defined benefit obligations

	2011			2010		
	Post employment benefits		Total	Post employment benefits		Total
(In millions of euros)	Pension plans	Others		Pension plans	Others	
At January 1	**1,830**	**1**	**1,831**	**1,668**	**1**	**1,669**
Current Service Cost including Social Charges	39	-	**39**	36	-	**36**
Interest Cost	81	-	**81**	90	-	**90**
Employee contributions	-	-	**-**	-	-	**-**
Actuarial Gain/loss	(31)	-	**(31)**	110	-	**110**
Foreign Exchange adjustment	24	-	**24**	27	-	**27**
Benefit payments	(85)	-	**(85)**	(91)	-	**(91)**
Past Service Cost	-	-	**-**	-	-	**-**
Acquisition of subsidiaries	-	-	**-**	-	-	**-**
Transfers and others	(8)	(1)	**(9)**	(10)	-	**(10)**
At December 31	**1,850**	**-**	**1,850**	**1,830**	**1**	**1,831**

2.3.2. Movements in Fair Value of plan assets and separate assets

	2011			2010		
	Post employment benefits			Post employment benefits		
(In millions of euros)	Pension plans	Others	Total	Pension plans	Others	Total
At January 1	**1,429**	**-**	**1,429**	**1,288**	**-**	**1,288**
Expected Return on Plan Assets	78	-	**78**	76	-	**76**
Expected Return on Separate Assets	-	-	**-**	-	-	**-**
Actuarial Gain/loss	(38)	-	**(38)**	64	-	**64**
Foreign Exchange adjustment	21	-	**21**	21	-	**21**
Employee contributions	1	-	**1**	1	-	**1**
Employer contributions to plan assets	20	-	**20**	66	-	**66**
Benefit payments	(75)	-	**(75)**	(76)	-	**(76)**
Acquisition of subsidiaries	-	-	**-**	-	-	**-**
Transfers and others	(13)	-	**(13)**	(11)	-	**(11)**
At December 31	**1,423**	**-**	**1,423**	**1,429**	**-**	**1,429**

2.4. INFORMATION REGARDING PLAN ASSETS

2.4.1. General information regarding plan assets

(for all benefits and future contributions)

The breakdown of the fair value of plan assets is as follows: 41% bonds, 49% equities and 10% others. The Societe Generale's own financial instruments directly held are not significant.

For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 109 million.

Employer contributions to be paid to post-employment defined benefit plans for 2012 are estimated at EUR 14 million.

2.4.2. Actual returns on plan assets

The actual return on plan and separate assets were:

	2011				2010			
	Post employment benefits				Post employment benefits			
(In millions of euros)	Pension plans	Others	Other long-term benefits	Total	Pension plans	Others	Other long-term benefits	Total
Plan assets	40	-	-	40	140	-	4	144

The assumption on return on assets is presented in the section 2.5 (note 3).

2.5. MAIN ASSUMPTIONS DETAILED BY GEOGRAPHIC AREA

	December 31, 2011	December 31, 2010
Discount rate		
Europe	4.44%	4.45%
Americas	4.92%	5.78%
Asia-Oceania-Africa	3.25%	3.91%
Long-term inflation		
Europe	2.22%	2.13%
Americas	2.00%	2.11%
Asia-Oceania-Africa	1.59%	1.48%
Expected return on plan assets (separate and plan assets)		
Europe	5.42%	5.52%
Americas	6.50%	6.50%
Asia-Oceania-Africa	2.97%	2.98%
Future salary increase		
Europe	1.04%	2.01%
Americas	2.00%	2.00%
Asia-Oceania-Africa	2.28%	2.30%
Average and remaining lifetime of employees (in years)		
Europe	10.4	10.0
Americas	9.0	9.1
Asia-Oceania-Africa	10.0	9.8

Notes:

1. The assumptions by geographical zone are weighted averages by the present value of the liabilities (DBO) with the exception of the expected returns on plan assets which are weighted averages by the fair value of assets.
2. The rate curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed mid-october for USD,GBP and EUR, and corrected at the end of December when the decrease in discount rates had a significant impact.

   Inflation rates used are the long-term targets of the central banks of the monetary zones above.
3. The range of expected return on plan assets rate is due to actual plan assets allocation.

   Generally, expected return rates of plan assets are calculated by weighting expected anticipated returns on each category of assets with their respected weights in the asset fair value. For the French plan assets, the long-term return rates are 7.6% for equities, 3.45% for bonds and 2.4% for cash. For United Kingdom plan assets, the return rates are 7.5% for equities and 4.25% for bonds.
4. Average and remaining lifetime of employees is calculated taking into account turnover assumptions.

2.6. SENSITIVITIES ANALYSIS OF OBLIGATIONS COMPARED TO MAIN ASSUMPTIONS RANGES

	2011			2010		
(Measured element percentage)	**Pension plans**	**Post employment healthcare plans**	**Other plans**	**Pension plans**	**Post employment healthcare plans**	**Other plans**
Variation from +1% in discount rate						
Impact on Defined Benefit Obligations at December 31	-13%	NA	-8%	-14%	NA	-8%
Impact on total Expenses N+1	-25%	NA	1%	-33%	NA	0%
Variation from +1% in Expected return on plan assets						
Impact on Plan Assets at December 31	1%	NA	1%	1%	NA	1%
Impact on total Expenses N+1	-19%	NA	-8%	-19%	NA	-8%
Variation from +1% in Future salary increases						
Impact on Defined Benefit Obligations at December 31	3%	NA	4%	3%	NA	4%
Impact on total Expenses N+1	16%	NA	7%	16%	NA	6%

Note:

1. The disclosed sensibilities are weighted averages of the variations observed by the liabilities (impact on the Defined Benefit Obligation at December 31, 2011), or by the fair values of assets (impact on the Plan Assets at December 31, 2011) or by the expected expenses N+1 (impact on total expenses N+1).

2.7. EXPERIENCE ADJUSTMENTS OF POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS

(In millions of euros)	**December 31, 2011**	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**	**December 31, 2007**
Defined Benefit Obligations	1,850	1,830	1,668	1,474	1,786
Fair value of plan assets	1,423	1,429	1,288	1,270	1,788
Deficit/(surplus)	**427**	**401**	**380**	**204**	**-2**
Adjustments of Plan Liabilities due to experience (negative: gain)	15	(62)	52	10	38
Adjustments of Plan Liabilities due to experience (negative: gain), % of DBO	0.8%	-3.4%	3.1%	0.7%	2.1%
Adjustments of Plan Assets due to experience (negative: gain)	38	(64)	(85)	486	53
Adjustments of Plan Assets due to experience (negative: gain), % of Assets	2.7%	-4.5%	-6.6%	38.3%	3.0%

Note 26

SUBSCRIPTION OR PURCHASE STOCK-OPTION PLANS AND FREE SHARE PLANS

1. MAIN CHARACTERISTICS OF SUBSCRIPTION OR PURCHASE STOCK-OPTION PLANS AND FREE SHARE PLANS

Plans for employees for the year ended December 31, 2011 are briefly described below:

Issuer	**Societe Generale**
Year of grant	**2011**
Type of plan	**performance shares**
Number of free shares granted	1,940,051
Shares delivered	-
Shares forfeited as at December 31, 2011	21,874
Shares outstanding as at December 31, 2011	1,918,177
Number of shares reserved as at December 31, 2011	1,918,177
Performance conditions	yes(1)
Resignation from the Group	forfeited
Redundancy	forfeited
Retirement	maintained
Death	maintained for 6 months
Share value, used as basis for social contributions	EUR 71 million

(1) Conditions of performance are described in the “Corporate Governance” section.

2. AMOUNT OF THE DEBT RECORDED IN THE BALANCE SHEET FOR 2011 PLAN

The amount of the debt recorded in the balance sheet for 2011 plan is EUR 49 million.

3. INFORMATION RELATIVE TO TREASURY SHARES FOR 2011 PLAN

The number of treasury shares linked to 2011 plan is 1,918,177 for EUR 88 million.

Note 27

COST OF RISK

(In millions of euros)	2011	2010
Net allocation to depreciations and provisions for identified risks		
Identified risks[1]	(433)	(313)
Losses not covered by depreciations and amounts recovered on writte-offs	(268)	(173)
Other risks and commitments	(65)	(19)
Sub-total	**(766)**	**(505)**
Net allocation to general country risk reserves[1]	1	(22)
Net allocation to depreciations and provisions for receivables and commitments	**(765)**	**(527)**
(1) Including gain (loss) on revaluation of currency hedge of provisions:		
– Provisions for identified risks	*(68)*	*(222)*
– Net allocation to general country risk reserves	*-*	*4*

Note 28

NET INCOME FROM LONG-TERM INVESTMENTS

(In millions of euros)	2011	2010
Long-term investment securities:		
Net capital gains (or losses) on sale	(1)	20
Net allocation to depreciations	-	(540)
Sub-total	**(1)**	**(520)**
Investments in subsidiaries and affiliates:		
Gains on sale[1]	492	66
Losses on sale	(13)	(31)
Allocation to depreciations	(2,440)	(485)
Reversal of depreciations	44	185
Subsidies granted to affiliates (subsidiaries)	-	-
Sub-total	**(1,917)**	**(265)**
Operating fixed assets:		
Gains on sale	3	5
Losses on sale	(1)	(1)
Sub-total	**2**	**4**
Net total	**(1,916)**	**(781)**

(1) Of which EUR 2,438 million of allocations and EUR 43 million of write-backs in 2011 for subsidiaries (see “Note 6 – Invesments in subsidiaries”).

Note 29

INCOME TAX

(In millions of euros)	2011	2010
Current taxes	344	(433)
Deferred taxes	(139)	(384)
Total[1]	**205**	**(817)**

(1) 2011 income tax includes a gain of EUR 44.0 million (2010 gain of EUR 53.5 million) as a consequence of the tax consolidation (344 subsidiaries was consolidated in 2011 against 345 in 2010).

Note 30

BREAKDOWN OF ASSETS AND LIABILITIES BY TERM TO MATURITY

	Outstanding at December 31, 2011					
(In millions of euros)	Less than 3 months	3 months to one year	1 to 5 years	More than 5 years	Intercompany eliminations: Societe Generale Paris/ branches	Total
ASSETS						
Due from banks	**223,345**	**32,666**	**70,322**	**21,236**	**(171,247)**	**176,322**
Customer loans	**99,690**	**40,074**	**88,080**	**88,764**	**-**	**316,608**
Bonds and other debt securities:						
Trading securities	8,393	11,257	27,438	24,461	(64)	71,485
Short-term investment securities	32,248	14,147	5,183	2,226	-	53,804
Long-term investment securities	1	60	184	48	-	293
Total	**363,677**	**98,204**	**191,207**	**136,735**	**(171,311)**	**618,512**
LIABILITIES						
Due to banks	280,667	26,018	32,607	23,782	(173,171)	189,903
Customer deposits	194,726	31,035	87,785	63,077	-	376,623
Liabilities in the form of securities issued	45,069	18,889	27,980	17,307	-	109,245
Total	**520,462**	**75,942**	**148,372**	**104,166**	**(173,171)**	**675,771**

Note 31

TRANSACTIONS IN FOREIGN CURRENCIES

	December 31, 2011				December 31, 2010			
(In millions of euros)	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered	Assets	Liabilities	Foreign exchange bought, not yet received	Foreign exchange sold, not yet delivered
EUR	674,516	699,283	224,537	231,618	649,767	705,415	238,652	254,781
USD	231,043	211,950	363,539	355,971	189,001	186,153	434,739	407,449
GBP	23,956	33,408	56,109	53,469	29,955	29,581	65,661	61,734
JPY	22,579	21,925	67,858	66,003	33,388	22,717	95,646	95,741
Other currencies	42,261	27,789	123,414	127,132	70,139	28,384	136,537	151,233
Total	**994,355**	**994,355**	**835,457**	**834,193**	**972,250**	**972,250**	**971,235**	**970,938**

Note 32

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME[(1)]

	France		Europe		Americas	
(In millions of euros)	2011	2010	2011	2010	2011	2010
Net interest and similar income	6,795	6,164	223	206	309	419
Net fee income	2,294	2,409	203	203	130	148
Net income from financial transactions	458	(105)	811	1,259	274	268
Other net operating income	(79)	(75)	75	139	-	1
Net banking income	**9,468**	**8,393**	**1,312**	**1,807**	**713**	**836**

	Asia		Africa		Oceania	
(In millions of euros)	2011	2010	2011	2010	2011	2010
Net interest and similar income	137	141	5	7	19	133
Net fee income	69	44	3	4	-	18
Net income from financial transactions	66	89	4	4	(9)	(53)
Other net operating income	(5)	-	1	-	-	(1)
Net banking income	**267**	**274**	**13**	**15**	**10**	**97**

	Total	
(In millions of euros)	2011	2010
Net interest and similar income	7,488	7,070
Net fee income	2,699	2,826
Net income from financial transactions	1,604	1,462
Other net operating income	(8)	64
Net banking income	**11,783**	**11,422**

(1) Geographical regions in which companies recording income is located.

Note 33

OPERATIONS IN UNCOOPERATIVE STATES OR TERRITORIES

Since 2003, Societe Generale defined strict internal rules to prevent the development of operations in countries qualified as uncooperative tax havens by the OECD. Any operation, or development of activities as part of existing operations, may only be authorised by decision of the General Management after approval by the Corporate Secretariat and the Risk Division.

Since 2010, Societe Generale decided to close and therefore took the necessary steps to close, all the Group's operations in Countries and Territories deemed non-cooperative by France, the list of which was established by the Ministerial act of February 12,2010. This list was updated by the Ministerial Act of April 14, 2011 (published in April 29, 2011).

As at December 31, 2010, Societe Generale no longer directly or indirectly held any operation in the states and territories in question. The closing-down of the investment banking branch (SG MANILE) and the Private Banking representative office (SG FSC Manila) located in the Philippines has been suspended, pending a decision by the Filipino authorities. Societe Generale also holds an unused license to operate in Brunei.

Table of subsidiaries and affiliates

(In thousands of euros or local currency) Company/Head Office	Activity/Division		2011 Registered capital (local currency) (1)	2011 Shareholders' equity other than capital (local currency) (1)	2011 Share of capital held (%)	2011 Book value of shares held Gross (EUR)	2011 Book value of shares held Net (EUR)
I – INFORMATION ON INVESTMENTS WITH A BOOK VALUE IN EXCESS OF 1% OF SOCIETE GENERALE'S SHARE CAPITAL							
A) Subsidiaries (more than 50% owned by Societe Generale)							
INTER EUROPE CONSEIL	**Credit institution**						
29, boulevard Haussmann – 75009 Paris – France	Corporate and Investment Banking	EUR	1,161,158	3,728,666	100.00	3,852,866	3,852,866
SOCIETE GENERALE IMMOBEL	**Real estate**						
5, place du Champs de Mars – 1050 Brussels – Belgium	Corporate and Investment Banking	EUR	2,000,062	15,371	100.00	2,000,061	2,000,061
SG ASSET MANAGEMENT	**Asset management**						
Immeuble SGAM 170, Place Henri Régnault – 92400 Courbevoie – France	Global Investment Management & Services	EUR	378,896	1,122,858	100.00	2,085,819	1,839,600
GENEFINANCE	**Portfolio management**						
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	1,600,000	296,898	100.00	1,736,025	1,736,025
CREDIT DU NORD	**French retail banking**						
28, place Rihour – 59800 Lille – France	French Networks	EUR	890,263	904,746	100.00	1,410,255	1,410,255
SG AMERICAS SECURITIES HOLDINGS, LLC	**Brokerage**						
1221 avenue of the Americas – New York 10020 – USA	Corporate and Investment Banking	USD	1,430,976	600,886	100.00	1,376,727	1,376,727
SG FINANCIAL SERVICES HOLDING	**Portfolio management**						
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	862,976	134,614	100.00	1,357,285	1,357,285
SOCIETE GENERALE SPLITSKA BANKA	**International retail banking**						
Rudera Boskovica 16 – 21000 Split – Croatia	International Retail Banking	HRK	491,426	2,943,146	100.00	1,059,686	1,059,686
ALD INTERNATIONAL SA	**Automobile leasing and financing**						
15, allée de l'Europe – 92110 Clichy sur Seine – France	Specialised Financial Services and Insurance	EUR	550,038	(91,582)	100.00	804,000	804,000
SOCIETE GENERALE SECURITIES SERVICES SPA	**Credit institution**						
Via Benigno Crespi, 19 A – 20159 Milan – Italy	Global Investment Management & Services	EUR	111,309	261,602	100.00	745,062	745,062
BANCO SG BRAZIL SA	**Investment banking**						
Rua Verbo Divino 1207, Chácara Santo Antonio – São Paulo CEP 04719-002 – Brazil	Corporate and Investment Banking	BRL	1,757,914	85,348	100.00	729,993	729,993
GENEVAL	**Portfolio management**						
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	538,630	131,784	100.00	1,910,368	673,740
GENEFIMMO	**Real estate and real estate financing**						
29, boulevard Haussmann – 75009 Paris – France	French Networks	EUR	392,340	21,953	100.00	651,732	651,732

2011	2011	2011	2011	2011	2011
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR)**	**Revenue excluding tax for the last financial year (local currency) (1)(2)(3)**	**Net income (loss) for the last financial year (local currency) (1)(3)**	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
24,985,808	0	10,523,691	(551,154)	0	
468,814	0	95,660	75,992	70,636	Unaudited entity
82,915	0	2,873	75,964	0	
971,792	0	252,217	210,761	390,000	
4,444,283	340,389	1,079,181	226,891	0	
494,629	0	510,893	(81,475)	0	1 EUR = 1.2939 USD
4,150,421	0	207,163	184,722	138,855	
57,585	145,392	1,201,619	132,916	0	1 EUR = 7.537 HRK
41,000	28	43,633	19,584	0	
0	0	151,322	18,617	0	
0	0	87,134	(48,058)	0	1 EUR = 2.4159 BRL
0	0	14,633	(36,662)	470,000	
117,930	1,888	34,024	31,309	40,649	

(In thousands of euros or local currency) Company/Head Office	Activity/Division		2011 Registered capital (local currency) (1)	2011 Shareholders' equity other than capital (local currency) (1)	2011 Share of capital held (%)	2011 Book value of shares held Gross (EUR)	2011 Book value of shares held Net (EUR)
SOCIETE GENERALE ITALIA HOLDING SPA Via Olona 2 – 20123 Milan – Italy	**Portfolio management** Corporate and Investment Banking	EUR	467,120	84,118	100.00	544,100	544,100
ORPAVIMOB 17, cours Valmy – 92800 Puteaux – France	**Real estate and real estate financing** Corporate and Investment Banking	EUR	502,253	5,090	100.00	502,253	502,253
SOCIETE GENERALE (CHINA) LIMITED 2, Wudinghou Street, Xicheng Disctrict – 100140 Beijing – China	**International retail banking** Corporate and Investment Banking	CNY	4,000,000	(227,703)	100.00	413,651	385,287
SOCIETE GENERALE SFH 17, cours Valmy – 92800 Puteaux – France	**Credit institution** Corporate and Investment Banking	EUR	375,000	289	100.00	375,000	375,000
SG HAMBROS LIMITED (HOLDING) Exchange House – Primrose St. – London EC2A 2HT – UK	**Asset management** Global Investment Management & Services	GBP	282,185	130,791	100.00	362,460	362,460
SOCIETE GENERALE SECURITIES (NORTH PACIFIC) LTD Ark Mori Building – 13-32 Akasaka 1 – Chome, Minato+Ku – 107-6015 Tokyo – Japan	**Brokerage of marketable securities** Corporate and Investment Banking	JPY	26,703,000	18,124,000	100.00	340,195	340,195
SOCIETE GENERALE BANKA SRBIJA Vladimira Popovica 6 – 11070 Novi Beograde – Serbia	**International retail banking** International Retail Banking	RSD	23,724,274	9,665,578	100.00	264,528	264,528
VALMINVEST 29, boulevard Haussmann – 75009 Paris – France	**Office space** Corporate Centre	EUR	248,877	(8,082)	100.00	249,427	249,427
SG AMERICAS, INC. 1221 avenue of the Americas – New York 10020 – USA	**Investment banking** Corporate and Investment Banking	USD	0	265,671	100.00	1,685,355	242,605
GENEGIS I 29, boulevard Haussmann – 75009 Paris – France	**Office space** Corporate Centre	EUR	192,900	215,476	100.00	196,061	196,061
SOCIETE GENERALE SECURITIES SERVICES HOLDING 17, cours Valmy – 92800 Puteaux – France	**Portfolio management** Global Investment Management & Services	EUR	181,555	(162)	100.00	181,555	181,555
SG FINANCE, INC. Corporation Trust Center, 1209 Orange Street, Wilmington – New Castel – Delaware – USA	**Investment banking** Corporate and Investment Banking	USD	224,000	8,626	100.00	173,120	173,120
LYXOR ASSET MANAGEMENT 17, cours Valmy – 92800 Puteaux – France	**Alternative asset management** Corporate and Investment Banking	EUR	161,106	217,395	100.00	160,279	160,279
COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM) 29, boulevard Haussmann 75009 Paris – France	**Office space** Corporate Centre	EUR	76,627	1,858	100.00	155,837	155,837
SOCIETE GENERALE SCF 17, cours Valmy, 92800 Puteaux – France	**Mortgages** Corporate and Investment Banking	EUR	150,000	27,161	100.00	150,000	150,000

2011	2011	2011	2011	2011	2011
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR)**	**Revenue excluding tax for the last financial year (local currency) (1)(2)(3)**	**Net income (loss) for the last financial year (local currency) (1)(3)**	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
0	0	(290,903)	(291,072)	0	
0	500,792	37,725	(6,399)	15,737	
0	0	515,577	56,255	0	1 EUR = 8.1588 CNY
50,000	0	309,944	13,510	0	
0	0	107,879	18,141	32,221	1 EUR = 0.8353 GBP
49,900	0	8,155,000	528,000	0	1 EUR = 100.2 JPY
462,116	459,361	8,808,531	2,184,329	0	1 EUR = 105.5346 RSD
25,200	0	7,722	2,592	0	
0	0	97,613	25,630	285,932	capital = 1 USD 1 EUR = 1.2939 USD
11,999	0	208,440	(1,221)	0	
0	0	0	(36)	0	
0	0	6,818	6,251	0	1 EUR = 1.2939 USD
0	0	180,602	33,499	73,089	
35,466	0	1,007	823	4,710	
0	750,000	24,955	12,184	0	

(In thousands of euros or local currency) Company/Head Office	Activity/Division		2011 Registered capital (local currency) (1)	2011 Shareholders' equity other than capital (local currency) (1)	2011 Share of capital held (%)	2011 Book value of shares held Gross (EUR)	2011 Book value of shares held Net (EUR)
SOGINFO – SOCIETE DE GESTION ET D'INVESTISSEMENTS FONCIERS	**Office space**						
29, boulevard Haussmann – 75009 Paris – France	French Networks	EUR	123,411	23,245	100.00	148,720	148,720
SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD (HONG-KONG)	**Investment banking**						
41/F Edinburgh Tower – 15 Queen's Road Central – Hong Kong	Corporate and Investment Banking	USD	154,990	138,079	100.00	140,181	140,181
SOCIETE GENERALE ALGERIE	**International retail banking**						
75, chemin Cheikh Bachir Ibrahimi, El-Biar – 16010 Algiers – Algeria	International Retail Banking	DZD	10,000,000	9,449,991	100.00	110,524	110,524
SOGEMARCHE	**Real estate**						
17, cours Valmy – 92800 Puteaux – France	Corporate Centre	EUR	108,037	40	100.00	108,037	108,037
SI DU 29 BOULEVARD HAUSSMANN	**Office space**						
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	90,030	19,161	100.00	89,992	89,992
SOGELEASE B.V.	**Leasing and finance**						
Amstelplein 1 1096 HA Amsterdam 94066 – 1090 GB Amsterdam – Netherlands	Corporate and Investment Banking	EUR	2,269	54,028	100.00	62,000	62,000
SOGECAMPUS	**Real estate**						
17, cours Valmy – 92800 Puteaux – France	Corporate Centre	EUR	45,037	(6,056)	100.00	45,037	45,037
SG ASIA (HONG-KONG) LTD	**Merchant banking**						
42/F Edinburgh Tower – 15 Queen's Road Central – Hong Kong	Corporate and Investment Banking	HKD	400,000	(176,226)	100.00	39,641	39,641
SOCIETE GENERALE BANK NEDERLAND N.V.	**Credit institution**						
Rembrandt Tower Amstelplein 1 – 1096 HA Amsterdam – Netherlands	Corporate and Investment Banking	EUR	7,714	680	100.00	38,000	38,000
ELEAPARTS	**Office space**						
29, boulevard Haussmann – 75009 Paris – France	French Networks	EUR	37,967	348	100.00	37,978	37,978
SG Holding de Valores y Participationes S.N.	**Portfolio management**						
1 Plaza Pablo Ruiz Picasso (Tore Picasso) – 28020 Madrid – Spain	Corporate and Investment Banking	EUR	3,000	26,454	100.00	28,984	28,984
SG AUSTRALIA HOLDINGS LTD	**Portfolio management**						
350, George Street – Sydney NSW 3000 – Australia	Corporate and Investment Banking	AUD	21,500	0	100.00	22,789	22,789
GENINFO	**Portfolio management**						
Les Miroirs, Bt. C, 18, avenue d'Alsace – 92400 Courbevoie – France	Corporate Centre	EUR	18,524	31,054	100.00	20,477	20,477
INORA LIFE LTD	**Life insurance**						
6, Exchange Place, International Financial Services Center – Dublin 1 – Ireland	Corporate and Investment Banking	EUR	23,000	(6,719)	100.00	23,000	19,000
SOCIETE GENERALE VIET FINANCE COMPANY LTD	**Consumer finance**						
801, Nguyen Van Linh Boulevard Tan Phu Ward – Ho Chi Minh City – Vietnam	Specialised Financial Services and Insurance	VND	550,000,000	396,756,476	100.00	24,620	17,647
SG EUROPEAN MORTGAGE INVESTMENTS	**Portfolio management**						
17, cours Valmy – 92800 Puteaux – France	Corporate and Investment Banking	EUR	590,037	0	99.99	590,000	590,000
SOCIETE DE LA RUE EDOUARD VII	**Office space**						
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	11,396	894	99.91	59,617	22,510
SG EXPRESS BANK	**International retail banking**						
92, Bld Vl Varnentchik – 9000 Varna – Bulgaria	International Retail Banking	BGN	33,674	318,130	99.72	62,333	62,333

2011	2011	2011	2011	2011	2011
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR)**	**Revenue excluding tax for the last financial year (local currency)** [1][2][3]	**Net income (loss) for the last financial year (local currency)** [1][3]	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
0	2,000	28,431	8,652	12,341	
0	0	655,439	353,932	214,446	1 EUR = 1.2939 USD
0	0	14,570,597	4,670,859	17,361	1 EUR = 97.4858 DZD
0	0	74	(70)	0	
0	0	6,857	2,428	2,401	
0	0	581	335	0	
0	0	0	(91)	0	
0	0	78,374	37,914	0	1 EUR = 10.051 HKD
0	912	21,952	16,136	0	
0	0	2,552	828	1,235	
18,909	0	112	69	0	
0	0	75,935	(59,387)	57,346	1 EUR = 1.2723 AUD
0	0	33,473	27,483	1,158	
0	0	2,279	(635)	0	
17,389	34,590	300,828,292	36,795,025	0	1 EUR = 27,203.50 VND
0	0	0	28,092	27,209	Unaudited entity
0	0	114	46	458	difference = 16,509
231,011	124,413	170,947	54,245	0	1 EUR = 1.9558 BGN

(In thousands of euros or local currency) Company/Head Office	Activity/Division		2011 Registered capital (local currency) (1)	2011 Shareholders' equity other than capital (local currency) (1)	2011 Share of capital held (%)	2011 Book value of shares held Gross (EUR)	Net (EUR)
GENIKI 109, Messogion Avenue – 11510 Athens – Greece	**International retail banking** International Retail Banking	EUR	578,925	386,214	99.05	1,395,124	117,132
SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED SG House, 41 Tower Hill – EC3N 4SG London – UK	**Investment banking** Corporate and Investment Banking	GBP	157,820	153,003	98.96	202,011	202,011
BANK OF PROFESSIONAL FINANCE, PUBLIC JOINT STOCK COMPANY 100, a Prospekt Illycha 83052 – Donetsk – Ukraine	**International retail banking** Specialised Financial Services and Insurance	UAH	157,717	24,973	98.10	23,235	14,840
SKB BANKA Adjovscina,4 – 1513 Ljubljana – Slovenia	**International retail banking** International Retail Banking	EUR	52,784	211,361	97.58	220,200	220,200
PODGORICKA BANKA SOCIETE GENERALE GROUP AD PODGORICA 8 a Novaka Miloseva Street – 81000 Podgorica – Serbia and Montenegro	**International retail banking** International Retail Banking	EUR	24,731	10,699	90.56	28,819	28,819
BANKA SOCIETE GENERALE ALBANIA SH.A BLV Deshmoret e Kombit Twin Tower -Tirana – Albania	**International retail banking** International Retail Banking	ALL	6,045,900	(517,369)	87.47	65,118	61,623
SOCIETE GENERALE CONGO avenue Amilcar Cabral – BP 1140 Brazzaville – Congo	**International retail banking** International Retail Banking	XAF	10,000,000,000	0	87.00	13,263	13,263
SOGESSUR 2, rue Jacques-Daguerre – 92565 Rueil-Malmaison – France	**Insurance** Specialised Financial Services and Insurance	EUR	30,300	14,727	84.16	114,940	76,953
BANK REPUBLIC 2 Gr, Abashidze St -Tbilisi – Georgia	**International retail banking** International Retail Banking	GEL	56,983	75,026	84.04	84,509	35,920
ROSBANK 11, Masha Poryvaeva St PO Box 208 – Moscow – Russia	**International retail banking** International Retail Banking	RUB	17,586,914	79,830,912	82.40	4,075,869	3,601,640
BRIGANTIA INVESTMENTS B.V. Kamer van Koophandel Deruyterkade 5 PO Box 2852 – Amsterdam – Netherlands	**Portfolio management** Corporate and Investment Banking	GBP	684,008	(20,577)	80.00	824,307	824,307
NATIONAL SOCIETE GENERALE BANK 5, rue Champollion – Cairo – Egypt	**International retail banking** International Retail Banking	EGP	4,032,145	4,638,011	77.17	277,083	277,083
BANQUE DE POLYNESIE Bd Pomare, BP 530, Papeete – Tahiti – French Polynesia	**International retail banking** International Retail Banking	XPF	1,380,000	7,846,414	72.10	12,397	12,397
SG DE BANQUES EN COTE D'IVOIRE 5 & 7, avenue J. Anoma, 01 BP 1355 – Abidjan 01 – Côte d'Ivoire	**International retail banking** International Retail Banking	XAF	15,555,555	66,930,747	71.84	30,504	30,504
OHRIDSKA BANKA Makedonski Prosvetiteli 19 6000 – Macedonia	**International retail banking** International Retail Banking	MKD	1,162,253	421,468	70.02	30,371	30,371
MOBIASBANCA GROUPE SOCIETE GENERALE Bd. Stefan cel Mare 81A, MD-2012 mun. – Chisinau – Republic of Moldova	**International retail banking** International Retail Banking	MDL	100,000	716,238	67.85	24,960	24,960

2011	2011	2011	2011	2011	2011
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR)**	**Revenue excluding tax for the last financial year (local currency)** [1][2][3]	**Net income (loss) for the last financial year (local currency)** [1][3]	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
382,685	593,724	121,871	(768,820)	0	
0	245,758	29,653	51,645	34,431	1 EUR = 0.8353 GBP
0	4,972	28,764	728	0	1 EUR = 10.3848 UAH
0	75,000	112,710	25,327	5,307	
103,500	34,455	17,567	4,656	0	
0	19,000	2,347,397	347,460	0	1 EUR = 138.935 ALL
0	0	0	0	0	Launch of business scheduled for April 2012
22,626	412	322,956	10,166	0	
56,488	133,689	71,402	(31,395)	0	1 EUR = 2.1605 GEL
568,436	0	34,346,155	1,208,968	0	1 EUR = 41.765 RUB
0	0	43,721	31,277	35,471	1 EUR = 0.8353 GBP
108,200	0	3,061,775	1,373,557	39,821	1 EUR = 7.7898 EGP
126,959	170,492	8,001,380	1,506,424	6,067	1 EUR = 119.33174 XPF
0	0	55,428,951	12,832,412	13,602	difference = 5,166 1 EUR = 655.957 XAF
58,000	90,400	956,995	212,176	0	1 EUR = 61.5837 MKD
0	20,000	337,313	61,902	0	1 EUR = 15.1696 MDL

(In thousands of euros or local currency) Company/Head Office	Activity/Division		2011 Registered capital (local currency) (1)	2011 Shareholders' equity other than capital (local currency) (1)	2011 Share of capital held (%)	2011 Book value of shares held Gross (EUR)	Net (EUR)
MAKATEA JV INC.	**Portfolio management**						
1221, avenue of the Americas – New York, NY 10020 – USA	Corporate and Investment Banking	USD	4,492,000	(104,640)	66.67	1,932,143	1,932,143
IVEFI SA	**Investment banking**						
34A boulevard Grande Duchesse Charlotte – L-1330 Luxembourg – Luxembourg	Corporate and Investment Banking	EUR	2,000	269,712	62.01	300,400	300,400
KOMERCNI BANKA A.S	**International retail banking**						
Centrala Na Prokope 33 – Postovni Prihradka 839 – 114 07 Praha 1 – Czech Republic	International Retail Banking	CZK	19,004,926	39,515,436	60.35	1,345,983	1,345,983
BRD – GROUPE SOCIETE GENERALE	**International retail banking**						
A, Doamnei street – 70016 Bucharest 3 – Romania	International Retail Banking	RON	696,902	4,872,129	60.17	233,079	233,079
SOCIETE GENERALE DE BANQUE AU CAMEROUN	**International retail banking**						
Rue Joss – Douala – Cameroon	International Retail Banking	XAF	12,500,000	25,628,582	58.08	16,940	16,940
GENEFIM	**Real estate lease finance**						
29, boulevard Haussmann – 75009 Paris – France	French Networks	EUR	72,779	29,147	57.62	89,846	89,846
UNION INTERNATIONALE DE BANQUES	**International retail banking**						
65, avenue Habib Bourguiba – 1000A Tunis – Tunisia	International Retail Banking	TND	196,000	(135,776)	57.20	118,877	66,141
SG MAROCAINE DE BANQUES	**International retail banking**						
55, boulevard Abdelmoumen – Casablanca – Morroco	International Retail Banking	MAD	2,050,000	4,365,834	56.91	135,765	135,765
BOURSORAMA SA	**Online brokerage**						
18, quai du Point du Jour – 92100 Boulogne-Billancourt – France	Global Investment Management & Services	EUR	35,133	430,929	55.69	304,343	304,343
NEWEDGE GROUP	**Brokerage and derivatives**						
52/60, avenue des Champs Elysées – 75008 Paris – France	Global Investment Management & Services	EUR	395,130	1,383,388	50.00	226,708	226,708

2011	2011	2011	2011	2011	2011
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR)**	**Revenue excluding tax for the last financial year (local currency) (1)(2)(3)**	**Net income (loss) for the last financial year (local currency) (1)(3)**	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
0	0	264,409	164,567	111,340	1 EUR = 1.2939 USD
0	0	95,151	94,542	0	
232,675	123,599	30,910,776	9,672,843	252,501	1 EUR = 25.787 CZK
0	0	3,123,908	426,898	17,607	1 EUR = 4.3233 RON difference = 1,675
0	76,728	41,400,898	12,666,988	4,779	1 EUR = 655.957 XAF
1,830,206	0	20,439	4,544	12,267	Unaudited entity
41,263	0	186,181	31,250	0	1 EUR = 1.9388 TND difference = 1,142
0	421,463	3,614,912	1,210,941	15,698	1 EUR = 11.1243 MAD
166,162	460,000	167,631	41,778	0	Unaudited entity
823,012	8,949	378,948	(447,317)	42,493	Provisional figures

(In thousands of euros or local currency) Company/Head Office	Activity/Division		2011 Registered capital (local currency) (1)	2011 Shareholders' equity other than capital (local currency) (1)	2011 Share of capital held (%)	2011 Book value of shares held Gross (EUR)	2011 Book value of shares held Net (EUR)
B) Affiliates (10% to 50% owned by Societe Generale)							
FIDITALIA SPA	**Consumer finance**						
Via G. Ciardi, 9 – 20148 – Milan – Italy	Specialised Financial Services and Insurance	EUR	130,000	313,965	48.68	224,318	171,296
SG PREFERRED CAPITAL III, L.L.C.	**Portfolio management**						
1221 avenue of the Americas – New York 10020 – USA	Corporate and Investment Banking	EUR	65,001	671,588	38.46	25,006	25,006
SG CONSUMER FINANCE	**Portfolio management**						
59, avenue de Chatou – 92853 Rueil Malmaison – France	Specialised Financial Services and Insurance	EUR	56,336	88,760	25.37	480,037	109,766
SOGEPARTICIPATIONS	**Portfolio management**						
29, boulevard Haussmann – 75009 Paris – France	Corporate Centre	EUR	411,267	466,189	24.58	234,000	234,000
SG CALEDONIENNE DE BANQUE	**International retail banking**						
56, rue de la Victoire – Nouméa – New Caledonia	International Retail Banking	XPF	1,068,375	11,129,719	20.61	16,268	16,268
SOUTH EAST ASIA COMMERCIAL BANK	**International retail banking**						
16, Lang Ha Street – Hanoi – Vietnam	International Retail Banking	VND	5,334,656,000	192,514,180	20.00	91,283	91,283
CREDIT LOGEMENT	**Credit institution**						
50, boulevard Sébastopol – 75003 Paris – France	Corporate Centre	EUR	1,253,975	1,365,667	13.50	171,037	171,037

(1) For foreign subsidiaries and affiliates, shareholders' equity is booked in the Group consolidated financial statements in their consolidated reporting currency.

(2) For banking and finance subsidiaries, revenue refers to net banking income.

(3) Financial statements not yet audited, known at 16/02/2012 for French companies.

2011	2011	2011	2011	2011	2011
Unreimbursed loans and advances made by the Company (in EUR)	**Guarantees given by the Company (in EUR)**	**Revenue excluding tax for the last financial year (local currency)** (1)(2)(3)	**Net income (loss) for the last financial year (local currency)** (1)(3)	**Dividends received by the Company during the year (in EUR)**	**Remarks Revaluation differences**
100,000	80,000	181,953	(176,468)	0	
0	0	38,067	2,676	0	
620,907	0	33,622	23,878	0	Provisional net income
822,908	0	127,122	93,951	11,372	
50,563	156,938	9,684,158	3,235,733	2,813	1 EUR = 119.33174 XPF
0	0	804,000,000	157,000,000	1,117	1 EUR = 27,203.50 VND
451,905	0	320,597	139,199	11,152	Provisional figures

Table of subsidiaries and affiliates (continued)

(In thousands of euros)	Book value of shares held		Unreimbursed loans and advances made by the Company	Guarantees given by the Company	Dividends received during the year	Remarks	
	Gross	Net					
II – INFORMATION CONCERNING OTHER SUBSIDIARIES AND AFFILIATES							
A) Subsidiaries not included in paragraph 1:							
1) French subsidiaries	96,299	56,235	22,899,931	14,952,192	410,211	Revaluation difference:	1,175
2) Foreign subsidiaries	516,869	109,395	30,472	34,085	271,240	Revaluation difference:	1,447
B) Affiliates not included in paragraph 1:							
1) French companies	3,394	3,391	0	0	237	Revaluation difference:	0
2) Foreign companies	17,930	9,750	0	47,759	1,496	Revaluation difference:	0
	634,492	178,771	22,930,404	15,034,036	683,184		

MAIN CHANGES IN THE INVESTMENT PORTFOLIO IN 2011

In 2011, the following transactions affected Societe Generale's investment portfolio:

Outside France	***In France***
Creation of **Acquisition of interest in** **Acquisition**	**Creation of** **Acquisition of interest in** **Acquisition**
Increase of interest in(1) Rosbank – BRD	**Increase of interest in**
Subscription to capital increase Rosbank – Geniki – Banco SG Brazil – SG Banka Srbija – SG Congo	**Subscription to capital increase**
Disposal of total interest in(1) BSGV	**Disposal of total interest in**
Reduction of interest in(2) SG Americas Inc – DeltaCredit Mortgage Finance Netherland	**Reduction of interest in**(2) Fontanor

(1) Including mergers-absorptions.

(2) Including capital reductions, dissolution by transfer of assets and liquidations.

The table below summarises the significant changes in Societe Generale's investment portfolio in 2011:

Increase(1)				Decrease(1)			
		% of capital				% of capital	
Declaration threshold	Company	Dec. 31, 2011	Dec. 31, 2010	Declaration threshold	Company	Dec. 31, 2011	Dec. 31, 2010
5%				5%			
					Sogelease Polska	0%	100%
					SG Commodities Product	0%	100%
					Soginvest	0%	25%
					Global Trust Authority	0%	7%
					MTS Spain	0%	5%
10%				10%			
20%				20%			
33,33%				33,33%			
50%				50%	Transactis(2)	49,99%	50%
66,66%	SG Vestia	100%	65%	66,66%			
	SG Congo	87%	0%				
	TH Investments	100%	0%				
	Newco	100%	0%				

(1) Threshold crossings by percentage of direct ownership by Societe Generale SA.

(2) Stakes held in accordance with the article L. 233.6 of the French Commercial Code (Code de commerce).

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the annual financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the annual financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the annual financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory auditors' report on the annual financial statements

Societe Generale – Year ended December 31, 2011

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying annual financial statements of Société Générale;
- the justification of our assessments;
- the specific verifications and information required by law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these annual financial statements based on our audit.

I. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques and other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the annual financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

The accounting estimates used in the preparation of the consolidated financial statements as at December 31, 2011 were made in a context of uncertainty, arising as a result of the sovereign debt crisis of some eurozone countries (most notably in Greece). This crisis is accompanied by an economic and also a liquidity crisis resulting in a lack of visibility concerning economic prospects. In that context and in accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- For the purpose of preparing the annual financial statements, your Company records depreciations and provisions to cover the credit risks inherent to its activities and performs significant accounting estimates, as described in note 1 to the annual financial statements, related in particular to the valuation of investments in subsidiaries and of its securities portfolio, as well as the assessment of pension plans and other post-employment benefits. We have reviewed and tested, the processes implemented by management, the underlying assumptions and the valuation parameters, and we have assessed whether these accounting estimates are based on documented procedures consistent with the accounting policies disclosed in note 1 to the annual financial statements.

- In the more specific context of volatility on financial markets and the sovereign debt crisis of some countries:
- As detailed in note 1 to the annual financial statements, your Company uses internal models to measure financial instruments that are not listed on active markets. Our procedures consisted in reviewing the control procedures for the models used, assessing the underlying data and assumptions, and verifying that the risks and results related to these instruments were taken into account.
- Likewise, we have reviewed the control procedures relating to the identification of financial instruments that can no longer be traded on an active market or for which market parameters could no longer be observed, and the methodology used for their valuation as a consequence.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the annual financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the annual financial statements, or with the underlying information used to prepare these annual financial statements and, where applicable, with the information obtained by your Company from Companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris-La Défense and Neuilly-sur-Seine, March 2, 2012

The Statutory Auditors
French original signed by

ERNST & YOUNG Audit

Represented by
Philippe Peuch-Lestrade

DELOITTE & ASSOCIES

Represented by
Jean-Marc Mickeler

11
LEGAL INFORMATION

BY-LAWS

(Updated on July 13, 2011)

TYPE OF COMPANY – NAME – REGISTERED OFFICE – PURPOSE

Article 1

The Company, named Societe Generale, is a public limited company incorporated by deed approved by the Decree of May 4, 1864, and is approved as a bank.

The duration of Societe Generale, previously fixed at 50 years with effect from January 1, 1899, was then extended by 99 years with effect from January 1, 1949.

Under the legislative and regulatory provisions relating to credit institutions, notably the articles of the Monetary and Financial Code that apply to them, the Company is subject to the commercial laws, in particular articles L. 210-1 and following of the French Commercial Code, as well as the current By-laws.

Article 2

Societe Generale's registered office is at 29, boulevard Haussmann, Paris (9e).

In accordance with current legislative and regulatory provisions it may be transferred to any other location.

Article 3

The purpose of Societe Generale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals and corporate entities, in France or abroad:

- all banking transactions;
- all transactions related to banking operations, including in particular investment services or allied services as listed by articles L. 321-1 and L. 321-2 of the Monetary and Financial Code;
- all acquisitions of interests in other companies.

Societe Generale may also, on a regular basis, as defined in the conditions set by the French Financial and Banking Regulation Committee, engage in all transactions other than those mentioned above, including in particular insurance brokerage.

Generally, Societe Generale may carry out, on its own behalf, on behalf of a third-party or jointly, all financial, commercial, industrial, agricultural, security or property transactions, directly or indirectly related to the abovementioned activities or likely to facilitate the accomplishment of such activities.

CAPITAL – SHARES

Article 4

4.1. SHARE CAPITAL

The share capital amounts to EUR 970,099,988.75. This is divided into 776,079,991 shares each having a nominal value of EUR 1.25 and fully paid up.

4.2. CAPITAL INCREASE AND REDUCTION

The capital may be increased or reduced on the decision of the competent General Meeting or Meetings.

Any capital reduction motivated by losses shall be shared between shareholders in proportion to their share of the capital.

Article 5

Unless otherwise provided by legislative and regulatory provisions, all shares have the same rights.

All shares which make up or which will make up the share capital will be given equal rank as regards taxes. Consequently, all taxes which, for whatever reason, may become payable on certain shares following capital reimbursement, either during the life of the Company or during its liquidation, shall be divided between all the shares making up the capital on such reimbursement(s) so that, while allowing for the nominal and non-amortised value of the shares and for their respective rights, all present or future shares shall entitle their owners to the same effective advantages and to the right to receive the same net sum.

Whenever it is necessary to possess a certain number of shares in order to exercise a right, it is incumbent on shareholders who own fewer shares than the total number required to assemble the necessary number of shares.

Article 6

6.1. FORM AND TRANSFER OF SHARES

Shares may, in accordance with the holder's wishes, be registered or bearer shares and shall be freely negotiable, unless otherwise stipulated by law.

6.2. STATUTORY THRESHOLDS

Any shareholder acting on his own or jointly, who comes to hold directly or indirectly at least 1.5% of the capital or voting rights, must inform the Company within fifteen days of the time at which he exceeds this threshold, and must also indicate in his declaration the number of shares he holds in the share capital. Mutual fund management companies must provide this information based on the total number of shares held in the Company by the funds they manage. Beyond the initial 1.5%, shareholders are obliged to notify the Company, under the aforementioned conditions, whenever their holding of capital or voting rights exceeds an additional 0.50%.

Failure to comply with this requirement will be penalised in accordance with legal provisions on this matter, at the request of one or more shareholders with at least a 5% holding in the Company's capital or voting rights. The said request will be duly recorded in the minutes of the General Meeting.

Any shareholder acting on his own or jointly, is also required to inform the Company within fifteen days if the percentage of his capital or voting rights falls below each of the thresholds described in this article.

6.3. IDENTIFICATION OF SHAREHOLDERS

The Company can at any time, in accordance with current legislative and regulatory provisions, request that the organisation responsible for securities clearing provide information relating to the shares granting the right to vote in its General Meetings, either immediately or in the future, as well as information about the holders of these shares.

6.4. SHAREHOLDERS' RIGHTS

The rights of shareholders shall comply with applicable legislative and regulatory provisions, subject to the specific provisions of the current By-laws.

BOARD OF DIRECTORS

Article 7

I – DIRECTORS

The Company is administered by a Board of Directors made up of two categories of Directors:

1. DIRECTORS APPOINTED BY THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

There are at least nine of these Directors, and thirteen at the most.

The term of office of Directors appointed by the Ordinary General Meeting shall expire four years after the approval of the current article. This provision does not apply to Directors in office at the time of this approval.

When, in application of current legislative and regulatory provisions, a Director is appointed to replace another, then his term of office shall not exceed the term of office remaining to be served by his predecessor.

Each Director must hold at least six hundred shares.

2. DIRECTORS ELECTED BY EMPLOYEES

The status and methods of electing these Directors are laid down by Articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as by these By-laws.

There are two Directors, one to represent the executives and one to represent all other Company employees.

In any event, their number may not exceed one-third of the Directors appointed by the General Meeting.

Their term of office is three years.

Regardless of the appointment procedure, the duties of a Director cease at the end of the Ordinary General Meeting called to approve the financial statements of the previous fiscal year and held during the year in which his term of office expires.

Directors may be re-elected, as long as they meet the legal provisions, particularly with regard to age.

II – METHODS OF ELECTING DIRECTORS ELECTED BY EMPLOYEES

For each seat to be filled, the voting procedure is that set forth by law.

The first Directors elected by employees will begin their term of office during the Board of Directors' Meeting held after publication of the full results of the first elections.

Subsequent Directors shall take up office upon expiry of the outgoing Directors' terms of office.

If, under any circumstances and for any reason whatsoever, there shall remain in office less than the statutory number of Directors before the normal end of the term of office of such Directors, vacant seats shall remain vacant until the end of the term of office and the Board shall continue to meet and take decisions validly until that date.

Elections shall be organised every three years so that a second vote may take place at the latest fifteen days before the normal end of the term of office of outgoing Directors.

For both the first and second ballot, the following deadlines should be adhered to:

- posting of the date of the election at least eight weeks before the polling date;
- posting of the lists of the electors at least six weeks before the polling date;
- registration of candidates at least five weeks before the polling date;
- posting of lists of candidates at least four weeks before the polling date;
- sending of documents required for postal voting at least three weeks before the polling date.

The candidatures or lists of candidates other than those entered by a representative trade union should be accompanied by a document including the names and signatures of the one hundred employees presenting the candidates.

Polling takes place the same day, at the work place, and during working hours. Nevertheless, the following may vote by post:

- employees not present on the day of polling;
- employees working abroad;
- employees of a department or office, or seconded to a subsidiary in France, not having a polling station, or who cannot vote in another office.

Each polling station consists of three elective members, the Chairman being the oldest one among them. The Chairman is responsible for seeing that voting operations proceed correctly.

Votes are counted in each polling station, and immediately after the closing of the polls; the report is drawn up as soon as the counting has been completed.

Results are immediately sent to the Head Office of Societe Generale, where a centralised results station will be set up with a view to drafting the summary report and announcing the results.

Methods of polling not specified by Articles L. 225-27 to L. 225-34 of the French Commercial Code or these By-laws are decreed by the General Management after consulting with the representative trade unions.

These methods may include electronic voting, whose organisation may deviate, where necessary, from the practical organisation and polling methods described herein.

III – NON-VOTING DIRECTORS

On the proposal of the Chairman, the Board of Directors may appoint one or two Non-Voting Directors.

Non-Voting Directors are convened and attend Board of Directors' meetings in a consultative capacity.

They are appointed for a period not exceeding four years and the Board can renew their terms of office or terminate them at any time.

They may be selected from among shareholders or non-shareholders, and receive an annual remuneration determined by the Board of Directors.

Article 8

The Board of Directors determines the Company's strategy and ensures its implementation. Subject to the powers expressly attributed to the General Meeting and within the scope provided for in the corporate purpose, it considers all matters that affect the Company's operations and settles by its decisions matters that concern it.

It carries out all the controls and verifications it deems appropriate. The Chairman or Chief Executive Officer is required to furnish each director with any documents or information required to carry out their function.

Article 9

The Board of Directors elects a Chairman from among its natural person members, determines his remuneration and sets the duration of his term of office, which may not exceed that of his term of office as Director.

No member of 70 years of age or more shall be appointed Chairman. If the Chairman in office reaches the age of 70, his duties shall cease after the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

The Chairman organises and manages the work of the Board of Directors and reports on its activities to the General Meeting. He ensures that the Company's bodies operate correctly and in particular ensures that the Directors are able to fulfil their functions.

Article 10

The Board of Directors meets as often as is required by the interests of the Company, upon convocation by the Chairman, either at the registered office or in any other place indicated in the Notice of Meeting. The Board examines the items placed on the agenda.

It shall meet when at least one-third of Board members or the Chief Executive Officer submits a request for a meeting with a specific agenda to the Chairman.

If the Chairman is unable to attend, the Board of Directors can be convened either by at least one-third of its members, or by the Chief Executive Officer or a Deputy Chief Executive Officer, provided they are members of the Board.

Unless specifically provided for, Directors are called to meetings by letter or by any other means. In any event, the Board may always deliberate validly if all its members are present or represented.

Article 11

Board meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Director designated for this purpose at the beginning of the meeting.

Every Director may give his proxy to another Director, but a Director may act as proxy for only one other Director and a proxy can only be given for one specific meeting of the Board.

In all cases, deliberations of the Board are valid only if at least half the members are present.

The Chief Executive Officer attends meetings of the Board.

One or several delegates of the Central Works Council attend Board meetings, under the conditions laid down by the legislation in force.

At the request of the Chairman of the Board of Directors, members of the General Management, the Statutory Auditors or other persons outside the Company with specific expertise relating to the items on the agenda may attend all or part of a Board meeting.

Resolutions are adopted by a majority vote of the Directors present or represented. In the event of a tie, the Chairman holds a casting vote.

A member of the Management appointed by the Chairman serves as Secretary of the Board.

Minutes are prepared and copies or extracts certified and delivered in accordance with the law.

Article 12

Members of the Board may receive Director's fees in the form of a global sum set by the General Meeting distributed by the Board among its members as it sees fit.

GENERAL MANAGEMENT

Article 13

The General Management of the Company is the responsibility of either the Chairman of the Board of Directors, or any other individual appointed by the Board of Directors to act as Chief Executive Officer.

The Board of Directors may choose between the two general management structures, and its decision is only valid if:

- the agenda with respect to this choice is sent to members at least 15 days before the date of the Board Meeting;
- at least two-thirds of Directors are present or represented.

Shareholders and third-parties shall be informed of this decision in accordance with the regulations in force.

When the Chairman of the Board of Directors assumes responsibility for the general management of the Company, the following provisions relating to the Chief Executive Officer shall be applicable to him.

The Chief Executive Officer shall be granted exhaustive powers to act on behalf of the Company in all matters. He shall exercise these powers within the scope of the Company's purpose and subject to those powers expressly assigned by law to meetings of shareholders and the Board of Directors. He shall represent the company vis-à-vis third-parties.

The Board of Directors sets the remuneration and the duration of the Chief Executive Officer's term, which may not exceed that of the dissociation of the functions of Chairman and Chief Executive Officer nor, where applicable, the term of his Directorship.

No person aged 70 or more may be appointed Chief Executive Officer. If the Chief Executive Officer in office reaches 70 years of age, his functions shall end at the end of the next Ordinary General Meeting called to approve the financial statements of the preceding fiscal year.

On recommendation by the Chief Executive Officer, the Board of Directors can appoint up to five persons to assist the Chief Executive Officer, who shall have the title Deputy Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to Deputy Chief Executive Officers. The Board of Directors sets their remuneration. With respect to third-parties, Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

SHAREHOLDERS' MEETING

Article 14

General Meetings are comprised of all shareholders.

The General Meeting is called and deliberates as provided for by the legal and regulatory provisions in force.

It meets at the Company's head office or in any other place in mainland France indicated in the Notice to attend the General Meeting.

Such meetings are chaired by the Chairman of the Board or, in his absence, by a Director appointed for this purpose by the Chairman of the Board.

Regardless of the number of shares held, all shareholders whose shares are registered under the terms and at a date set forth by decree have the right, upon proof of their identity and status as a shareholder, to participate in the General Meetings. They may, as provided for by the legal and regulatory provisions in force, personally attend the General Meetings, vote remotely or appoint a proxy.

The intermediary registered on behalf of shareholders may participate in the General Meetings, as provided for by the legal and regulatory provisions in force.

In order for the ballots to be counted, they must be received by the Company at least two days before the General Meeting is held, unless otherwise specified in the Notice of Meeting or required by the regulations in force.

Shareholders may participate in General Meetings by videoconference or any other means of telecommunication, when stipulated in the Notice of Meeting and subject to the conditions provided therein.

The General Meeting may be publicly broadcast by means of electronic communication subject to the approval and under the terms set by the Board of Directors. Notice will be given in the preliminary Notice of Meeting and/or Notice to attend the Meeting.

Double voting rights, in relation to the share of capital stock they represent, are allocated to all those shares which are fully paid up and which have been registered in the name of the same shareholder for at least two years as from January 1, 1993. Double voting rights are also allocated to new registered shares that may be allocated free of charge to a shareholder in respect of the shares with double voting rights already held by him, in the case of a capital increase by incorporation of reserves, earnings, or additional paid-in capital.

The number of votes at General Meetings to be used by one shareholder, either personally or by a proxy, may not exceed 15% of total voting rights at the date of the Meeting.

This 15% limit does not apply to the Chairman or any other proxy with respect to the total number of voting rights they hold on a personal basis and in their capacity as proxy, provided each shareholder for which they act as proxy complies with the rule stipulated in the previous paragraph.

For the purposes of applying this limit, shares held by a single shareholder include shares held indirectly or jointly in accordance with the conditions described in Articles L. 233-7 and following of the French Commercial Code.

This limit ceases to apply when a shareholder acquires – either directly or indirectly or jointly with another shareholder – more than 50.01% of the Company's voting rights following a public offering.

In all General Meetings, the voting right attached to shares that include a usufructuary right, is exercised by the usufructuary.

SPECIAL MEETINGS

Article 15

When different categories of shares exist, the Special Meetings of the Shareholders of such categories of shares deliberate as provided by applicable legislative and regulatory provisions and Article 14 herein.

AUDITORS

Article 16

The Statutory Auditors are appointed and carry out their duties according to the applicable statutory and regulatory provisions.

ANNUAL FINANCIAL STATEMENTS

Article 17

The financial year starts on January 1 and ends on December 31.

The Board of Directors prepares the financial statements for the year under the conditions fixed by the applicable laws and regulations.

All other documents prescribed by the applicable laws and regulations are also drawn up.

Article 18

The results for the year are determined in accordance with the applicable legal and regulatory provisions.

At least 5% of the profits for the year, less any previous losses, must be set aside by law to form a reserve fund until the said fund reaches 10% of the capital.

The net income available after this deduction, increased by any net income brought forward, constitutes the profits available for distribution, to be successively allocated to ordinary, extraordinary or special reserves or to be carried forward in those amounts which the General Meeting may deem useful, upon the recommendation of the Board of Directors.

The balance is then allocated to the Shareholders in proportion of their participation in the share capital.

The General Meeting may also resolve to distribute amounts from available reserves.

The General Meeting approving the annual financial statements may, with regard to all or part of the dividend or interim dividend, grant each shareholder the option of choosing between payment of the dividend or interim dividend in cash or in shares in accordance with the conditions fixed by the laws in force. Shareholders who exercise this option must do so for all of the dividends or interim dividends attached to their shares.

Except in cases of a reduction in capital, no distribution may be made to shareholders if the shareholders' equity of the Company is or may subsequently become less than the minimum capital and reserves that may not be distributed by law or under the Company's By-laws.

FORUM SELECTION CAUSE

Article 19

Any dispute arising during the life of the Company or during its liquidation, between the Company and its shareholders or among the Shareholders themselves, related to Company matters, shall be brought before the courts under the proper jurisdiction effective at the Company's registered office.

DISSOLUTION

Article 20

In the event that Societe Generale is wound up and unless otherwise provided for by Law, the General Meeting determines the method of liquidation, appoints the liquidators on the proposal of the Board of Directors and continues to exercise its assigned powers during the said liquidation until completion thereof.

The net assets remaining after repayment of the nominal value of the shares are distributed among the shareholders, in proportion to their share of the capital.

INTERNAL RULES OF THE BOARD OF DIRECTORS*

(Updated on February 15, 2011)

Preamble

Societe Generale applies the April 2010 AFEP-MEDEF Corporate Governance Code for listed companies. The Board's organisation and operating procedures are defined in these Internal Rules.

These Internal Rules are included in the Company's Registration Document.

Article 1: Powers

The Board shall deliberate on any issues that fall within its legal or regulatory remit.

Moreover, the Board:

a) approves the Group's strategy and reviews it at least once a year;

b) approves all strategic investments and transactions, notably acquisitions or disposals, liable to have a material impact on the Group's earnings, its balance sheet structure or its risk profile.

This prior approval process concerns:

- organic growth operations where these represent a unit amount in excess of EUR 250 million and have not already been approved within the framework of the annual budget or the strategic plan;
- acquisitions for a unit amount exceeding 3% of the Group's consolidated shareholders' equity or 1.50% of consolidated shareholders' equity where acquisitions do not comply with the development priorities approved in the strategic plan;
- disposals for a unit amount exceeding 1.50% of the Group's consolidated shareholders' equity;
- partnerships involving a cash payment exceeding 1.50% of the Group's consolidated shareholders' equity;
- transactions that would result in a substantial deterioration of the Group's risk profile.

If, for reasons of urgency, it is impossible to convene a meeting of the Board to deliberate on a transaction that falls within the aforementioned categories, the Chairman shall do his utmost to obtain the opinion of all the Directors before taking a decision. He shall keep the Vice-Chairman informed.

The Chairman assesses the appropriateness of convening the Board to deliberate on a transaction that does not fall within the aforementioned categories on a case-by-case basis.

During each Board meeting, the Chairman shall report on the transactions concluded since the previous meeting, as well as on the main projects in progress that are liable to be concluded before the next Board meeting.

c) deliberates on modifications to the Group's management structures prior to their implementation and is informed of the principal changes to its organisation;

d) notably ensures the adequacy of the Group's risk management infrastructures, monitors the global risk exposure of its activities and approves the risk budgets for market and credit risk. At least once a year, it examines the main aspects of, and major changes to, the Group's risk management strategy;

e) deliberates at least once a year on its operation and that of its Committees, and on the conclusions of their periodic evaluation;

f) sets the compensation of the Chief Executive Officers, particularly their basic fixed salaries, performance-linked pay and benefits in kind, as well as stock option or performance share allocations and post-employment benefits;

g) establishes the remuneration policy rules applicable within the Group, particularly those regarding employees whose activities have a significant impact on the Group's risk profile, and ensures that the internal control systems effectively verify the rules' compliance with the regulations and professional standards and are suitable for meeting risk management objectives;

h) deliberates once a year on the Company's policy regarding professional and wage equality between male and female employees;

* This document does not form part of Societe Generale's By-laws. It is not enforceable against third-parties. It may not be cited by third-parties or shareholders as evidence against Societe Generale.

i) approves the “Corporate Governance” chapter of the Registration Document, which notably includes the Report of the Chairman on Corporate Governance and Internal Control and Risk Management Procedures and the activity report of the Board, the Committees and the Vice-Chairman, the presentation of the Board of Directors and the General Management and the policy followed for the remuneration of Chief Executive Officers and employees, as well as stock option subscription or purchase plans and share award plans;

j) ensures the accuracy and sincerity of the parent company and consolidated financial statements and the quality of the information communicated to shareholders and the market.

Article 2: The Chairman and Vice-Chairman of the Board of Directors

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

The Chairman ensures that the Company's bodies, including the Board Committees, operate correctly and consistently with the best principles of corporate governance. He may request the opinion of the Committees on specific questions. He is a member of the Nomination and Corporate Governance Committee. He produces the report on the organisation of the Board's work and on internal control and risk management procedures.

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

He speaks alone in the Board's name, barring exceptional circumstances or specific assignments entrusted to another Director.

As the Chief Executive Officer, he proposes and implements the Company's strategy, within the limits defined by French Law and in compliance with the Company's corporate governance rules and the strategies determined by the Board of Directors.

b) The Board of Directors may appoint a Vice-Chairman to assist the Chairman in his tasks, particularly the organisation and correct operation of the Board and its Committees, and the supervision of corporate governance, internal control and risk management.

Consequently the Vice-Chairman chairs the Audit, Internal Control and Risk Committee and is a member of the Nomination and Corporate Governance and the Compensation Committees. He may question the members of the Group Executive Committee and the managers responsible for drawing up financial statements, internal control, risk management, compliance and internal audits, and more generally the Group's management executives and Statutory Auditors. He is provided with the information and documents he deems necessary to accomplish his assignments.

At least once a year he holds a meeting with the Directors who are not employees of the Group, from which the Chairman and Chief Executive Officer is excluded, notably to evaluate the Chief Executive Officers.

In agreement with the Chairman and Chief Executive Officer, he may represent the Company during meetings with third-parties about corporate governance, internal control and risk management.

Article 3: Meetings

The Board shall meet at least six times a year.

The Directors participating in the Board meeting via videoconferencing or any other telecommunications equipment that allows their identification and active participation, shall be considered present for calculation of the quorum and majority. To this end, the means chosen must transmit at least the voice of the participating members and comply with specifications that permit continuous and simultaneous transmission of the debates.

This provision is not valid where the Board has been convened to establish and approve the parent company and consolidated financial statements and the Management Report.

Notices to attend Board meetings issued by the Secretary of the Board or the Corporate Secretary may be sent by letter, fax or electronic mail, or by any other means, including verbally.

On the decision of the Chairman, the Deputy Chief Executive Officers or other Group management executives or, where relevant, people who are not members of the Board and are able to contribute usefully to discussions, may attend all or part of meetings of the Board of Directors.

Article 4: Information provided to the Board of Directors

Each Director shall receive all the documents and information necessary for him to accomplish his mission.

Prior to the Board and Committee meetings, a file containing agenda items requiring special analysis and prior reflection, will be made available or posted online whenever confidentiality rules allow.

Moreover, between meetings, the Directors shall receive any relevant information, including any critical reviews, about significant events or transactions concerning the Company. In particular, they shall receive copies of press releases issued by the Company.

At least once a year, the Board is informed of and regularly discusses Group policy with respect to human resources, information systems and organisation.

Article 5: Training of Directors

Each Director may benefit, either at the time of his appointment or during the term of his mandate, from any training that he deems necessary for the exercise of his duties.

This training shall be organised and proposed by the Company, which shall bear its cost.

Article 6: The Board's Committees

In certain areas, the Board's resolutions are prepared by specialised Committees composed of Directors appointed by the Board, who examine the issues within their competencies and submit their opinions and proposals to the Board.

These Committees shall act under the responsibility of the Board.

The Committees may, in the course of their respective duties, request the communication of any relevant information, hear reports from the Group's Chief Executive Officers and senior managers and, after informing the Chairman, request that external technical studies be conducted, at the expense of the Company. The Committees shall subsequently report on the information obtained and the opinions collected.

There are three permanent Committees:

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

The Board may create one or more "*ad hoc*" Committees.

The Audit, Internal Control and Risk Committee shall be chaired by the Vice-Chairman or, in his absence, by a Chairman appointed by the Board of Directors based on a proposal made by the Nomination and Corporate Governance Committee.

The secretarial functions for each Committee shall be the responsibility of a person appointed by the Chairman of the Committee.

The Chairman of each Committee shall report to the Board on the Committee's work. A written report of the Committee's activities shall be regularly sent to the Board.

Each Committee shall present the Board with its annual work programme.

Article 7: The Compensation Committee

The Compensation Committee:

a) proposes to the Board, in accordance with the guidelines given by the AFEP-MEDEF Corporate Governance Code and with the professional standards, the policy governing the remuneration of the Chief Executive Officers and Directors, and particularly the determination criteria, structure and amount of this remuneration, including allowances and benefits in kind, personal protection insurance or pension benefits, as well as any compensation received from Group companies, and ensures that the policy is properly applied;

b) prepares the annual performance appraisal of the Chief Executive Officers;

c) submits a proposal to the Board of Directors for the performance share and stock option award policy and formulates an opinion on the list of beneficiaries;

d) prepares the decisions of the Board relating to the employee savings plan;

e) examines each year and gives the Board of Directors its opinion on the General Management's proposals for the remuneration policy principles applicable within the Group, the policy for the compensation of employees referred to by regulation No. 97-02 on internal control, particularly employees whose activities have a significant impact on the Group's risk profile, and verifies with the General Management that the policy is being implemented. It also ensures that the General Management and Risk Management and Compliance do in fact cooperate in the definition and application of this policy, as required by professional standards, and that due consideration is given to the opinions of Risk Management and Compliance;

f) checks that the report made to it by the General Management complies with regulation No. 97-02 and is consistent with the applicable professional standards. It receives all the information necessary for it to complete its mission and particularly the annual report sent to the French Prudential Control Authority (*Autorité de contrôle prudentiel*) and compensation for individuals amounts above a threshold that it determines. It shall call on the internal audit departments or outside experts where necessary. It reports to the Board on its activities. It may perform the same tasks for the Group companies monitored by the French Prudential Control Authority (*Autorité de contrôle prudentiel*) on a consolidated or sub-consolidated basis;

g) gives the Board of Directors its opinion on the section of the Registration Document dealing with these issues and produces an Annual Activity Report, submitted to the Board for its approval, which is then inserted in the Registration Document.

It is made up of at least three Directors, who may not be Chief Executive Officers of the Company, nor linked to the Company or one of its subsidiaries by an employment contract, nor members of the Audit, Internal Control and Risk Committee, except for the Vice-Chairman. At least two-thirds of its members shall be independent according to the definition given in the AFEP-MEDEF Corporate Governance Code and have the expertise to analyse the remuneration policies and practices according to all the relevant criteria, including the Group risk policy.

The Chairman attends Committee meetings at his request, except for meetings dealing with issues relating to him.

Article 8: The Nomination and Corporate Governance Committee

This Committee is assigned the task of submitting proposals to the Board for the nomination of Directors and for the appointment of successors to the Chief Executive Officers, especially where a position becomes vacant unexpectedly, after carrying out any necessary inquiries.

It provides the Board with proposals for appointments to the Board's Committees.

It may propose the appointment of a Vice-Chairman.

The Committee carries out preparatory work for the examination by the Board of Directors of corporate governance issues. It is responsible for the evaluation of the Board of Directors' performance, which is carried out each year.

It submits a proposal to the Board of Directors for the presentation of the Board of Directors to be included in the Registration Document and notably the list of independent Directors.

It gives the Board of Directors its opinion on the section of the Registration Document dealing with these issues and produces an Annual Activity Report, submitted to the Board for its approval, which is then inserted in the Registration Document.

The Nomination and Corporate Governance Committee is informed prior to the appointment of any member of the Group's Executive Committee and any corporate department heads who do not sit on this Committee. It is informed of the list of replacements for these senior managers.

It is composed of the members of the Compensation Committee and the Chairman of the Board. It is chaired by the Chairman of the Compensation Committee.

Article 9: The Audit, Internal Control and Risk Committee

This Committee's mission is to monitor issues concerning the production and control of accounting and financial information, and to monitor the efficiency of the internal control and risk assessment, monitoring and management systems.

It is particularly in charge of:

- ensuring monitoring of the process for drawing up financial information, particularly examining the quality and reliability of the systems in place and making suggestions for their improvement, and verifying that corrective actions have been implemented if faults are found in the procedure;
- analysing the draft financial statements to be submitted to the Board in order in particular to verify the clarity of the information provided and to offer an assessment of the relevance and consistency of the accounting methods used to draw up parent company and consolidated financial statements;
- ensuring the independence of Statutory Auditors, in particular by reviewing the breakdown of the fees paid by the Group to them as well as to the network to which they may belong and through prior approval of all assignments that do not fall within the framework of a statutory audit of accounts, but which may be the consequence of, or a supplement to, the same, all other assignments being prohibited; implementing the procedure for selecting the Statutory Auditors and submitting an opinion to the Board of Directors concerning the appointment or renewal of such as well as their remuneration;
- examining the work program of the Statutory Auditors and more generally ensuring the supervision of account monitoring by the Statutory Auditors;
- offering an assessment of the quality of internal control, in particular the consistency of risk assessment, monitoring and management systems, and proposing additional actions where appropriate. To this end, the Committee is responsible primarily for:
  - reviewing the Group's internal audit program and the Annual Report on Internal Control drawn up in accordance with banking regulations, as well as formulating an opinion on the organisation and operation of the internal control departments,
  - reviewing the follow-up letters sent by the French Banking Commission (*Commission bancaire*) and issuing an opinion on draft responses to these letters,
  - examining the market risk and structural interest rate risk control procedures and being consulted about setting risk limits,
  - formulating an opinion on the Group's global provisioning policy, as well as on specific provisions relating to large sums,
  - examining the annual risk assessment and control procedures report in accordance with the French banking regulations,
  - reviewing the policy concerning risk management and off-balance sheet commitment monitoring, in particular in the light of memoranda drafted to this end by the Finance Division, the Risk Division and the Statutory Auditors.

Aside from the persons referred to in Article 6, the Committee may interview, under conditions it shall establish, the Statutory Auditors and the managers in charge of drawing up financial statements, internal control, risk management, compliance and internal audits. The Statutory Auditors shall be invited to meetings of the Audit, Internal Control and Risk Committee unless the Committee decides otherwise.

It gives the Board of Directors its opinion on the section of the Registration Document dealing with these issues and produces an Annual Activity Report, submitted to the Board for its approval, which is then inserted in the Registration Document.

The Audit, Internal Control and Risk Committee shall consist of at least three Directors appointed by the Board of Directors, who have appropriate financial, accounting, auditing, internal control or risk management expertise. They may not be Chief Executive Officers of the Company, nor linked to the Company or one of its subsidiaries by an employment contract, nor members of the Compensation Committee, except for the Vice-Chairman. At least two-thirds of its members shall be independent according to the definition given in the AFEP-MEDEF Corporate Governance Code. At least one of the independent members must have specific accounting and financial expertise.

Article 10: Conflicts of interest

Any Director faced with a conflict of interest, or even a potential conflict of interest, especially when it concerns his role within another company, should inform the Board and abstain from voting on the corresponding resolution.

The Chairman may also request that he does not participate in the deliberating process.

Article 11: Directors' attendance fees

The global amount of the attendance fee is set at the General Meeting.

The Chairman and Chief Executive Officer does not receive any attendance fees.

The global amount of the attendance fee is divided into two parts: one fixed part equal to one-third of the global amount and one variable part equal to two-thirds.

The Vice-Chairman receives 35% of the fixed part of the annual attendance fee as a special attendance fee, calculated pro-rata to the duration of his mandate over the period.

After allocation of the Vice-Chairman's share, the fixed part of the attendance fee allocated to the other Directors, calculated pro-rata to the duration of their mandate over the period, is split as follows:

- four shares for the Chairman of the Audit, Internal Control and Risk Committee;
- three shares for the members of the Audit, Internal Control and Risk Committee;
- two shares for the Chairman of the Nomination and Corporate Governance and Compensation Committees;
- one share for the other Directors.

The variable part of the attendance fee is shared between the Directors at the end of the year according to the number of Board meetings or working meetings of the Board and Committee meetings that they have attended. However, meetings of the Compensation Committee and the Nomination and Corporate Governance Committee held on the same day are taken into account as one unit.

The compensation paid to the Non-Voting Directors for their participation in Board meetings is equal to the attendance fee paid to Directors who are not members of a Committee, according to the terms defined above.

Article 12: Reimbursement of expenses

Directors' and Non-Voting Directors' travel, accommodation, meals and assignment-related expenses linked to Board or Committee meetings, the General Meeting of Shareholders or any other meetings associated with the duties of the Board or Committees, are paid for or reimbursed by Societe Generale, upon submission of receipts.

The Company pays for the Vice-Chairman's office, secretariat and communication expenses in relation with his duties.

The Secretary of the Board of Directors receives and checks these receipts and ensures that the amounts due are paid for by the Company or reimbursed.

Article 13: Confidentiality

Each Director or Non-Voting Director should consider himself bound by professional secrecy with regard to confidential information received in his capacity as Director or Non-Voting Director, and with regard to the opinions expressed by each Board member.

DIRECTOR'S CHARTER*

(Updated on April 19, 2011)

Article 1: Representation

The Board of Directors represents all shareholders and acts in the best interests of the Company. Each Director represents all the Company's shareholders, regardless of the manner in which he or she was appointed and should act in all circumstances in the best interests of the company.

Article 2: Mission

Each Director undertakes to continuously improve his knowledge of the Company and its sector of activity. He or she assumes an obligation of vigilance and circumspection; he or she does not disclose to third parties confidential information which he or she receives, details of debates in which he or she participate or decisions taken until they are made public.

Each Director remains independent in his or her views, decisions and actions under all circumstances.

Each Director undertakes not to seek, nor to accept, any benefits liable to compromise said objectivity.

Article 3: Knowledge of rights and obligations

When a new Director or Non-Voting Director (*censeur*) is appointed, the Secretary of the Board of Directors provides him with a file containing the Company's By-laws, the provisions enacted by the Board governing its functioning, and a presentation of the legal principles as regards the responsibilities of Directors. The Secretary of the Board of Directors organizes him or her an informative training course on the Group and its businesses, adapted to his or her specific needs.

Each Director or Non-Voting Director may consult with the Secretary of the Board of Directors, at any time, regarding the scope of these documents and his or her rights and obligations as a Director or Non-Voting Director.

Article 4: Held shares by personal capacity

Each Director, nominated by the General Meeting (in proper name or as a permanent representative of a legal entity) must hold at least 1,000 shares or the equivalent. Each Director within a six month time-frame must hold the 600 shares envisaged by the by-laws and must increase his or her stake to 1,000 shares within the following six months. Directors in function on April 19, 2011 must hold 1,000 shares on October 19, 2011 at the latest.

Each Director shall refrain from hedging his or her shares.

Article 5: Insider trading rules

Each Director or Non-Voting Director must respect the provisions set out by the French monetary and financial code and the General Regulations of the French Financial Markets Authority (AMF) relating to the communication and the use of insider information, with regard to Societe Generale's securities as well as securities of companies on which he or she has insider information.

Directors and Non-Voting Directors shall abstain from carrying out any operations on Societe Generale shares or assimilated securities[1] during the 30 calendar days prior to the publication of Societe Generale's quarterly, half-yearly and annual results as well as on the date of publication itself.

Directors and Non-Voting Directors shall abstain from carrying out speculative or leveraged transactions in the securities, and, to this end:

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

* This document does not form part of Societe Generale's By-laws. It is not enforceable against third-parties. It may not be cited by third-parties or shareholders as evidence against Societe Generale.

(1) Here the term shares is taken to mean, on the one hand, securities giving the buyer the right, however this right may be exercised, to buy or sell Societe Generale shares or to receive a sum calculated by referral to the current share price upon exercising this right; on the other hand, assets composed primarily of Societe Generale shares or related securities (e.g. units in the E-Fund (Societe Generale's Employee share ownership plan)).

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

Directors and Non-Voting Directors shall bring any difficulty they may encounter in enforcing this provision to the attention of the Secretary of the Board of Director.

Article 6: Transparency

The Directors and Non-Voting Directors of Societe Generale must register all Societe Generale securities which they hold in compliance with article 4 above.

In accordance with Articles L. 621-18-2 of the French monetary and financial code and Articles 223-22 and 223-26 of the General Regulations of the French Financial Markets Authority (AMF) and in compliance with AMF directive No. 2006-05 of February 3, 2006 amended on April 23, 2008, Deputy Chief Executive Officers, Directors, Non-Voting Directors or anyone closely related to them must report all transactions involving the acquisition, disposal, subscription or exchange of Societe Generale shares or any other type of financial instruments linked to Societe Generale shares.

A copy of this declaration is sent to the Secretary of the Board of Directors. These declarations are kept on record by the Corporate Secretary.

Article 7: Conflicts of interest – Statement

7.1 Each Director or Non-Voting Director shall inform the Board of any existing or potential conflict of interest to which he or she may be directly or indirectly exposed. He or she shall refrain from participating in any discussion and voting on such matters.

7.2 Each Director or Non-Voting Director also informs the Chairman of the Nominations committee of his or her intention to accept a new mandate in a listed company not belonging to the group in which he or she is an Executive Officer. This is to allow the Board of Directors, on the Nominations committee proposal, if necessary, to decide that such appointment is incompatible with the mandate of Director of Societe Generale.

7.3 Each Director or Non-Voting Director informs the Chairman of the Board of Directors of any conviction for involvement in fraud, of any criminal charges and/or public sanction, and about any ban to manage or to administer pronounced against him or her, as well as of any bankruptcy, sequestration or liquidation proceeding in which he or she would have been associated.

7.4 Each Director or Non-Voting Director fills in an affidavit declaring whether or not he or she has been involved in the above mentioned cases in 7.1 and 7.3. This affidavit is required i) upon taking his or her role, ii) every year on the request of the Secretary of Board of Directors at the time of the preparation of the Registration document, iii) at any time on the request of the Secretary of the Board of Directors, and iv) in ten working days following any event rendering the previous statement partially or totally inaccurate.

Article 8: Regular attendance

Each Director or Non-Voting Director shall dedicate the time needed to fulfill his duties. He or she shall respect the principles laid out by the AFEP-MEDEF Corporate Governance Code and the French commercial code as regards multiple mandates.

In the event that a Director or Non-Voting Director accepts a new Directorship or changes his or her professional responsibilities, he or she shall inform the Board within 10 working days as from the acceptance of the new mandate or the change of professional responsibilities.

He or she makes a commitment to put his or her mandate at the Board's disposal in case of significant change in his or her professional responsibilities and mandates.

He or she commits himself or herself to resign from his or her mandate if he or she is no longer capable of performing his or her office within the Board and Committees of which he or she is member.

The Annual Report shall indicate the rate of attendance at Board meetings and Committee meetings.

Each Director shall strive to attend the General Meetings of Shareholders.

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PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr. Frédéric Oudéa

Chairman and Chief Executive Officer of Societe Generale.

STATEMENT OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

I declare, after taking all reasonable measures for this purpose and to the best of my knowledge, that the information contained in this Registration Document is in accordance with the facts and that it makes no omission likely to affect its meaning.

I certify, to the best of my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and are a fair reflection of the assets, liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation scope, and that the Management Report (the cross-reference table of the annual financial statement in Chapter 13 indicates the contents of the said report) presents a fair view of the Company's business, performance and financial position and that of all the undertakings included in the consolidation scope, as well as a description of the main risks and uncertainties to which they are exposed.

I have received a completion letter from the Statutory Auditors stating that they have audited the information contained in this Registration Document about the Company's financial position and accounts and that they have read this document in its entirety.

The historical financial data presented in this Registration Document has been discussed in the Statutory Auditors' reports found on pages 363 to 364 and 426 to 427 herein and those enclosed for reference for the financial years 2009 and 2010, found respectively on pages 331 to 332 and 404 to 405 of the 2010 Registration Document and on pages 343 to 344 and 416 to 417 of the 2011 Registration Document. The Statutory Auditors' reports on the 2010 parent company financial statements, and on the 2009 parent company and consolidated financial statements contain observations.

Paris, March 2, 2012

Chairman and Chief Executive Officer
Frédéric Oudéa

PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

STATUTORY AUDITORS

Name: Cabinet Ernst & Young Audit
represented by Mr. Philippe Peuch-Lestrade

Address: 1-2, place des Saisons
92400 Courbevoie – Paris-La Défense 1

Date of first appointment: April 18, 2000

Term of mandate: six 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 Mr. Jean-Marc Mickeler

Address: 185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine cedex

Date of first appointment: April 18, 2003

Term of mandate: six 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: Mr. Robert Gabriel Galet

Address: 1-2, place des Saisons
92400 Courbevoie – Paris-La Défense 1

Date of appointment: May 30, 2006

Term of mandate: six fiscal years

Name: Mr. Alain Pons

Address: 185, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine cedex

Date of nomination: April 18, 2003

Term of mandate: six fiscal years

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In accordance with the requirements of Article 28 of EC regulation No. 809/2004 dated April 29, 2004, the following elements are enclosed for reference purposes:

- The parent company and consolidated financial statements for the year ended December 31, 2010, the related Statutory Auditors' report and the Group Management Report presented respectively on pages 345 to 415 and 223 to 342, pages 416 to 417 and 343 to 344 and pages 35 to 70 of the Registration Document D.11-0096 submitted to the AMF on March 4, 2011;
- The parent company and consolidated financial statements for the year ended December 31, 2009, the related Statutory Auditors' report and the Group Management Report presented respectively on pages 333 to 403, pages 211 to 330, pages 404 to 405 and 331 to 332 and pages 31 to 65 of the Registration Document D.10-0087 submitted to the AMF on March 4, 2010;

The chapters of the Registration Documents D.11-0096 and D.10-0087 not mentioned above do not apply to investors or are covered in another part of the present document.

ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE

In application of Article 222-3 of the AMF's General Regulations, the annual financial report referred to in paragraph 1 of Article 451-1-2 of the French Monetary and Financial Code contains the information described in the following pages of the Registration Document:

WEBSITE: **WWW.SOCIETEGENERALE.COM**

INVESTOR RELATIONS AND FINANCIAL INFORMATION

Tel: 33 (0) 1 42 14 47 72

investor.relations@socgen.com

PRESS RELATIONS

Tel: 33 (0) 1 42 14 67 02

COMMUNICATION DEPARTMENT

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Tours Societe Generale

75886 – Paris Cedex 18

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Tel: 33 (0) 1 42 14 20 00

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